About our report

Our integrated report is our primary communication to all stakeholders. It is prepared in accordance with the International <IR> Framework of the International Integrated Reporting Council (IIRC) and provides a balanced and accurate assessment of the resources upon which we rely, and the material issues and risks that have the potential to affect the implementation of strategy and the group’s ability to create value in the short, medium and long term.

It also provides information on how we are governed, our operating context, strategy, business model, operational and financial performance, risks and opportunities and our engagement with stakeholders.

In addition to the integrated report, we publish audited annual financial statements, as well as comprehensive sustainability and remuneration reports. All are available on our website www.nampak.com.

Scope and boundary

Reporting frameworks

In preparing our integrated report we were guided by:

- JSE Listings Requirements.
- The Companies Act, No 71 of 2008.
- The King IV Report on Corporate Governance for South Africa (King IV™*).
- The IIRC’s International <IR> Framework.
- The FTSE/JSE Responsible Investment Index Series.
- GRI G4 guidelines and CDP standard.

The financial information in this report 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.

Reporting period

This report covers the period from 1 October 2018 to 30 September 2019 and includes all Nampak’s businesses and associates in all the territories in which it operates, except where specifically noted. Significant events, if any, after year-end and before the approval date of this report, are also included.

* Copyright and trademarks are owned by the Institute of Directors in Southern Africa NPC and all of its rights are reserved.
Operating businesses

We report on our operations by:

Packaging substrate
- Metals
- Plastics
- Paper
- Glass (discontinued operation)

Geography
- South Africa
- Rest of Africa
- United Kingdom and Republic of Ireland

All significant items are reported on a comparable basis.

Significant changes during the reporting period
- We entered into an agreement to dispose of the Glass business subject to certain conditions, including the approval of the South African competition authorities.
- We disposed of the Cartons business in Nigeria subject to the approval of the local competition authorities.
- The board decided to dispose of the Plastics business in Europe as it is not considered strategic for Nampak.
- We adopted hyperinflation accounting for operations in Zimbabwe.

Materiality

We apply the principle of materiality in assessing the information that should be included in our integrated report and only report on those items that have or may have a significant impact on our ability to deliver on our strategy, create stakeholder value and contribute to the future sustainability of the group. The determination of materiality is informed by key stakeholder material issues and these are dealt with fully on page 12 of this report.

Internal control and assurance

Nampak assesses risks based on material issues that will hamper the performance against the six capitals. We work to refine the coordination, integration and alignment of assurance activities. A robust combined assurance framework was adopted to provide the governing body with a holistic view of risks and controls and indicate whether the mitigations are effective.

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 2019 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 and has applied its collective mind in the preparation and presentation of this report. In our opinion, the 2019 integrated report addresses all material issues, fairly represents Nampak’s performance and is presented in accordance with the framework of the IIRC and King IV.

Signed on behalf of the board

Peter Surgey
Chairman

André de Ruyter
Chief executive officer

Glenn Fullerton
Chief financial officer

26 November 2019
This is Nampak

Nampak’s origins date back over 100 years to when Hertzberg Mulne, a manufacturer of corrugated boxes, started business in Cape Town. Nampak itself was established in 1963 with the merger of Amalgamated Packaging Industries and National Packaging.

We were listed on the Johannesburg Stock Exchange in 1969 as National Amalgamated Packaging (Nampak). 2019 marks the 50th anniversary of the listing.

Through the acquisition of Metal Box Limited in the 1980s and subsequent acquisitions and greenfield investments, Nampak has become the largest packaging company in Africa.

Most of our products are recyclable and we use increasing amounts of recycled material in our production processes. We continue to reduce the weight of our products, without compromising on quality and functionality.

We are the market leader in the manufacture of beverage cans in South Africa and Angola and our products represent around half the Nigerian beverage can 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 food cans and aluminium monobloc aerosol cans in our home market. We are a major manufacturer of paper packaging in several African countries.

Our beverage cans in South Africa carry the CAN DO! brand and many of our customers are among the world’s largest FMCG companies.

Our world-class R&D facility assists our factories in achieving operational excellence, supports our customers’ varied packaging requirements and contributes towards reducing the environmental impact of packaging.
OUR MISSION AND PURPOSE
To deliver sustainable value to all our stakeholders while conducting ourselves as a responsible corporate citizen and a leader in packaging production in our chosen markets.

OUR VISION
To provide world-class packaging products throughout our selected markets.

OUR VALUES
SAFETY  EXCELLENCE  RESPONSIBILITY  INTEGRITY  TEAMWORK

METALS  PLASTICS  PAPER

OUR OPERATIONS

ANGOLA
226 employees
1 operation

BOTSWANA
34 employees
2 operations

ESWATINI
8 employees
1 operation

ETHIOPIA
10 employees
1 operation

KENYA
110 employees
2 operations

MALAWI
37 employees
1 operation

NIGERIA
525 employees
3 operations

SOUTH AFRICA
(including corporate office and R&D)
3 385 employees
22 operations

TANZANIA
74 employees
1 operation

ZAMBIA
111 employees
2 operations

ZIMBABWE
541 employees
3 operations

Revenue by substrate
- Metals
- Plastics
- Paper

Revenue by geography
- South Africa
- Rest of Africa

39 MANUFACTURING OPERATIONS

11 COUNTRIES

5 061 EMPLOYEES
(CONTINUING OPERATIONS)
The Nampak timeline

In 2019, Nampak celebrated 50 years of being listed on the Johannesburg Stock Exchange. A summarised history from when Nampak was conceived over 100 years ago is set out below:

1918
Hertzberg Mulne which became part of Natpack, the forerunner of Nampak, began making cardboard boxes in Cape Town

1929
Oscar Fruman started Transvaal Box in Johannesburg and acquired a 25% stake in Hertzberg Mulne

1933
Metal Box SA was established and listed on the Johannesburg Stock Exchange in 1947 when Hertzberg Mulne also went public

1944
Amalgamated Packaging Industries (API) was registered

1963
National Packaging (Natpack) was established and listed on the Johannesburg Stock Exchange

1969
National Amalgamated Packaging (Nampak) was listed on the Johannesburg Stock Exchange and took over both Natpack and API

1983
Nampak acquired 51% of Metal Box SA

1988
Nampak acquired 100% of Metal Box SA and became the largest diversified packaging company on the African continent

1990s
Nampak expanded into Europe through the acquisition of Blommocan and Plysu. It also acquired Crown Cork in South Africa
Nampak acquired **Malbak Limited** which further expanded its presence in Europe. It also acquired **Crown Cork’s** operations in a number of African countries.

**2007**

First greenfield operation in the Rest of Africa with the establishment of a folding cartons operation in Nigeria.

**2008 – 2011**

Portfolio rationalisation with the sale of several smaller non-core operations.

**2011**

Commissioning of a brand new beverage can factory in Angola.

**2012**

Further expansion into the Rest of Africa through the acquisition of minorities.

**2013**

Nampak’s first aluminium beverage can line was commissioned in Springs.

**2014**

Acquisition of Alucan in Nigeria which gave Nampak an entry into the beverage can market in that country.

**2015**

Disposal of Cartons and Labels, Tissue, Corrugated, Flexible, Recycling and Sacks divisions.

**2016**

Nampak R&D celebrated its 70th anniversary.

**2019**

Nampak celebrated 50 years of being listed on the Johannesburg Stock Exchange.
The environment in which we operate impacts the development and evolution of our strategy, as well as our ability to deliver on it and, in so doing, create value in the short, medium and long term. It affects our risks and shapes our opportunities and is linked to the material issues we identify.

The macro-economic environment, liquidity restrictions in the Rest of Africa, skills shortages and policy uncertainty were major features of our operating context in 2019. These make up four of our five material issues and are discussed in detail on 12 and 13. Within the packaging sector there were numerous notable developments in 2019. They included:

### 1. A CHANGING COMPETITIVE LANDSCAPE

<table>
<thead>
<tr>
<th>WHAT IS HAPPENING</th>
<th>OUR RESPONSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competition is growing in the South African beverage can market, with a total of three manufacturers. Nampak’s competitors have one production line each while Nampak operates five high-speed lines.</td>
<td>At Bevcan, we invested in our skills base to enable us to defend our market share, maintain excellent customer service, leverage our assets, reduce complexity and optimise capacity.</td>
</tr>
<tr>
<td>Competition is also becoming more intense in the food can market in South Africa.</td>
<td>We reduced our footprint in anticipation of increased competition thereby reducing complexity and are continuously optimising capacity through operations excellence.</td>
</tr>
<tr>
<td>Consolidation is occurring among some customers, who in turn are looking to consolidate their suppliers.</td>
<td>At DivFood, we are optimising inventory levels and refining our price strategy to stimulate consumption. We are also importing components where it is more cost effective to do so.</td>
</tr>
<tr>
<td>Environmental pressure is increasing, especially on plastic.</td>
<td>By improving operational efficiency, we are able to ensure a more competitive offering.</td>
</tr>
<tr>
<td></td>
<td>By pre-empting changing customer requirements, we disposed of businesses that would have declined as a result.</td>
</tr>
<tr>
<td></td>
<td>We are working to diversify into new markets, while leveraging our R&amp;D capabilities to differentiate our offering by making lighter weight products with an increasing percentage of post-consumer recycled material to reduce cost and remain competitive.</td>
</tr>
</tbody>
</table>
## GREATER INNOVATION, CHANGING DEMAND

<table>
<thead>
<tr>
<th>WHAT IS HAPPENING</th>
<th>OUR RESPONSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>GREATER DEMAND FOR LIGHTER WEIGHT PACKAGING.</td>
<td>Nampak R&amp;D continues to reduce the weight of our products.</td>
</tr>
<tr>
<td>MORE INTEREST IN RECYCLABLE, RE-USABLE, BIO-BASED AND BIODEGRADABLE PACKAGING.</td>
<td>Most Nampak products are recyclable. Our water bottles are up to 50% rPET and our juice bottles up to 40% rPET.</td>
</tr>
<tr>
<td>GROWING DEMAND FOR TAMPER-EVIDENT AND EASY-OPENING PACKAGING.</td>
<td>Nampak is a member of industry bodies that promote responsible use of packaging across our substrates.</td>
</tr>
<tr>
<td>NEED FOR PACKAGING THAT PRESERVES CONTENTS, EXTENDS SHELF LIFE AND REDUCES FOOD WASTE.</td>
<td>DivFood is the only local manufacturer of easy-open cans. Our Plastics water bottle closures have reliable tamper evidence. The vacuum buttons on our twist-off food closures make an audible “click” as they are opened.</td>
</tr>
<tr>
<td>BEER IS INCREASINGLY SOLD IN LARGER BEVERAGE CANS, WHILE CARBONATED SOFT DRINKS (CSD) ARE MOVING INTO SMALLER CANS.</td>
<td>Nampak R&amp;D’s thermal processing specialists assist customers in ensuring a safe time and temperature combination for the packaging of all food.</td>
</tr>
<tr>
<td>DEMAND FOR RIGID PLASTIC PACKAGING AND FOR BEVERAGE CANS IS EXCEEDING GDP GROWTH.</td>
<td>Bevcan supplies 500ml beer cans and has a variety of slender and slimline can sizes for CSDs.</td>
</tr>
<tr>
<td>GROWTH IN UHT MILK TRADITIONALLY PACKED IN CARTONS, IS OUTSTRIPPING GROWTH IN FRESH MILK SALES.</td>
<td>We actively work to secure new customers and create new market segments through innovation, for example developing the water and wine market segments by offering beverage cans and liquid cartons.</td>
</tr>
</tbody>
</table>

We are in the process of offering packaging in both cartons and PET and are exploring opportunities to develop this market in the Rest of Africa.
Our operating context continued

3 GROWING ENVIRONMENTAL PRESSURES ON PACKAGING

“GREAT PACIFIC GARBAGE PATCH”
RAISED WORLDWIDE ENVIRONMENTAL AWARENESS OF PLASTICS

Five zones
where floating plastic islands are accumulating and growing

3x
Estimated surface area is
Three times the size of France

Fishing nets comprise 46%
of the patches’ mass

PACKAGING IS A MODEST PART OF THE WASTE CHALLENGE IN SOUTH AFRICA:

6% OF WASTE sent to landfill comes from packaging
9% OF WEIGHT of the packaged product is packaging
8% OF ENERGY required to produce and deliver products is used by packaging

IN FACT, PACKAGING IS NOT ONLY WASTE –
IT IS PART OF A SOLUTION TO RESOURCE CONSERVATION

Packaging reduces food waste going to landfills

By optimising the food supply chain, packaging, if handled properly after use, is part of the solution

12 million
South Africans go to bed hungry

It also reduces the waste of resources used in food production:

60% of South Africa’s water is used for irrigation

Energy used to produce wasted food could power Johannesburg for four months

BUT MAJOR USERS OF PACKAGING ARE MOVING AWAY FROM PLASTIC

- Committing to offering 100% recyclable or reusable packaging
- Creating packaging with a greater percentage of recycled material
- These include Coca-Cola, Woolworths, Kelloggs, McDonalds, Nestlé and Spar

Source: CSIR, WWF, Statistics SA, The Ocean Cleanup Foundation, Packaging SA
HOWEVER, **THERE IS A PLACE FOR PLASTICS**

### LIGHTWEIGHT

Weight reduction in 500ml PET bottles, saving 2 900 tonnes of raw materials in 2018

### RECYCLABLE

>50% of PET is recycled, 45% plastic recycling rates in SA, better than global rates

**AND ALTERNATIVE PACKAGING EXISTS:**

**ALUMINIUM BEVERAGE CANS**
- **Valuable** to the informal sector, who collect cans for recycling
- **Infinitely recyclable**
  - >90% recycling rates
  - >78% of all aluminium ever produced is still in circulation
  - >95% energy savings compared to primary conversion
- **Lightweight**
  - 5% to 6% Bevcan weight reduction on 330ml slender cans and 500ml cans
  - 1 320 tonnes of raw materials conserved

**PAPER CARTONS**
- 87% of content is from renewable sources, mainly trees, which absorb CO₂
- <50% GHG emissions versus PET and HDPE bottles

**ULTIMATELY, WE MUST USE AND COLLECT END-PACKAGING RESPONSIBLY**

**REDUCE, REUSE AND RECYCLE**

**DESIGN**
- Lightweight products with lower environmental impact
- Reusable packaging

**COLLECT**
- Increase collection rates
- Separate at source

**CLOSE THE LOOP**
- Increase recycled content in manufacturers’ raw materials input
- Reduced waste extends the lives of landfill sites

**WE ALL HAVE A ROLE TO PLAY**

- **Consumers**: Choose to reduce and reuse, separate waste at source
- **Municipalities**: Collect and keep waste separated
- **Retailers**: Be environmentally responsible
- **Recycling bodies**: Separate recyclables to avoid sorting at landfills, send to packaging companies to close the loop
- **Brand owners**: Adopt designs to suit lightweighting and recycling
- **Manufacturers**: Package design and lightweighting, increase use of recycled content
Our strategy – performance and plans

UNLOCK FURTHER VALUE FROM BASE BUSINESS

Actively manage our portfolio

HOW WE DID IN 2019
- Signed agreement for sale of Glass business
- Signed agreement to sell Nigeria Cartons business
- Decided against sale of Plastics crates and drums business after securing large contract
- Resolved to dispose of the Nampak Plastics Europe business

WHAT WE WILL DO NEXT – ACTIONS DIRECTLY LINKED TO 2020 KPIs AND EXECUTIVE REMUNERATION
- Seek to obtain relevant competition authority approval for the disposal of Glass and Nigeria Cartons
- Pursue the disposal of Nampak Plastics Europe

HOW WE RATE OUR PERFORMANCE

Prudently manage cash

HOW WE DID IN 2019
- Actively managed revolving credit facility (RCF) and maintained our debt covenants
- Focused on cash management
- Trade finance platform delivered favourable results
- Cash position augmented by cash conversion from dollar-linked kwanzas bonds
- Leveraged RCF to fund planned increases in working capital
- Allocated capital efficiently through capital assurance committee
- Secured US$67 million hedge with Reserve Bank of Zimbabwe
- Continued effective hedging of the kwanzas

WHAT WE WILL DO NEXT – ACTIONS DIRECTLY LINKED TO 2020 KPIs AND EXECUTIVE REMUNERATION
- Actively manage working capital with inventory funded by trade payables
- Improve cash generation
- Reduce US dollar-denominated debt levels
- Continue to focus on capital allocation

HOW WE RATE OUR PERFORMANCE

Invest to compete

HOW WE DID IN 2019
- Completed modernisation of DivFood two-piece can line in Rosslyn and installed additional tinplate aerosol can capacity at Vanderbijlpark
- Progressed towards launch of new liquid carton designs, with improved appearance and functionality
- Invested in moulds required to produce closures for motor lubricant bottles
- Invested in Livingston site in the UK to modernise asset base and reduce transport costs

WHAT WE WILL DO NEXT – ACTIONS DIRECTLY LINKED TO 2020 KPIs AND EXECUTIVE REMUNERATION
- Measured investment only in projects that will provide growth in returns above the hurdle rates
- Launch new liquid carton designs
- Reduce weight of our beverage cans further
- Implement new plastics design, particularly for crates

HOW WE RATE OUR PERFORMANCE

Manage cash fixed costs

HOW WE DID IN 2019
- Ensured below-inflation cash fixed cost increases
- Continued to tightly control our capital investment programme
- Reduced Bevcan Angola employee numbers by 108; South Africa Plastics by 46; Tanzania by 75 and Kenya by 52
- Focused on operations excellence to drive efficiencies
- Secured head office employee cost reductions of R148 million

WHAT WE WILL DO NEXT – ACTIONS DIRECTLY LINKED TO 2020 KPIs AND EXECUTIVE REMUNERATION
- Right-size DivFood, including at Vanderbijlpark and head office
- Reduce Bevcan employee numbers at Springs
- Restructure R&D, with reduction in employees
- Control capital expenditure
- Significantly address the cost base across the group

HOW WE RATE OUR PERFORMANCE

Improve business performance by buying, making and selling better

HOW WE DID IN 2019
- Generated greater internal efficiencies – including improved line speeds and cost savings – at Bevcan South Africa
- Reported deterioration in our safety performance with LTIFR of 0.34
- Lost key DivFood customer, signed up another large food group as long-term customer
- Continued the turnaround of Plastics South Africa and developed new markets for cartons and beverage cans

WHAT WE WILL DO NEXT – ACTIONS DIRECTLY LINKED TO 2020 KPIs AND EXECUTIVE REMUNERATION
- Grow our liquid cartons business
- Continue with turnaround of Plastics South Africa
- Continue to focus on operations excellence and better safety performance
- Leverage Nampak R&D capabilities to improve manufacturing performance and raw material suitability

HOW WE RATE OUR PERFORMANCE

GOOD PROGRESS MADE SOME PROGRESS, MORE TO COME DISAPPOINTING PERFORMANCE
Nampak’s strategy is to create value for our stakeholders by delivering **sustainable profitability**. When formulating our strategy, we consider the availability of and our impact on the six capitals, aiming to maximise positive outcomes and minimise negative ones. In a dynamic operating environment, the board reviews our strategy at least once a year, at its strategic planning session in September. This follows a process which includes divisional strategy updates and refinement by the group executive. We test the robustness of our strategy against both the risks and opportunities in our markets, considering the material issues we have identified. We measure progress on our strategy through the delivery by management of key performance indicators (KPIs) linked to remuneration.

**ACCELERATE GROWTH IN THE REST OF AFRICA**

**Grow at a reasonable and sustainable return**

**HOW WE DID IN 2019**
- Reported lower volumes and profitability from Bevcan Angola
- Grew Bevcan Nigeria’s market share

**WHAT WE WILL DO NEXT – ACTIONS DIRECTLY LINKED TO 2020 KPIs AND EXECUTIVE REMUNERATION**
- Open up export opportunities in the Rest of Africa, using our manufacturing hubs
- Grow at hurdle rate
- Launch marketing campaigns in Angola and Nigeria to drive can consumption
- Expand addressable markets by developing new segments

**HOW WE RATE OUR PERFORMANCE**

**Partner with major multinational customers**

**HOW WE DID IN 2019**
- Increased Bevcan Nigeria sales volumes
- Reduced Bevcan Angola sales volumes
- Launched market invigoration initiative in Angola
- Carried out significant research into consumer market trends in Nigeria

**WHAT WE WILL DO NEXT – ACTIONS DIRECTLY LINKED TO 2020 KPIs AND EXECUTIVE REMUNERATION**
- Continue to leverage strong relationships with multinationals
- Closely monitor changes in the purchasing strategies of multinationals
- Support multinational companies’ sustainability initiatives

**HOW WE RATE OUR PERFORMANCE**

**Sensibly manage and grow our presence in current jurisdictions**

**HOW WE DID IN 2019**
- Continued with project in Angola to convert tinplate beverage can line to aluminium at cost of US$20 million
- Debottlenecked our Bevcan Nigeria line, leading to greater efficiencies
- Advanced project to establish our first food can line in Nigeria

**WHAT WE WILL DO NEXT – ACTIONS DIRECTLY LINKED TO 2020 KPIs AND EXECUTIVE REMUNERATION**
- Complete conversion of Angola tinplate beverage can line to aluminium by March 2020
- Investigate opportunities to increase market penetration by Bevcan Nigeria
- Complete project setting up our first food can line in Nigeria
- Drive exports in select markets where margins are attractive

**HOW WE RATE OUR PERFORMANCE**
Material issues

Material issues are those with the potential to significantly affect our ability to deliver on our strategy, create value and sustain the group in the short, medium and long term. The most noticeable impact of these issues in the short term is on the group’s share price, which lost 38% of its value in 2019.

Material issue

Efficiency gains supported stronger profits for Bevcan South Africa after normalising for once-off foreign exchange gains in 2018. DivFood reported a trading loss, partly due to losing a significant portion of volumes from a large customer. The liquid cartons operations continued to deliver pleasing results. Lower demand in Angola due to lagging wage inflation after a sharp decline in the kwanza adversely impacted profitability in the Rest of Africa. Despite tough trading conditions, Paper recorded lower results with the Zimbabwe business funding its own operations. The UK Plastics business reported a loss inclusive of impairments. It and Glass are assets held for sale. Glass reported improved profitability, assisted by lower depreciation charges, and persistent operational difficulties. Foreign exchange fluctuations continued to impact the group. The functional currency for Bevcan in Angola and Nigeria is the US dollar, and that for our Paper and Metals businesses in Nigeria is the naira. When translating from functional to reporting currency, all movements in monetary items are made through the profit and loss account.

The availability of foreign exchange in Nigeria remained good, with pleasing cash transfers. In Angola, the kwanza depreciated sharply with cash positions partly protected using US dollar-linked kwanza bonds. These bonds have been settled in full on each maturity date. Zimbabwe faced severe liquidity restrictions in the year, a steep currency devaluation and was classified as a hyperinflationary economy.

In South Africa, economic growth forecasts for 2019 were revised down to less than 1%, with high levels of poverty and unemployment persisting. Nigerian growth slowed, with a rate of 2% to 3% forecast for calendar 2019. Angola’s economy contracted, following the currency’s decline, while inflation accelerated. Zimbabwe’s GDP was restricted by foreign currency constraints, the ongoing drought and hyperinflation. Competition in the South African beverage can market intensified, with two new entrants to the market.

Ensuring the safety of our people is critical. Our overall safety performance deteriorated to beyond our tolerance level. Regrettably, we recorded one workplace fatality. We continued to contend with a shortage of skills, although we were able to secure key Glass talent. We dramatically improved our B-BBEE contributor status in the year, level 6 to level 2 shortly after year-end, benefiting in part from the YES4Youth programme.

South Africa has a multitude of existing and planned legislative requirements, directly affecting Nampak and our customers. In other parts of Africa, significant levels of red tape and port and logistics inefficiencies hamper the importation of raw materials. Regulations relating to local content support the domestic manufacture of packaging products. Nampak is subject to various changes in tax laws in some jurisdictions.
Implications for value

<table>
<thead>
<tr>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>cents</td>
<td>change</td>
</tr>
<tr>
<td>42.2</td>
<td>(76.1)</td>
</tr>
<tr>
<td>54.1</td>
<td>(68.8)</td>
</tr>
<tr>
<td>(132.1)</td>
<td>(&gt;100)</td>
</tr>
<tr>
<td>(19.4)</td>
<td>(&gt;100)</td>
</tr>
</tbody>
</table>

Our strategic response in 2019

- Intensified our efforts to improve operational efficiencies
- Further strengthened the balance sheet
- Signed agreement for the sale of the Glass business
- Launched accelerated process to sell UK Plastics business
- Cash transfer from Rest of Africa of R3.2 billion
- Limited further funding in Angola and Zimbabwe and partnered with customers to provide dollar funding for imported raw materials
- We shielded Nampak’s Angolan cash through hedging of US dollar-linked kwanza bonds
- Continued to link Bevcan Nigeria product pricing to the dollar
- Focus on continuous improvement programme
- Sustained efforts to address fixed costs
- Concentrated on securing greater internal manufacturing efficiencies, particularly at Bevcan
- Prioritised safety across the group
- Set up a dedicated and resourced B-BBEE office
- Continued to work on a new B-BBEE ownership scheme
- Reduced our employee cost by 8.2%
- Continued to participate in industry-wide engagement with the government
- Sustained our efforts to further reduce the weight of products
- Focused on unlocking further value from base businesses to build resilience to withstand requirements of greater regulatory burden
Our top risks and opportunities

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 risk ratings 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. We also provide a forward-looking view of the risks and opportunities that we believe may impact future performance. The icons in the risk table show the link of each risk to our material issues.

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 considers 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 participate in the CDP (formerly the Carbon Disclosure Project) with ongoing assessment of Nampak’s impact on the environment from an operational perspective and also in relation to our product stewardship.

Information management services (IMS) is a standing agenda item for the audit and risk committee. Ultimate responsibility for IMS governance rests with the board.

In order to support the board in the execution of its responsibilities, information management and key technology risks remain a key focus area for the audit and risk committee.
### Dependence on Foreign Exchange

<table>
<thead>
<tr>
<th>Impact if Not Managed</th>
<th>How We Did in 2019</th>
<th>Value Created from Our Mitigation Strategies</th>
</tr>
</thead>
</table>
| High 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 places constraints on the purchase of imported raw materials and our ability to invest behind growth opportunities | **Nigerian liquidity continued into 2019**  
**Angolan liquidity remained stable: we repatriated R1.8 billion**  
**Strongly cash-generative businesses in Zimbabwe were negatively affected by the devaluation of the Zimbabwean currency and hyperinflation** | **The group’s financial position remains strong on the back of the two revolving credit facilities secured in 2018**  
**Activities of the cash management committee, in its fourth year of operation, ensured that cash flow management remained a strong focus**  
**Firm management of capital expenditure and improvements in liquidity delivered a stronger balance sheet**  
**US$67 million has been secured with the Reserve Bank of Zimbabwe for payment over five years with an initial two-year payment holiday. Expected credit loss ratio of 85% applied at 30 September 2019 given the financial and economic situation in Zimbabwe** |

### Operational Underperformance at Certain Operations

<table>
<thead>
<tr>
<th>Impact if Not Managed</th>
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</tr>
</thead>
</table>
| This can result in job losses, impairment of assets and harm the group’s sustainable profitability | **Bevcan’s internal operating efficiencies, including reduced spoilage, cost savings and its sales volumes supported financial performance**  
**Bevcan’s Cape Town beverage can line closure delivered the anticipated cost savings**  
**Bevcan Nigeria operation performed very well**  
**Rigids’ South Africa operational turnaround strategy is gaining traction**  
**Rigids’ gable-top cartons division performed strongly** | **Continued to deliver on our drive towards improved productivity to extract value from our newer technologies and ensure readiness for higher volumes**  
**Applied improved maintenance practices to limit associated downtime**  
**Consistent engagement with customers to streamline our product mix, reducing complexity and providing opportunities to review cash fixed costs** |

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**Looking Forward**
- Currency volatility will continue to have a bearing on financial results
- Strengthened balance sheet is better able to withstand currency volatility

**Opportunities for Value**
- Investment of R100 million behind growth in demand in our first food can line in Nigeria which is anticipated to be operational in 2020
- Conversion of our tinplate beverage line in Angola at a cost of R200 million is expected to be complete in early 2020
- Should the RBZ honour the US$67 million agreement, the expected credit loss provision will reverse in future

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**Looking Forward**
- Investment behind growth markets in Nigeria (food cans) and Angola (second beverage can line) is now in progress
- Incremental improvements from various manufacturing projects is anticipated
- The conclusion of the sale processes of the Glass, Nigeria Cartons and Rigids’ intermediate bulk container businesses is expected in the new financial year
- The disposal of the Nampak Plastics Europe business is at an advanced stage

**Opportunities for Value**
- We have the established capacity to ramp up production to meet increased customer demand
- Group restructuring initiatives to reduce complexity, limit non-value-add activities and reduce cash fixed costs
Our top risks and opportunities continued

3 CHALLENGING MACRO-ECONOMIC AND POLITICAL CONDITIONS IN KEY MARKETS

IMPACT IF NOT MANAGED
- Low economic growth in South Africa and high interest rates in key markets in the Rest of Africa result in reduced consumer demand which translates into lower volumes and revenue and pressure on profit margins. It also limits opportunities for growth
- Hyperinflation in Zimbabwe

HOW WE DID IN 2019
- Foreign currency shortages for much of the year and a weakening kwanza impacted on volumes in Angola
- Beverage can volumes continued to grow in Nigeria despite muted economic growth with improved market shares
- Bevcan sales in South Africa have remained robust
- Beverage carton sales increased
- Secured hedge with RBZ Customers provide US dollar funding for raw materials

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
- Potential protection of US$67 million from currency devaluation through hyperinflationary cycle

Looking forward
- 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 but the further currency devaluation in Q3 2019 may further slow recovery

Opportunities for value
- We are 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

4 KEY 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 2019
- Some volumes lost in South Africa to new third beverage can manufacturer, however, 2019 sales volumes remained steady
- Drop in sales volumes and profitability of DivFood after the loss of a key customer

VALUE CREATED FROM OUR MITIGATION STRATEGIES
- Footprint of factories which affords customers better security of supply
- Value-added services provided by Nampak R&D

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

Opportunities for value
- 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

5 INCREASED 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 2019
- Participated in industry initiatives to increase recycling rates
- Developed lightweighting plastic packaging opportunities for customers
- Carried out consumer education programmes on the value and cost effectiveness of plastic packaging that extends shelf life and prevents product deterioration

VALUE CREATED FROM OUR MITIGATION STRATEGIES
- Continued research and development into opportunities for further lightweighting and the use of more recycled material in primary plastic packaging
- Development of metal and paper products to extend offering in the liquid packaging sector

Looking forward
- Ongoing engagement with other industry players on alternative solutions for plastic packaging waste that limits its impact on the environment
- Support the growth of metal and paper alternatives

Opportunities for value
- Opportunity to work with customers on alternative primary packaging solutions
- Greater public awareness of which plastics products are not recyclable. All of Nampak’s products are recyclable
## UNCONTROLLABLE INCREASES TO LEGACY DEFINED BENEFIT ARRANGEMENTS

### IMPACT IF NOT MANAGED
If cost increases associated with providing the benefits outstrip affordability, profits will be adversely affected.

### HOW WE DID IN 2019
- Continued with derisking activities in the Nampak Staff Pension Plan in the UK.
- Evaluated the annuity market for further opportunities to provide annuities for retired employees in receipt of post-retirement medical benefits in South Africa.

### VALUE CREATED FROM OUR MITIGATION STRATEGIES
- Steady reduction in the overall liability over the past few years.

### Looking forward
- Medical inflation remains above the consumer price index, placing upward and uncontrollable cost pressure on the group’s remaining post-retirement medical liability.
- Less volatility in deficits in the UK pension plan is anticipated with the introduction of underlying gilt-yield type investments which provide some hedge against movements in interest and inflation rates.

### Opportunities for value
- The group will continue to consider and implement feasible buy-out and derisking opportunities that are beneficial for all parties.

## INADEQUATE DIVERSITY, PEOPLE DEVELOPMENT AND A SKILLS SHORTAGE

### 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 operational effectiveness and our ability to deliver on strategy.

### HOW WE DID IN 2019
- Improved our B-BBEE rating to level 2.
- Mandated B-BBEE steering committee to implement plans for an improved rating.
- Retained B-BBEE as a component of the management STI structure.
- Maintained our focus on management graduate, apprenticeship development programmes as well as various technical skills and safety programmes.
- Introduced participation in the YES4Youth job creation programme.

### 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.
- Nampak Plastics Europe discontinued and held for sale.

### Looking forward
- B-BBEE steering committee mandated to implement plans for an improved rating.
- Training and development outcomes evaluated annually and aligned to business requirements.
- Participation in the YES4Youth job creation programme.

### Opportunities for value
- Depth of diverse qualified succession pool as well as opportunities for personal growth underpin sustainable profitability.
## UNCERTAIN REGULATORY AND POLICY ENVIRONMENT

### IMPACT IF NOT MANAGED
Changes in regulations affecting Nampak and our customers could negatively impact 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 2019
- Continued to focus on the provisions in respect of the Waste Management Act, and carbon tax
- Hyperinflation accounting negatively impacted results
- Anglo tax regime changes resulted in a significant increase in the group tax rate

### VALUE CREATED FROM OUR MITIGATION STRATEGIES
- The Industry Waste Management Plans have been developed and submitted to the relevant authorities
- Actively promoted the recycling of post-consumer packaging
- Ongoing energy reduction management and initiatives

### 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 2019
- Embedded vulnerability management and patch management process
- Used Mimecast email filtering for malware
- Continued to conduct penetration, cyber footprint and cyber assessments
- Carried out disaster recovery tests of corporate systems
- Internal audit review of our information systems infrastructure and environment to ensure appropriate control frameworks are established
- Maintained appropriate insurance covers

### VALUE CREATED FROM OUR MITIGATION STRATEGIES
- Ongoing employee awareness campaigns
- Consistent upgrading to protect against latest attacks
- Mimecast provision of email continuity in the event of an attack

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

### Opportunities for value
- Good corporate governance principles, policies and practices will continue to protect sustainable profitability

### Looking forward
- Protecting Nampak against cyber crime is an enduring commitment as hackers become more sophisticated
- Improving security across all sites

### Opportunities for value
- Enhanced business continuity position for Nampak
- Reducing the risk of the severity of the impact in the event of a cyber attack
- Reduction of duplicated security strategies across Nampak
How we define value

For Nampak, value means “sustainable profitability”. This refers not only to growing Nampak’s earnings, but also to securing the group’s sustainability more broadly, by creating value for all our stakeholders – customers, employees, authorities, investors, suppliers or society at large – in the short, medium and long term. For us, the short term means within the next 12 months; the medium term means the next two to three years; and the long term means more than three years out. By defining what value means to us, we align the company to a common purpose: we all understand what is required of us.
How we create value through our business model

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 relationships and resources, which we refer to as the six capitals. We transform these stocks of capital through our business activities, and in so doing, deliver on our strategy and advance some of the UN’s Sustainable Development Goals.

**CAPITAL INPUTS**

**Human capital**
Diverse, skilled and high-performing people are key to the delivery of our strategy and operating performance, and their health, safety and development are important to us. Our culture is inclusive, and we are guided by our clearly defined code of conduct and business ethics.

**Manufactured capital**
Our investment in state-of-the-art equipment and in the modernisation of our factories enables us to produce world-class packaging while reducing the impact of our processes on the environment. We also rely on public infrastructure to transport raw materials from suppliers and finished products to customers.

**Financial capital**
Our financial capital is composed of the cash generated by our operations, debt and equity financing and cash from divestments.

**Intellectual capital**
Our R&D facility, which is unmatched in Africa and has operated for more than 70 years, is staffed by highly qualified scientists, engineers and technologists. We use this expertise, as well as licensed technologies and processes, to develop more environmentally friendly packaging and to provide customers with packaging best suited to their products.

**Social capital**
We prioritise our relationships with our employees, trade unions, investors, suppliers, customers, industry, government and society at large as these are imperative for our success. So too are our engagements with the communities in which we operate.

**Natural capital**
We rely on dependable supplies of water, energy, land and air and use increasing amounts of recycled material in our manufacturing processes.
When deciding how best to grow and sustain our business, we carefully consider the trade-offs between the capitals, aiming to maximise positive outputs and outcomes, and limit any negative impacts.

**OUTPUTS**
Dependable and innovative packaging products made of metals, plastics, paper and glass

**OUTPUTS**
Greenhouse gas emission intensity (scope 1 and 2)
19.05 tonnes CO$_2$e
per Rm revenue (increased 13%)

**VALUE CREATION**

**OUTCOMES**
R2.3 billion paid in wages and salaries

LTIFR of 0.34 (from 0.27)

One workplace fatality

Continuous improvement programme to modernise factories, optimise capacity and reduce complexity

Trading profit of R1.6 billion (from R2.0 billion)

No dividend paid

Reduced the weight of our products further

B-BBEE level 2 (from level 6)

R5.4 million spent in social investment (from R7.6 million)

R1.2 billion paid to governments in taxes

Energy intensity of 76% (from 97%)

For details on our use of and impact on the six capitals, 22 to 25.
How we sustain value with the six capitals

### HOW WE CREATE VALUE

#### HUMAN CAPITAL

- We have an inclusive culture and we value diversity. All our employees are guided by well-defined and unbiased policies and procedures.
- Manufacturing is key to our success and our factory employees make products of the highest quality and ensure that they are delivered to customers on time and in full.
- Complying with applicable laws and regulations is critical to good corporate governance and our support staff ensure that all legal, financial, human resources, governance and administrative tasks are carried out diligently and effectively.
- We support the YES4Youth initiative in South Africa, providing unemployed young people with a sponsored year of work experience.

#### MANUFACTURED CAPITAL

- Producing innovative and dependable packaging that preserves and transports food, drink and other products.
- Purchasing raw materials, machinery, spares and services from various suppliers thereby creating value along the supply chain.

#### FINANCIAL CAPITAL

- Appropriately investing in working capital to ensure that the business continues in operation.
- Investing in new and replacement equipment to increase capacity and remain competitive.
- Paying salaries and wages to 5 000 employees.
- Paying interest to providers of capital.
- Securing appropriate funding structures to ensure financial sustainability of the group.

### KEY INPUTS

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graduate development</td>
<td></td>
<td></td>
</tr>
<tr>
<td>programme graduates</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nampak apprenticeships</td>
<td></td>
<td></td>
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<tr>
<td>Bursaries</td>
<td></td>
<td></td>
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<tr>
<td>Investment in employee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>development (Rm)</td>
<td></td>
<td></td>
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<tr>
<td>Investment in youth</td>
<td></td>
<td></td>
</tr>
<tr>
<td>unemployment (Rm)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual HIV counselling</td>
<td></td>
<td></td>
</tr>
<tr>
<td>and testing in South Africa (%)</td>
<td>40</td>
<td>72</td>
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<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
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<tbody>
<tr>
<td>Production facilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Africa Number</td>
<td>22</td>
<td>23</td>
</tr>
<tr>
<td>Rest of Africa Number</td>
<td>17</td>
<td>18</td>
</tr>
<tr>
<td>Research and development facility</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Cullet tonnes</td>
<td>57 000</td>
<td>63 000</td>
</tr>
<tr>
<td>Polymer resin tonnes</td>
<td>70 000</td>
<td>119 000</td>
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</tbody>
</table>

* Aluminium and tinplate usage not disclosed for competitive reasons.

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market capitalisation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Rbn)</td>
<td>6.5</td>
<td>10.6</td>
</tr>
<tr>
<td>Total equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Rbn)</td>
<td>8.2</td>
<td>10.6</td>
</tr>
<tr>
<td>Net working capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Rbn)</td>
<td>2.7</td>
<td>2.5</td>
</tr>
<tr>
<td>Capital investment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Rbn)</td>
<td>0.7</td>
<td>0.5</td>
</tr>
<tr>
<td>Net interest-bearing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>debt (Rbn)</td>
<td>5.6</td>
<td>3.9</td>
</tr>
<tr>
<td>Long</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Rbn)</td>
<td>5.3</td>
<td>6.2</td>
</tr>
<tr>
<td>Short</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Rbn)</td>
<td>0.3</td>
<td>2.3</td>
</tr>
<tr>
<td>Net interest incurred</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Rm)</td>
<td>246.3</td>
<td>224.3</td>
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</table>
Securing appropriate funding structures to ensure financial sustainability of the group

- Paying salaries and wages to 5,000 employees
- Investing in new and replacement equipment to increase efficiency and productivity
- Appropriately investing in working capital to ensure smooth operations
- Purchasing raw materials, machinery, spares and services from various suppliers thereby creating value along the supply chain

Our leadership defines the group's strategic direction and implements policies and procedures that are guided by well-defined and unbiased policies and procedures. This ensures that the business continues in operation and that the business is able to develop talent and carry out its financial, human resources, governance and administrative tasks effectively and diligently.

We have an inclusive culture and we value diversity. All our employees are guided by well-defined and unbiased policies and procedures that are competitive and have a short-term negative impact on natural capital. They have a long-term beneficial impact on this capital stock. More efficient production facilities as well as products help mitigate negative impacts on natural capital.

The use of our financial capital has positive impacts on all the other capitals. However, by investing in new equipment, human capital may on occasions be negatively impacted due to the loss of jobs. The suspension of dividends over the past few years has improved our financial position and has increased our ability to invest for the future but has been to the detriment, in the short term, of social capital.

There is no trade-off for the loss of life and any workplace fatality is unacceptable. Severely challenging trading conditions during the year, especially in Angola, led to a 5% reduction in overall employee numbers. This negatively impacted human and social and relationship capital but will ultimately be positive for financial capital as labour costs will reduce.

### OUTCOMES

<table>
<thead>
<tr>
<th>OUTCOMES</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and salaries paid</td>
<td>2.9</td>
<td>3.1</td>
</tr>
<tr>
<td>Lost-time injury frequency rate</td>
<td>0.34</td>
<td>0.27</td>
</tr>
<tr>
<td>Work-related fatalities</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Employees</td>
<td>1</td>
<td>–</td>
</tr>
<tr>
<td>Contractors</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Non-work-related fatalities</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Managers attending training development programmes</td>
<td>280</td>
<td>143</td>
</tr>
<tr>
<td>Graduate development programme graduates employed</td>
<td>21</td>
<td>26</td>
</tr>
<tr>
<td>Employees retrenched</td>
<td>9</td>
<td>140</td>
</tr>
</tbody>
</table>

### HOW WE ACHIEVED THESE

- Renewed our focus on health and safety in the workplace after a disappointing safety performance
- Paid wages and salaries that are competitive
- Continued our system of risk control audits
- Provided bursaries for studies in engineering, science and accounting
- Invested in training and development to improve the skills of employees at all levels
- Employed continuous improvement programmes to optimise capacity and reduce complexity
- Modernised our two-piece food can line in Rosslyn
- Installed new tinplate 52mm aerosol can capacity in Vanderbijlpark
- Invested in the moulds and injection moulders required to produce closures for motor lubricants bottles
- Invested in machinery for new water bottle closures
- Continued to invest in conversion of Bevcan’s tinplate line in Angola to aluminium, and adding capability to produce slender cans
- Transfer of R3.2 billion from Angola, Nigeria and Zimbabwe
- Prudently allocated capital through capital assurance committee
- Managed net finance costs
- Reduction in net finance income due to requirement for cash-backed letters of credit (LCs) in Angola
- Finance costs well managed and decreased by 24%

### TRADE-OFFS

In order to remain competitive we invest in the latest technologies, reduce manufacturing complexity and rationalise outdated production facilities. Often this leads to job losses which negatively impact human capital. While investments have a short-term negative impact on financial capital, they have a long-term beneficial impact on this capital stock. More efficient production facilities as well as products help mitigate negative impacts on natural capital.

Our Bevcan Rosslyn factory was awarded AT Kearney’s 2019 “Factory of the year” in South Africa in terms of excellence in resource efficiency.

### OUTPUTS

- Beverage cans, food cans, aluminium aerosol cans and a range of other metal cans and closures
- Plastic bottles, closures, tubes, crates and drums
- Folding cartons, corrugated boxes, paper sacks and liquid beverage cartons

For competitive reasons we do not disclose the quantities of products manufactured

<table>
<thead>
<tr>
<th>OUTPUTS</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital expenditure (Rm)</td>
<td>847.0</td>
<td>684.3</td>
</tr>
<tr>
<td>Expansion</td>
<td>217.8</td>
<td>176.6</td>
</tr>
<tr>
<td>Depreciation and amortisation (Rm)</td>
<td>518.2</td>
<td>693.8</td>
</tr>
<tr>
<td>Net impairment of assets (Rm)</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

### HOW WE CREATE VALUE

<table>
<thead>
<tr>
<th>OUTCOMES</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trading profit (continuing) (Rbn)</td>
<td>1.6</td>
<td>2.0</td>
</tr>
<tr>
<td>Cash generated from operations before working capital (Rbn)</td>
<td>1.8</td>
<td>2.3</td>
</tr>
<tr>
<td>Net gearing (%)</td>
<td>68.2</td>
<td>37.0</td>
</tr>
<tr>
<td>(Loss)/profit for the year (continuing) (Rbn)</td>
<td>(0.4)</td>
<td>1.2</td>
</tr>
<tr>
<td>(Loss)/earnings attributable to shareholders (Rbn)</td>
<td>(0.9)</td>
<td>0.5</td>
</tr>
<tr>
<td>Earnings per share (continuing) (cents)</td>
<td>42.2</td>
<td>176.7</td>
</tr>
<tr>
<td>Headline earnings per share (continuing) (cents)</td>
<td>54.1</td>
<td>173.3</td>
</tr>
<tr>
<td>Return on net assets (continuing) (%)</td>
<td>11.3</td>
<td>14.6</td>
</tr>
<tr>
<td>Employment costs (continuing) (Rbn)</td>
<td>2.3</td>
<td>2.5</td>
</tr>
<tr>
<td>Interest paid to providers of capital (cash flow) (Rm)</td>
<td>506.4</td>
<td>458.1</td>
</tr>
</tbody>
</table>
How we sustain value with the six capitals continued

<table>
<thead>
<tr>
<th>HOW WE CREATE VALUE</th>
<th>KEY INPUTS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INTELLECTUAL CAPITAL</strong></td>
<td>• Experience, skills, competencies established over many years</td>
</tr>
<tr>
<td>• Providing customers with world-class packaging</td>
<td></td>
</tr>
<tr>
<td>• Giving customers confidence that their products will be packed in dependable and innovative packaging</td>
<td></td>
</tr>
<tr>
<td>• Ensuring that our investments help us adapt to changing market needs</td>
<td></td>
</tr>
<tr>
<td>• At least 21 scientists, one engineer, 10 technologists, four technicians and four business information researchers at our R&amp;D facility</td>
<td></td>
</tr>
<tr>
<td>• Our operational excellence initiative, other business processes and management systems</td>
<td></td>
</tr>
<tr>
<td>• Technical association and agreements with several global packaging companies</td>
<td></td>
</tr>
<tr>
<td><strong>SOCIAL CAPITAL</strong></td>
<td>• The support of our shareholders</td>
</tr>
<tr>
<td>• Effective employee relations, positive relationships with trade unions</td>
<td></td>
</tr>
<tr>
<td>• Beneficial engagements with government and tax authorities</td>
<td></td>
</tr>
<tr>
<td>• Sound partnerships with our customers and suppliers</td>
<td></td>
</tr>
<tr>
<td>• The trust of the communities in which we operate</td>
<td></td>
</tr>
<tr>
<td>• Projects to uplift the communities in which we operate</td>
<td></td>
</tr>
<tr>
<td>• Involvement in the YES4Youth programme</td>
<td></td>
</tr>
<tr>
<td><strong>NATURAL CAPITAL</strong></td>
<td>• Water consumption (Mega litres)</td>
</tr>
<tr>
<td>• Area under roof (sqm)</td>
<td></td>
</tr>
<tr>
<td>• Energy use (Gigajoules)</td>
<td></td>
</tr>
<tr>
<td>• Electricity purchased (Megawatt hours)</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td>1 177</td>
<td>1 306</td>
</tr>
<tr>
<td>857 062</td>
<td>1 013 373</td>
</tr>
<tr>
<td>2 146 862</td>
<td>1 926 285</td>
</tr>
<tr>
<td>233 282</td>
<td>235 845</td>
</tr>
</tbody>
</table>
### OUTCOMES

- More convenient products with improved performance
- Improved customer relationships
- Lighter weight plastic and metal packaging
- More cost-effective production processes
- Increased experience and expertise of staff

### HOW WE CREATE VALUE

**Key Inputs**

- Natural capital
- Social capital
- Intellectual capital

**Natural capital**

- Electricity
- Water

**Social capital**

- Involvement in the YES4Youth programme
- Projects to uplift the communities in which we operate
- The trust of the communities in which we operate

**Intellectual capital**

- Sound partnerships with our customers and suppliers
- Beneficial engagements with government and tax authorities
- Effective employee relations, positive relationships with trade unions

### HOW WE ACHIEVED THESE TRADE-OFFS

- Ongoing assessment of BPA-Ni coatings to comply with the latest EU legislation
- Continuing evaluation and qualification of new tinplate and aluminium suppliers
- Extensive use of our FEA modelling in lightweighting of plastic packaging
- Extensive use of our 3D modelling capability for customers on new packaging designs
- Continued to provide bursaries and training
- Terminated Nampak’s technical agreement with Crown Cork at the end of 2019. Equipment manufacturers will provide the required technical support from 2020

### TRADE-OFFS

- Our investment in intellectual capital reduces our financial capital in the short term but increases all capital stocks in the longer term.

### OUTCOMES

- 2019 2018
- Taxes paid to governments (Rbn) 1.2 0.9
- Economic value added (Rbn) 4.2 5.4
- Corporate social investment (Rm) 5.4 7.6
- B-BBEE contributor status 2 6
- Strike action 2 days 3 days
- Black management (%) 67 58

### OUTPUTS

Total greenhouse gas emissions (scope 1 and 2) of 19.05 tonnes versus 17.00 tonnes in 2018.

<table>
<thead>
<tr>
<th>Energy intensity (% CO₂e from electricity)</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Post-consumer recycling rates in South Africa*</td>
<td>76%</td>
<td>80%</td>
</tr>
<tr>
<td>Metal collection (%)</td>
<td>2018 2017</td>
<td></td>
</tr>
<tr>
<td>Plastic packaging collection (%)</td>
<td>45</td>
<td>46</td>
</tr>
<tr>
<td>CDP climate change score</td>
<td>A-</td>
<td>A-</td>
</tr>
</tbody>
</table>

* Recycling Association’s reporting periods.
Stakeholders who help us create value

We rely on eight stakeholder groups to create value. Here we disclose the key issues of each group, and our actions to address them. The strength of our relationships is important and we provide a rating for each. Links to our material issues are also shown.

- **SHAREHOLDERS AND OTHER FUNDERS**
  - **Key issues**
    - Strategy and performance
    - Reduction of dollar-denominated debt
    - Share buy-back
    - Repatriation of funds from Angola, Nigeria and Zimbabwe
    - Debt covenants
    - Payment of dividends
  - **Our actions**
    - Held an investor day to communicate with analysts and shareholders
    - Agreed disposal of Glass and Cartons Nigeria and announced planned disposal of Plastics in Europe
    - Transferred R3.2 billion from Angola, Nigeria and Zimbabwe
    - Ensured that we remain within agreed debt covenants

- **EMPLOYEES**
  - **Key issues**
    - Health and safety in the workplace
    - Ongoing skills development
    - Restructuring and job losses as a result of rationalisation
    - Performance management
    - Morale
  - **Our actions**
    - Lost-time injury frequency rate (LTIFR) deteriorated to 0.34 from 0.27 in 2018 but was still well below the level of 0.89 in 2015
    - Nampak Bevcan Nigeria achieved three million injury-free hours in 2019
    - 280 employees completed various training programmes across all levels
    - Continued to inform employees on the group’s strategy and restructuring

- **TRADE UNIONS**
  - **Key issues**
    - Relationships with our unions
    - Continual restructuring of the business
    - YES programme
    - Nampak Enterprise Bargaining Forum
    - Wage negotiations
  - **Our actions**
    - Implemented Nampak Enterprise Bargaining Forum year three agreement
    - Achieved full union support for the YES programme
    - Concluded successful wage negotiations in all divisions
    - Involved unions in need to restructure with no untoward reaction
    - Negotiated and concluded a maintenance services agreement with three trade unions
    - Cemented our longstanding good partnerships with employees

Strong relationships • Cordial relationships • Weak relationships
## HOW WE CREATE VALUE

### KEY

- **Our operational and financial performance**
- **Liquidity restrictions in the Rest of Africa**
- **Macro-economic environment**
- **People, safety, skills and transformation**
- **Uncertain regulatory and policy environment**

### CUSTOMERS

#### Key issues
- Retention of key customers amid increased competition
- Loss of significant food can customer
- Developing new customers in new markets
- Expiry of some key contracts
- Quality and innovation

#### Our actions
- Reduced cost structure to become more competitive
- Continued to invest in modern equipment
- Introduced a liquid carton for water
- Introduced an aluminium beverage can for water and wine
- Provided quality products in full and on time

### SUPPLIERS

#### Key issues
- Benefits of “buy better” initiative
- B-BBEE procurement targets
- Consistent supply of quality raw materials

#### Our actions
- Centralised procurement to generate savings
- Reviewed procurement policy
- Examined spares procurement channel
- Increased purchases from accredited B-BBEE suppliers

### INDUSTRY BODIES

#### Key issues
- Waste management
- Public pressure on use of plastic packaging
- Tax on sugar-sweetened beverages
- Weak manufacturing activity in South Africa

#### Our actions
- Engaged with forums on waste management plans
- Reduced the sizes of beverage cans
- Supported and continued to participate in the Manufacturing Circle’s efforts to stimulate manufacturing

### GOVERNMENT AND REGULATORS

#### Key issues
- Compliance with good governance and regulatory requirements
- Sound relations with local authorities
- Increased demand for rHDPE in the UK

#### Our actions
- Maintained comprehensive governance policies and practices
- Complied with JSE and revenue authorities
- Engaged constructively with municipalities
- Used increasing quantities of recycled product in the manufacture of plastic bottles

### COMMUNITIES AND CIVIL SOCIETY

#### Key issues
- Supporting the communities in which we operate
- Contributing to secondary and tertiary education
- The need for environmental education

#### Our actions
- Contributed R5.4 million to social investment
- Contributed R7.1 million to the YES4Youth programme
- Granted bursaries totalling R2.4 million
Chairman’s review

Nampak Limited 2019 Integrated Report

2019 was a year of change at Nampak. A number of long-standing directors retired after serving the company with distinction over many years, and we welcomed four new non-executive directors. Soon after year-end the CEO also announced that he would be leaving in January 2020, to take the helm at power utility Eskom. We wish him well in this most important role in Eskom and South Africa.

During the year, we amended our governance structure, reducing the number of committees from six to three.

Our immediate focus will be to ensure that the new directors understand our business and its intricacies sensibly and speedily so that they will be able to add value to the organisation. Agility in decision making will continue to be a key focus to give the executive the support it requires to carry out its mandate.

In the last year, we witnessed exponential growth in the level of consumer awareness of the damaging impact on the environment of single-use plastics. These products collect in landfill, waterways and oceans and are harmful to marine and other life forms. Nampak’s sustainability orientation is towards ensuring that the company’s products are recyclable and are sourced from appropriate raw materials; there is continued focus on initiatives to reduce the weight of products and increase the percentage of recycled content. Support of industry bodies that encourage the collection and recycling of post-consumer waste is another element of Nampak’s sustainability focus. The group also has a number of exciting initiatives, which include packaging water, wine and other beverages in infinitely recyclable aluminium cans and paper cartons as well as supporting the development of the market for returnable PET bottles.
Country challenges
In 2019, the operating environment remained challenging. A number of the currencies in Nampak’s key markets weakened and the foreign exchange translation between the rand, dollar and domestic currencies – most notably in Zimbabwe – continued to be difficult. Hyperinflation in Zimbabwe caused its own challenges, creating serious negative impact. Furthermore an unexpected change in the tax laws provided another negative impact. However, Nampak’s Zimbabwe business operated well against all odds. It is clear that the “Africa Rising” theme of the early 2000s is on hold, and with the exception of one or two countries, it is a now a question of optimising existing businesses and then maximising new opportunities as they arise.

In South Africa, while national elections gave the new administration a clear mandate, investor sentiment remained fragile and the rand depreciated as inactivity on policy implementation remained a concern. Municipal infrastructure and administration continued to deteriorate to Nampak’s detriment. For example, Nampak Glass suffered more than 30 power outages in July alone and recorded a total electricity downtime of 12 days during the financial year. So, despite having invested R156 million in a rotary uninterruptible power supply system, production disruption was unavoidable.

We remain positive and are encouraged and supportive of the Finance Minister’s strategy. However, there have been similar good-sounding initiatives, in both 2008 and 2015, which failed to be implemented sufficiently. The consequence of this is a stagnant economy and a volatile rand, which has the effect of hobbling corporate South Africa. We are hoping that these initiatives are implemented.

In Zimbabwe, in 2019 the economy sank deeper into trouble and there is no way of predicting what the immediate future holds. In Angola, a sharp depreciation in the kwanza and high inflation caused consumers to battle, making products that were previously affordable no longer so. In Nigeria, the economy was relatively steady, while in the United Kingdom, Brexit caused its own uncertainty.

Performance and prospects
In this environment, Nampak’s performance was mixed. For details see the CEO’s report on 30. The CFO’s review on 32 sets out Nampak’s financial performance. Management must be commended on its control of debt levels in this difficult environment notwithstanding below par working capital management in some business units as a result of an abrupt and significant slowdown in demand in some major economies. In Angola, for example, demand dropped leading to higher inventory levels at a time when Nampak was building up stock ahead of the conversion of Bevcan’s tinplate production line to aluminium.

On 12 and 13, you will find disclosure of the material issues the group identified in the year. These have the potential to significantly affect – both positively and negatively – Nampak’s ability to deliver on strategy and create value in the years ahead. The group recognises the opportunities that exist for packaging, both within South Africa and beyond its borders, where it has a meaningful presence and the prospect of leveraging its first-mover advantage when the economic tide turns.

Marking a milestone
In 2019, Nampak celebrated the 50th anniversary of its listing on the Johannesburg Stock Exchange. In this time, the group has serviced customers across a wide footprint, providing reliable and innovative packaging and creating value for many other stakeholders – shareholders, employees, governments, suppliers and society at large. Over these five decades its structure and composition have also changed.

Analysts and shareholders have been lobbying for Nampak to focus increasingly on fewer substrates, in line with world trends. The company has been doing this, leading to the sale in recent years of Nampak’s Corrugated, Folding Cartons and Tissue businesses. In September 2019, the group signed an agreement to sell the Glass business, proceeds from which will be used to repay debt. Nampak Plastics Europe is also for sale, and at year-end the group was in advanced discussions regarding its disposal.

Looking to 2020
As a consequence of these transactions over the past few years, Nampak is now smaller and more focused. Most of the businesses are now profitable and 2020 will be a year of further consolidation. Action is required to fix those businesses that continue to underperform. Regrettably, this will involve some restructuring which will lead to retrenchments. The costs of this restructure will reduce the benefit of the expected improved results in 2020. However, once complete, the company will be able to deliver continuing improved performance.

Nampak’s geographic diversity will remain, but I am confident that the group will be able to successfully manage the challenges and leverage the opportunities that this presents. I would like to thank all our stakeholders for their continued support, including the directors who recently left Nampak, whose meaningful contribution I acknowledge, namely Phinda Madi, Roy Andersen, Reuel Khoza, Nopasika Lila and latterly Jenitha John – thank you. I wish you all the best for the future. To Nampak employees everywhere, I appreciate your commitment to building the group’s greater resilience as well as your dedication to creating more value in the years ahead.

Peter Surgey
Chairman
Bryanston
26 November 2019
Chief executive officer’s report

André de Ruyter, Chief executive officer

Bevcan performed very well in 2019, defending a strong market position and preserving profitability through cost reduction and efficiency improvements.

The theme for this year’s integrated report – Fit for the future – expresses the focus of our efforts in 2019, when we worked to further streamline the business to future-proof it from both a sustainability and business performance perspective. In an increasingly competitive market, we concentrated on better managing factors within our control, including taking decisive steps to address our cost base and optimise our portfolio.

In his review (28), the chairman highlights Nampak’s position on sustainable packaging, amid growing awareness of the harmful impact on the environment of thoughtlessly discarded single-use plastic. He also discusses the challenging macro-economic context in which we operated in the year, which contributed to a mixed financial performance.

Earnings per share declined by 76% and headline earnings per share fell by 69%. This was affected in large part by the accounting treatment of our businesses in Zimbabwe, where – because of hyperinflation – we were obliged to use the closing rate of the rand against the local currency rather than the average rate during the year.

After reporting steady improvements in our safety performance for the past five years, in 2019 this deteriorated. The increase in our lost-time injury frequency rate was disappointing and hardened our resolve to ensure that safety remains our top priority.

Our South African beverage can business, Bevcan, performed very well in 2019, defending a strong market position and preserving profitability through cost reduction and efficiency improvements, supported by good underlying growth in the South African beverage can market. The Bevcan business in Angola was well managed in difficult circumstances – including a sharp drop in consumer spending which adversely affected sales volumes. We responded quickly by reducing group costs by R412 million after the market contracted in the second quarter. In Nigeria, Bevcan increased both sales volumes and market share, and our factory there is running at close to full capacity with opportunities to expand our production capability.

Our South African Plastics business recorded a definitive improvement in operational performance, reducing waste and reporting greater efficiencies. The liquid
cartons business continued to do very well, growing volumes and new markets. In both these businesses, strong management, sound basics and new product development driven by environmental considerations were impressive and the prospects are good.

DivFood in South Africa and Nampak Plastics Europe in the United Kingdom, however, both had a challenging year, not meeting their potential and reporting losses. These businesses are focused on significantly reducing operating costs to improve their financial performance in the year ahead.

In Zimbabwe, we actively managed the group’s exposure to the impact of economic volatility. We did this by not extending consumer goods credit to our customers whom and by concluding a hedging agreement with the Reserve Bank of Zimbabwe to protect US$67 million of historical debt against devaluation. Hyperinflationary accounting posed significant complexities, but at a fundamental level, the Zimbabwean businesses are well run, with a focus on managing raw material availability by leveraging export proceeds.

Delivering on strategy

Within this operating context, we remained driven to deliver on our strategy: to unlock further value from our base business and accelerate growth in the Rest of Africa. On the first objective, we reported encouraging progress, particularly with regards to unlocking value through the active management of our portfolio.

In September 2019, we entered into an agreement to dispose of Nampak Glass on a cash-free, debt-free basis. In recent years, the financial returns of this business have failed to meet the levels we require because of an inability to secure the right skills to run the technically complex production processes, high levels of capital expenditure and high fixed costs. Frequent interruptions to municipal power supply to the furnaces – which need high and stable temperatures – have presented an additional challenge.

The disposal of Glass, which awaits the approval of competition authorities, will allow us to focus more keenly on the rest of the portfolio and further reduce interest-bearing debt, details of which the CFO gives in his review (32).

In August 2019, we resolved to account for Nampak Plastics Europe as an “asset held for sale” and at year-end were engaged in a process to dispose of it. This business, whose products represent a third of the UK milk bottle market, has been challenged by a weak dairy market characterised by plummeting milk prices and tight margins. In recent years, customers’ increasing backward integration and self-manufacture of bottles has put additional pressure on our cost structure by reducing sales revenue by more than half.

In the year, we sold our Cartons Nigeria business. Suppliers such as Nampak are increasingly affected by the changing global procurement initiatives of large fast-moving consumer goods companies, some of whom seek to consolidate their supplier base in line with the consolidation they are witnessing among their customers.

In an environment such as this, Nampak must continue to differentiate our offering, leveraging the expertise and experience garnered over many decades. Ours are innovative, safe, world-class packaging solutions; we continue to redesign our packaging, removing non-essential parts and reduce the quantity of substrate we use to create light weight products. This cuts our consumption and lowers the volumes that need to be managed after use. Lighter packs also mean reduced carbon footprints across the distribution network. Ensuring that our customers’ food and beverages are packaged safely is non-negotiable and our R&D services provide customers with that assurance.

Customer service and price are other important differentiators, and in a subdued economic environment marked by increasing competition, we continue to focus on providing excellent service while optimising costs. This led to retrenchments in many markets, including Angola, Tanzania, Kenya, Malawi and South Africa (19).

Looking ahead

2020 will be a year of further restructuring and optimisation. Tepid economic growth and greater competitor activity will require that we rationalise across the board. In South Africa, following the growth in capacity by higher line speeds, Bevcan will further reduce crewing on one line to rationalise capacity. DivFood will reduce and simplify its capacity, most particularly at the Vanderbijlpark factory, and further cost reduction and optimisation initiatives will continue in our Plastics and Paper businesses. We also have to restructure our R&D department to reduce costs. In the absence of economic growth to drive demand in our key markets, we have no option but to address our cost base to ensure that we remain competitive.

Throughout this significant restructuring process, we will consult constructively with our partners in organised labour. To enhance our engagements with labour, we are progressing discussions to establish a management advisory committee with labour as part of the Nampak governance structures. While we will incur some associated costs that will impact earnings in the year ahead, we believe these changes are essential: they will ensure that our business delivers sustainable profitability (19) for years to come.

We will continue to be responsive to input from our many stakeholders, including that from shareholders. In the years ahead, in order of priority, we will endeavour to:

- Firstly, reduce debt, and in particular dollar-denominated debt by using proceeds from the disposal of the Glass and Cartons Nigeria businesses.
- Secondly, consider a share buy-back, given the attractive share price.
- Thirdly, consider resuming dividend payments from accessible cash flow based on a moderate dividend cover.
- Finally, focus on our growth initiatives at returns substantially higher than our weighted average cost of capital.

I would like to thank all Nampak’s stakeholders for their contribution in 2019. In January 2020, I will be leaving Nampak to join Eskom. I have every confidence in the capability of my colleagues to continue to build a business that is fit for the future.

André de Ruyter
Chief executive officer
Bryanston
26 November 2019
Chief financial officer’s review

Overview

Growth in emerging markets has been revised downwards across most countries. While sub-Saharan Africa is expected to grow by 3.6% next year, South Africa will be below this average and is now forecast to grow at 0.5% in 2019 (lower than the 0.6% forecast by the South African Reserve Bank) compared to the 1.5% expected in February. Growth is projected to slowly rise to 1.7% in 2022, supported by household consumption and private-sector investment. The South African 2019 Medium-Term Budget Policy Statement also highlighted an expected revenue shortfall in the 2019/2020 fiscal year versus the 2019 budget, reflecting a poor employment statistics, reduced profitability in a difficult trading environment for corporates, resulting in lower-than-expected corporate income tax collections, reducing personal income tax collection and weaker household consumption. Growth in advanced economies is expected to slow, in part due to trade tensions and the Brexit uncertainty. As reported by SA Treasury.

The group has remained resilient in some challenging market conditions with subdued growth in South Africa, a strong recovery in demand in Nigeria and a significant decline in demand in Angola due to wage inflation lagging the currency devaluation. Zimbabwe traded 

R3,2 billion

strong with significant funding capacity and B-BBEE level 2 contributor status achieved.
STRATEGIC PERFORMANCE

Key financial features

- Nampak Glass and Nampak Plastics Europe accounted for as held-for-sale and discontinued operations
- Devaluation impact in Zimbabwe has significantly impacted the results
- Nampak Glass and Cartons Nigeria sale of business agreement signed in 2019 financial year
- Revenue down 8% of R14.6 billion primarily due to the significant devaluation of the kwanza which adversely impacted volumes in Angola as a consequence of lagging wage inflation impacting demand. This was partially offset by a 9% weaker rand/dollar exchange rate which benefited the translation of foreign operations. In constant currency revenue was down 12% against the prior year
- Trading profit of R1.5 billion was down 32% (26% in constant currency) due to a large reduction in profits from Angola as a consequence of significantly reduced revenue coupled with a disappointing performance from DivFood SA due to the loss of a material contract
- Bevcan South Africa performed well despite two new entrants into the South African beverage can market
- Restructuring and retrenchment cost in SA, RoA, UK and corporate head office resulted in an abnormal cost of R44 million. Devaluation in the kwanza and the Zimbabwean dollar as well as the cost to extract cash amounted to an abnormal cost of R322 million
- Net finance costs up 10% due mainly to lower interest earned on kwanza bonds
- Effective tax rate of 47% (before Zimbabwe foreign currency adjustments) significantly higher than expected due to impact of change in legislation in Angola in second half effectively capping the deductibility of forex losses to 7%. The tax rate is reconciled to exclude the implications of Angolan tax consequences in the taxation note to this report
- EPS down 76% and HEPS down 69%
- Decrease in earnings largely due to impairment costs and a significantly increased tax rate due to tax law amendment in Angola partially offset by the impact of hyperinflationary gains in Zimbabwe
- Balance sheet remains strong on the back of the structured term funding secured
- Short-term liquidity strong with a current ratio of 1.6 times and an acid-test ratio of 1.1 times despite US$115 million USPP now short term
- Capital expenditure remains well managed
- Defined benefit obligation down 38% due to the reclassification of the UK pension fund under IFRS 5: Non-current Assets Held for Sale and Discontinued Operations
- Working capital management challenging given changing market conditions, long lead times and the required inventory build ahead of the Angolan line conversion
- Cash generated before financing activities of R1.1 billion up R773 million

well despite challenging economic conditions and have been self-funding since April 2018 with no further funding provided by the group. Revenue was impacted by increased competition in South Africa and a low business confidence index coupled with high unemployment and a lack of consumer spending. Angola’s revenue contribution declined due to a significant devaluation in the kwanza which adversely impacted consumer spending. In addition, the effect of increased competitor activity in South Africa impacted market shares. Despite increased competition in the South African beverage can market Bevcan South Africa’s performance was pleasing. A large contractual volume loss in the DivFood business has led to the need for significant labour force and overhead restructuring which will take place in the 2020 financial year.

During the prior year the group made the strategic decision to dispose of Nampak Glass and consequently it has been disclosed as a non-current asset held for sale and a discontinued operation. This transaction has culminated in the conclusion of a successful sale of business agreement and submission to the Competition Commission. In addition, a decision was taken by the Nampak Limited board on 28 August 2019 to dispose of Nampak Plastics Europe. This business has struggled in the plastics market in the UK for some time now with the added complexity of the defined benefit pension fund liability. This transaction is progressing according to plan and is expected to conclude in the second half of the 2020 financial year.

A highlight of the year was the improvement in the group’s B-BBEE rating from an expected level 7 contributor to level 4 contributor during the current year rating procedure and a level 2 contributor during the most recent rating concluded in November 2019. Group finance took accountability for B-BBEE during the year and due to careful reconsideration of the B-BBEE management tool, improved collection of specific data required as part of the BEE rating process and participation in the YES4Youth initiative were able to fundamentally change the group’s competitive edge and advantageously reposition the group’s rating.

Focus area

<table>
<thead>
<tr>
<th>Focus area</th>
<th>How we did in 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headline earnings per share growth</td>
<td></td>
</tr>
<tr>
<td>Disposal of non-core entities</td>
<td></td>
</tr>
<tr>
<td>Cash repatriation and hedging:</td>
<td></td>
</tr>
<tr>
<td>– Nigeria</td>
<td></td>
</tr>
<tr>
<td>– Angola</td>
<td></td>
</tr>
<tr>
<td>– Zimbabwe</td>
<td></td>
</tr>
<tr>
<td>Balance sheet management</td>
<td></td>
</tr>
<tr>
<td>B-BBEE level 2</td>
<td></td>
</tr>
<tr>
<td>Working capital management</td>
<td></td>
</tr>
<tr>
<td>Capital expenditure management</td>
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</tr>
</tbody>
</table>

- Good progress made
- Some progress, more to come
- Disappointing performance
Chief financial officer’s review

continued

<table>
<thead>
<tr>
<th>(Loss)/profit for the year</th>
<th>2019 Rm</th>
<th>Net impact of Zimbabwe devaluation</th>
<th>2019 adjusted</th>
<th>2018 Rm</th>
<th>% change</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>14 642</td>
<td></td>
<td>14 642</td>
<td>15 963</td>
<td>(8)</td>
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<tr>
<td>Trading profit</td>
<td>1 558</td>
<td></td>
<td>1 558</td>
<td>1 968</td>
<td>(21)</td>
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<tr>
<td>Net abnormal losses</td>
<td>(267)</td>
<td></td>
<td>(267)</td>
<td>(393)</td>
<td>32</td>
</tr>
<tr>
<td>Operating profit before Zimbabwe impact</td>
<td>1 291</td>
<td></td>
<td>1 291</td>
<td>1 575</td>
<td>(18)</td>
</tr>
<tr>
<td>Net devaluation in Zimbabwe</td>
<td>(1 037)</td>
<td></td>
<td>1 037</td>
<td>–</td>
<td>–</td>
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<tr>
<td>Net foreign exchange losses in Zimbabwe operations</td>
<td>(1 945)</td>
<td></td>
<td>1 945</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Monetary adjustment for hyperinflation – Zimbabwe</td>
<td>832</td>
<td></td>
<td>(832)</td>
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<tr>
<td>Gain on recognition of RBZ financial instrument</td>
<td>795</td>
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<td>(795)</td>
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<tr>
<td>Expected credit loss provision on RBZ financial instrument</td>
<td>(719)</td>
<td></td>
<td>719</td>
<td>–</td>
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<tr>
<td>Operating profit</td>
<td>254</td>
<td></td>
<td>1 037</td>
<td>1 291</td>
<td>(18)</td>
</tr>
<tr>
<td>Net finance costs</td>
<td>(246)</td>
<td></td>
<td>(246)</td>
<td>(224)</td>
<td>10</td>
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<tr>
<td>Share of net (loss)/profits in associates and joint venture</td>
<td>(2)</td>
<td></td>
<td>(2)</td>
<td>5</td>
<td>(140)</td>
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<tr>
<td>Profit before tax</td>
<td>6</td>
<td></td>
<td>1 037</td>
<td>1 043</td>
<td>(140)</td>
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<tr>
<td>Income tax expense</td>
<td>(396)</td>
<td></td>
<td>(481)</td>
<td>(877)</td>
<td>(139)</td>
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<tr>
<td>(Loss)/profit for the year from continuing operations</td>
<td>(390)</td>
<td></td>
<td>556</td>
<td>166</td>
<td>(121)</td>
</tr>
<tr>
<td>EPS</td>
<td>42</td>
<td></td>
<td>45</td>
<td>87</td>
<td>(51)</td>
</tr>
<tr>
<td>HEPS</td>
<td>54</td>
<td></td>
<td>45</td>
<td>99</td>
<td>(43)</td>
</tr>
</tbody>
</table>

The group continues to experience difficulty in delivering revenue growth. The effects of reduced consumer spending and competitor activity continue to suppress the ability to obtain growth on the revenue line.

Despite a good operating result delivered by Bevcan South Africa, revenue from the Metals segment declined 4% most significantly impacted by the reduced revenue from Angola, where wage inflation lags consumer inflation resulting in reduced disposable income in the hands of consumers in that economy. DivFood had a tough year and lost a significant contracted volume which impacted their performance.

The 13% decline in the plastics segment’s revenue is attributable mainly to the Zimbabwe operations which have been adversely affected by hyperinflation but is still performing well despite the significant downturn in that economy. A new management team in RigidSA is focused on securing volume growth and improved efficiencies.

The Paper segment has struggled across the board with revenue down 29%.

Revenue from South Africa was down 2% affected by the poor performing economy, low business confidence, a lack of consumer demand and increased competitor activity. The Rest of Africa revenue is down 19% impacted adversely primarily by Angola and buoyed by better performance in Nigeria.

Trading profit in the Metals segment is down 21% due to lower revenue but most significantly impacted by a reduction in trading margins which declined from 15.7% to 12.9%. The Plastics segment has performed well on a trading profit level with good contributions coming from Zimbabwe and improved trading margins being achieved. Improved margins boosted trading profit by 6%. The Paper segment’s trading profit declined by 30% adversely impacted by lower revenue levels.

Geographically, South African contributed 67% (2018: 63%) to revenue but only 41% (2018: 44%) to trading profit. The Rest of Africa contributed 33% (2018: 37%) to revenue and 70% (2018: 66%) to trading profit. The corporate cost has reduced by 8% as a result of cost savings remaining a head office priority. These benefits were offset by lower forex gains than in the prior year.
**Constant currency revenue and trading profit**

Key issues during the current year:
- The average rand/dollar exchange rate for 2019 of R14.3452 was 9% weaker than the comparative rate of R13.1073 positively impacting the translation of the trading results from foreign operations on consolidation. The impact of the weaker average rand was R676 million on group revenue for the year.
- In US dollar terms we earned more in 2019 than in 2018.

<table>
<thead>
<tr>
<th>Revenue (R million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>16,500</td>
</tr>
<tr>
<td>16,000</td>
</tr>
<tr>
<td>15,500</td>
</tr>
<tr>
<td>15,000</td>
</tr>
<tr>
<td>14,500</td>
</tr>
<tr>
<td>14,000</td>
</tr>
<tr>
<td>2018 South Africa movement</td>
</tr>
<tr>
<td>Constant currency – RoA</td>
</tr>
<tr>
<td>Translation – RoA</td>
</tr>
<tr>
<td>2019</td>
</tr>
</tbody>
</table>

Trading profit in the Rest of Africa increased in dollar terms and was positively impacted by R112 million in 2019.

<table>
<thead>
<tr>
<th>Trading profit (R million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,000</td>
</tr>
<tr>
<td>1,900</td>
</tr>
<tr>
<td>1,800</td>
</tr>
<tr>
<td>1,700</td>
</tr>
<tr>
<td>1,600</td>
</tr>
<tr>
<td>1,500</td>
</tr>
<tr>
<td>2018 South Africa movement</td>
</tr>
<tr>
<td>Constant currency – RoA</td>
</tr>
<tr>
<td>Translation – RoA</td>
</tr>
<tr>
<td>2019</td>
</tr>
</tbody>
</table>

**Abnormal items**

The table below provides a high level analysis of significant abnormal items:

<table>
<thead>
<tr>
<th>Abnormals</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abnormal forex loss</td>
<td>212</td>
<td>127</td>
</tr>
<tr>
<td>Impairments</td>
<td>148</td>
<td>19</td>
</tr>
<tr>
<td>Cash repatriation and liquid bond disposal losses</td>
<td>48</td>
<td>73</td>
</tr>
<tr>
<td>Restructuring and retrenchment cost</td>
<td>44</td>
<td>64</td>
</tr>
<tr>
<td>Reversal of impairments</td>
<td>–</td>
<td>(33)</td>
</tr>
<tr>
<td>Profit on sale of property, plant and equipment</td>
<td>(67)</td>
<td>(12)</td>
</tr>
<tr>
<td>Onerous contract (reversal)/ provision</td>
<td>(118)</td>
<td>100</td>
</tr>
<tr>
<td>Remediation provisions</td>
<td>–</td>
<td>64</td>
</tr>
<tr>
<td>Other</td>
<td>–</td>
<td>(9)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>267</td>
<td>393</td>
</tr>
</tbody>
</table>

Abnormal forex losses emanate from Angola where the currency continues to devalue and all letters of credit supporting imports are required to be cash backed resulting in cash positions being exposed to devaluation. While this new Angolan law secures funding for all imports and creates certainty of cash transfers it has exposed a portion of the group’s cash held in Angola to devaluations in the kwanza. In total, US$50 million (71%) remains hedged in US dollar-linked kwanza bonds. These bonds will be held to maturity and have proven to be highly effective hedges with all bonds being honoured on time and in full by the Angolan government on maturity.

Impairments largely relate to the impairment of the Angola line ahead of conversion to aluminium and the impairment of the assets involved in the fire at Orange Grove Dairy. These assets are under claim from the insurers and the pay-out is currently under review. So far, R35 million of the potential claim of approximately R120 million has already been settled. Only the portion of the insurance claim received in cash has been accounted for in the results for the year.
Impacts of Zimbabwe
The group results are impacted by the significant currency devaluation between the Zimbabwe dollar (ZWL) and South African rand (ZAR) and the application of the provisions of IAS 29. The Zimbabwe entities have applied hyperinflationary accounting from 1 October 2018 to 30 September 2019. The results, net assets and cash flows were translated from ZWL into ZAR at a closing rate of ZWL1 to ZAR0.99.

In February 2018 management initiated discussions with merchant banks to consider the potential restructuring of the funding provided to Nampak Zimbabwe Limited (NZL). In April 2018, management informed NZL that Nampak Limited (the group) would no longer extend any credit to NZL in view of the liquidity issues experienced in Zimbabwe. In order to protect shareholder interests in the investment in Zimbabwe, management secured an agreement with the Reserve Bank of Zimbabwe (RBZ) on 26 September 2019 in terms of which the RBZ has undertaken to repay US$67 million in equal quarterly repayments of US$5.6 million over a period of five years, commencing on 31 March 2021 with an initial two-year payment holiday.

Given that the abovementioned agreement with the RBZ was concluded on 26 September 2019 and was intended to facilitate repayment of the US dollar funding owing by NZL, this funding is regarded by IFRS as repayable and therefore cannot be treated as part of the group’s net investment in a foreign operation. Accordingly, the foreign translation loss is accounted for in profit or loss and not other comprehensive income.

The table on page 34 sets out the financial impacts of the net devaluation in Zimbabwe.

Net finance costs
Net finance costs in 2019 have increased by 10% to R246 million compared to R224 million in 2018. This is mostly due to a 46% reduction in finance income due to changed Angolan laws that require cash-backed letters of credit for all imports. Finance costs decreased by 19% for the year. Interest rates have been marginally higher during the year due to the average cost of the revolving credit facility. The effective interest rate for the group for the period was slightly higher at 6.0% in 2019 compared to 5.6% in 2018.

In line with the group’s strategic intent to increase its long-term funding, a committed revolving credit facility of R12.8 billion was successfully implemented in September 2018 to address the group’s maturing debt profile. With the implementation of the revolving credit facility the group’s effective interest rate has risen to 6.0% with the sound funding structure providing a platform for future growth. This facility was implemented on 28 September 2018 and therefore did not have an impact on the interest cost in the prior year.
Cash repatriation and hedging

<table>
<thead>
<tr>
<th>30 September 2019</th>
<th>Not restricted</th>
<th>Restricted</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Angola</td>
<td>Nigeria</td>
</tr>
<tr>
<td>Opening cash on hand</td>
<td>2 307</td>
<td>300</td>
</tr>
<tr>
<td>Cash on hand</td>
<td>1 041</td>
<td>217</td>
</tr>
<tr>
<td>Hedged</td>
<td>742</td>
<td>-</td>
</tr>
<tr>
<td>Net unhedged cash</td>
<td>299</td>
<td>217</td>
</tr>
<tr>
<td>Cash extracted</td>
<td>1 747</td>
<td>1 458</td>
</tr>
<tr>
<td>Cash extraction rate (%)*</td>
<td>76%</td>
<td>486%</td>
</tr>
<tr>
<td>% of cash on hand hedged</td>
<td>71%</td>
<td>-</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>30 September 2018</th>
<th>Not restricted</th>
<th>Restricted</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Angola</td>
<td>Nigeria</td>
</tr>
<tr>
<td>Opening cash on hand</td>
<td>2 188</td>
<td>828</td>
</tr>
<tr>
<td>Cash on hand</td>
<td>2 307</td>
<td>300</td>
</tr>
<tr>
<td>Hedged</td>
<td>2 166</td>
<td>-</td>
</tr>
<tr>
<td>Net unhedged cash</td>
<td>141</td>
<td>300</td>
</tr>
<tr>
<td>Cash extracted</td>
<td>1 807</td>
<td>1 574</td>
</tr>
<tr>
<td>Cash extraction rate*</td>
<td>83%</td>
<td>190%</td>
</tr>
<tr>
<td>% of cash on hand hedged</td>
<td>94%</td>
<td>-</td>
</tr>
</tbody>
</table>

* Cash extraction rate is extraction compared to opening cash on hand.

Nigeria
The naira exchange rate to the US dollar was relatively stable and has hardly fluctuated during the year. Cash extractions have been unconstrained with the in-country cash balance declining from the rand equivalent of R300 million to R217 million. Overall cash repatriations of R1.5 billion from Nigeria were pleasing representing a cash transfer rate of 486% with no further restrictions impacting the operation. All cash generated during the period was therefore also repatriated. This continues to be a pleasing outcome given the previous concerns regarding devaluation and cash being traded affecting trade.

Angola
The Angolan operation had very pleasing transfers of cash from Angola back to Nampak International Limited and repayments of accounts payable to Bevcan South Africa for ends exported to Angola. The continued successful cash transfers during the year of R1.7 billion along with the R1.8 billion in the prior year was satisfying. The cash extraction rate of 76% in the year as well as the rate of 83% in the comparative period was pleasing and achieved through active management. In total, R742 million or 71% of the remaining cash balance of R1.0 billion is hedged using US dollar-linked kwanza bonds which have proven to be highly effective hedging instruments. The remaining R299 million is required for day-to-day working capital requirements consistent with Bevcan Angola’s operational requirements. The exposure to Angola remains consistent with 2018 at reduced levels. The kwanza continues to devalue with a 30% devaluation from AOA300.721 in 2018 to AOA389.485 in 2019. The current rate of exchange has devalued to AOA478.220 which is a further 23% devaluation. The cash extraction from Angola has been adversely impacted by a new requirement to have cash-backed letters of credit for all imports. The group continues to hedge its foreign exchange exposures in Angola. These hedges have proven to be highly effective.

Zimbabwe
Cash in Zimbabwe has significantly devalued with this devaluation adversely affecting the foreign currency translation reserve. An agreement has been reached with the RBZ to repay legacy debt of US$67 million on a one-to-one basis over a period of five years in quarterly payments commencing on 31 March 2021. In essence, the contract is intended to provide the Nampak shareholders with a R0.9 billion hedge as at 30 September 2019. Zimbabwe has been self-funding since April 2018 and continues to trade well with customers being required to provide the required dollar funding before raw materials are sourced from international suppliers. Despite a legally binding contract having been entered into with the RBZ for the repayment of this debt, the group has taken a conservative stance with a 85% ECL provision raised at 30 September 2019. In future, on settlement of this obligation under the said contract the provision will reverse.
Chief financial officer’s review

General
Total cash extraction levels remain pleasing at 86% in the current year. The consistent extraction of cash from Nigeria and Angola remains encouraging and every effort continues to be made to ensure that cash is transferred timeously.

Taxation
The effective tax rate for the year ended is depicted below:

```
<table>
<thead>
<tr>
<th>Tax rate reconciliation</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory tax rate</td>
<td>28.0</td>
<td>28.0</td>
</tr>
<tr>
<td>Government incentives</td>
<td>(0.6)</td>
<td>(3.8)</td>
</tr>
<tr>
<td>Tax rate differential</td>
<td>(13.9)</td>
<td>(8.6)</td>
</tr>
<tr>
<td>Withholding and other foreign taxes</td>
<td>6.2</td>
<td>4.1</td>
</tr>
<tr>
<td>Deferred tax assets raised</td>
<td>-</td>
<td>(9.0)</td>
</tr>
<tr>
<td>Prior year adjustments</td>
<td>(6.5)</td>
<td>(2.6)</td>
</tr>
<tr>
<td>Other</td>
<td>0.3</td>
<td>2.2</td>
</tr>
<tr>
<td><strong>Effective tax rate – continuing operations before Angola</strong></td>
<td>13.5</td>
<td>10.3</td>
</tr>
<tr>
<td>Angola losses not shielded during tax holiday</td>
<td>8.3</td>
<td>-</td>
</tr>
<tr>
<td>Angola forex losses capped at 7%</td>
<td>25.0</td>
<td>-</td>
</tr>
<tr>
<td><strong>Effective tax rate – continuing operations before Zimbabwe impacts</strong></td>
<td>46.8</td>
<td>10.3</td>
</tr>
<tr>
<td>Zimbabwe – impairment of loan receivable</td>
<td>2 477.9</td>
<td>-</td>
</tr>
<tr>
<td>Zimbabwe – gain on loan receivable</td>
<td>2 738.9</td>
<td>-</td>
</tr>
<tr>
<td>Zimbabwe – NIL foreign exchange losses</td>
<td>6 702.7</td>
<td>-</td>
</tr>
<tr>
<td><strong>Effective tax rate – continuing operations</strong></td>
<td>6 488.5</td>
<td>10.3</td>
</tr>
</tbody>
</table>
```

The increase in effective tax rate of the group resulted from abnormal foreign exchange losses in Zimbabwe which had a significant impact in reducing the profit before tax to a low base. If the impact of these abnormal items is eliminated, the effective tax rate of the group is normalised at 46.8%. This effective tax rate is higher compared to the prior year due mainly to a change in tax law in Angola which limits the deductibility of foreign exchange losses on loans to only 7% and due to the Angolan operation making losses with no tax shield in the remaining period of the tax holiday which ended on 30 April 2019. If the effect of the impact of Zimbabwe and Angola is ignored, the effective tax rate on continued operations for the group increases to 13.5% which is up from 10.3% in the prior year.

EPS and HEPS were down 76% and 69% respectively primarily impacted by the effects of the foreign exchange loss on Zimbabwe intergroup payables on translation partially offset by the Zimbabwe RBZ agreement of a net gain of R76 million.

The normal trading impacts of the forex losses experienced in Angola and Zimbabwe, a poor performance from DivFood, reduced profitability in Angola coupled with Angolan forex losses given the requirement to have cash-backed letters of credit for imports and a significantly higher tax rate due to a change in Angolan tax law have resulted in these declines. The significant devaluation in the kwanza has adversely impacted consumer demand with the downturn in the Angolan economy in the second half of the year being more severe than expected.

In the current year the Plastics business in the UK has been classified as a discontinued operation and continues to perform below expectations with the results impacted by the slower than anticipated completion of the new operational site in Livingston near Edinburgh which is expected to significantly reduce future transport costs to service the Scottish and northern England markets. This business is in advanced stages of a disposal process.

Capital expenditure
Capital expenditure has reduced markedly over the past five years. Significant replacement and expansionary capital expenditure experienced in 2015 has been scaled back and has now reached a level acceptable to management, not exceeding R0.5 billion in the past three years for continuing operations. The capital assurance committee continues to allocate capital to capital expenditure prudently without compromising the integrity or productive capacity of the group’s property, plant and equipment.

Capital projects are evaluated by a multi-skilled capital assurance committee that sets clearly defined hurdle rates of 1.5 times the in-country weighted average cost of capital. Capital requests are scrubbed in order to ensure that capital is allocated efficiently with operational management from other divisions being co-opted onto this committee to provide their insights into the evaluation process.

Capital expenditure has been well managed reflecting a moderate increase of 37% from R536 million in 2018 to R735 million in 2019. In total, 70% of total capital expenditure was for replacement capex marginally up from 67% in the prior year.
Higher net cash interest costs are primarily due to the requirement for cash-backed letters of credit for Angolan imports which has resulted in a 46% reduction in finance income. Other finance costs have been well managed. The Glass business continued to absorb cash pushing up total cash interest paid.

There has been a higher cash tax payment during the year due to a settlement reached in one of the Rest of Africa economies.

The reduction in cash generated from operations is reflective of challenging trading conditions with the higher absorption of cash in the working capital cycle in the main for the planned line conversion in Angola. Operational performances require improvements with continued focus on working capital management in changing market conditions particularly where imported raw materials have long lead times.

Cash generated from operations before working capital changes declined by 19% primarily due to a significant reduction in profitability in our Angolan and DivFood operations. The planned conversion of the tinplate line in Angola to aluminium has required Angolan inventories to be increased. This conversion will take several months with completion planned at the end of March 2020. Inventories are therefore expected to normalise in the future as this excess inventory position is absorbed by market demand. Inventory holdings have also been adversely impacted by port congestion in Nigeria.

Improved management of trade receivables is pleasing against the prior year where the year-end fell on a Sunday adversely impacting receipts from customers. There has been a reduction in trade payable as operations are focusing on rightsizing ordering patterns given the change demand patterns.

<table>
<thead>
<tr>
<th>Capital expenditure (R million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
</tr>
<tr>
<td>---</td>
</tr>
<tr>
<td>Expansion</td>
</tr>
<tr>
<td>Replacement</td>
</tr>
<tr>
<td>Depreciation</td>
</tr>
</tbody>
</table>

Cash flows from investing activities

<table>
<thead>
<tr>
<th>R million</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital expenditure</td>
<td>(735)</td>
<td>(536)</td>
</tr>
<tr>
<td>Replacement</td>
<td>(517)</td>
<td>(360)</td>
</tr>
<tr>
<td>Expansion</td>
<td>(218)</td>
<td>(177)</td>
</tr>
<tr>
<td>Disposal of property, plant, equipment and investments</td>
<td>145</td>
<td>28</td>
</tr>
<tr>
<td>Decrease/(increase) in liquid bonds</td>
<td>1 469</td>
<td>(7)</td>
</tr>
<tr>
<td>Decrease in other non-current financial assets and other</td>
<td>(46)</td>
<td>18</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>833</td>
<td>(497)</td>
</tr>
<tr>
<td>Cash generated before financing activities</td>
<td>1 097</td>
<td>324</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year</td>
<td>1 358</td>
<td>1 837</td>
</tr>
</tbody>
</table>

Cash generated from operations before working capital changes

<table>
<thead>
<tr>
<th>R million</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash generated from operations</td>
<td>1 846</td>
<td>2 272</td>
</tr>
<tr>
<td>Net working capital changes</td>
<td>(705)</td>
<td>(677)</td>
</tr>
<tr>
<td>(Increase)/decrease in inventories</td>
<td>(384)</td>
<td>107</td>
</tr>
<tr>
<td>Increase in trade receivables and other current assets</td>
<td>(158)</td>
<td>(637)</td>
</tr>
<tr>
<td>Decrease in trade payables and other current liabilities</td>
<td>(163)</td>
<td>(147)</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(506)</td>
<td>(458)</td>
</tr>
<tr>
<td>Retirement benefits, contributions and settlements</td>
<td>(143)</td>
<td>(145)</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>(228)</td>
<td>(171)</td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>264</td>
<td>821</td>
</tr>
</tbody>
</table>
Chief financial officer’s review continued

Capital expenditure has been well managed during the year and is in line with the budget with 70% being represented by replacement expenditure up from 67% in the prior year. The capital assurance committee remains highly effective. A tinplate line beverage can line was sold during the year. Cash flows were augmented by the inflow of R1.5 billion from maturing US dollar-linked Angolan bonds. These bonds continue to be honoured in full and on-time and have proven to be highly effective hedges. The R833 million net inflow from investing activities is pleasing.

In addition, the cash generated before financing activities have increased to over a billion rand in 2019.

The return on net assets has been adversely impacted by the reduction in profitability in Angola and DivFood with the return of 11.3% declining from 14.6% in the prior year. Despite the decline this still exceeds the groups weighted average cost of capital.

ROIC remains disappointingly below the weighted average cost of capital due to pressure on profitability and underutilisation of the groups’ operating capacity and asset base.

Covenants and gearing
2019 has been characterised by changing demand patterns in certain of our markets. There has been a higher than normal investment in net working capital despite good management of trade receivables. Long lead times where raw material are sourced from foreign markets impact flexibility and have increased inventory holdings at the year-end in cases where there has been a sudden decrease in demand. The group is striving 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. There has been a significant focus on moving towards this model with success in various operations. However, inventory holdings at the year-end have been adversely impacted by the requirement to build higher
than normal inventories in Angola ahead of the conversion of the tinplate line to aluminium. This position has been exacerbated by the sudden downturn in demand in Angola in the second half of the year as a consequence of the significant devaluation in the kwanza and concomitant reduction in consumer demand due to lagging wage inflation. The group continues to look for opportunities to reduce the absorption of cash and manage the working capital cycles optimally. With the balance sheet well-structured this is a focus area and is receiving significant attention with operations focusing on variable demand in markets that have presented unusual demand patterns. Net gearing has increased from 37% to 68% primarily due to the impacts of equity adjustments stemming mainly from Zimbabwe. Borrowings have been well managed with the focus in the future being on reducing dollar-denominated interest-bearing debt.

Short-term liquidity ratios remain strong but have been adversely impacted by the USPP repayment on the seven-year term funding now classified as a current liability as this is repayable during 2020. This is a temporary impact as this dollar-denominated debt will be settled utilising a specifically designated term facility within the RCF facility and accordingly will be classified as long-term funding in the 2020 financial year thereby improving the group’s short-term liquidity ratios.

Significant focus has been placed on cash transfers from Angola and Nigeria and capital expenditure management with positive results. Working capital remains a key focus area.

The group actively manages its treasury with significant focus on the compliance with its banking covenants. A volatile rand/dollar exchange rate during the year impacts the translation of the group’s dollar-denominated debt at the two measurement periods of March and September. Net interest-bearing debt is translated to rand at the spot rate at the measurement period with the EBITDA translated at the average rand/dollar exchange rate for the period. The group is exposed to a sudden weakening of the rand/dollar exchange rate at the reporting dates which may result in a dislocation between the spot rate and the average rand/dollar exchange rate for the period. Should this weakened rate continue this would impact the future average rate with positive impacts on the translation of foreign earnings in subsequent measurement periods. It should be noted that despite a weakening of the spot rate towards the end of the reporting period without this movement materially impacting the average rate, the group has managed its covenant positions well and remains within its covenants.

Broad-based black economic empowerment
The improvement in the group’s BEE rating has been identified as a strategic imperative with the group being challenged by our customer base to improve its rating. The group was facing a level 7 forecast B-BBEE rating when the decision was made to place the scorecard under the control of group finance and establish a B-BBEE office with the sole focus of running and optimising the scorecard. The decision was made by the B-BBEE steering committee, as advised by group finance, to move to a systematic computation and measurement of the scorecard which led to the implementation of a predictive software model that assisted the committee to understand key focus areas for improvement and to action a plan to address these issues. This focused team delivered on its mandate with an immediate amendment to the scorecard from a level 6 to a level 4 at the time of the 2018 audit. In line with the strategic plan the B-BBEE office has focused on all areas of the scorecard with additional work being performed to secure B-BBEE ownership points associated with previous empowerment transactions.
Chief financial officer’s review continued

These actions together with a further decision to participate in the YES4Youth initiative effectively resulted in an improvement of a further two levels on the scorecard resulting in the Nampak group receiving a level 2 contributor status under the B-BBEE codes. As a group we are extremely proud to have embraced the requirements of the B-BBEE scorecard and to present a level 2 contributor to our customers, significantly addressing our customers’ concerns.

Glass and Nampak Plastics Europe (NPE) disposal

On 31 March 2018 the Nampak board resolved to dispose of Glass due to challenges in leveraging economies of skill and scale and the significant capital requirements of this operation. This decision was made in order to free up cash for potential growth, dollar-denominated debt reduction and to enhance free cash flow. On 28 August 2019 the Nampak board decided to dispose of Nampak Plastics Europe, following a protracted period of continued poor performance and cash consumption which has culminated in a significant loss being reported for the year. In addition this business has the added difficulty and funding requirements associated with its defined benefit pension plan. The complexity of this business, the requirement for significant future capital expenditure, declining milk volumes in the United Kingdom and its non-core nature has led to a decision to dispose of the business with it being classified as held for sale and a discontinued operation. A formal disposal process is being managed by appointed suitable independent professional advisers in the United Kingdom and is at advanced stages with multiple indicative offers being received for the business. It is expected that both the Glass and NPE transactions will be completed by the second half of the 2020 financial year.

Dividend

In 2019 the decision not to pay a dividend was upheld as the group continues to transfer funds from territories that have previously not had funds readily available. The key focus of the group in the short to medium term will be to pay down dollar-denominated interest-bearing debt utilising the proceeds from the disposal of Glass and Nampak Cartons Nigeria. The group’s restructuring process continues with active plans now in place to address the group’s cost base during the 2020 financial year to improve the group’s competitive positioning and profitability. The board will evaluate the various options available with a view to enhancing shareholder value.

Looking forward

The group’s strategic imperatives in descending order are as follows:

1. Reduce its dollar-denominated borrowings utilising proceeds from the disposal of its Glass and Cartons Nigeria businesses
2. Consider a share buy-back at what is considered to be an attractive share price
3. Consider the resumption of a dividend from accessible cash flows based on a moderate dividend cover
4. Focus on growth initiatives.

The group will continue to prudently allocate capital expenditure with a specific focus on growth projects complementing necessary replacement expenditure. The capital assurance committee and cash management committee will continue to perform their respective roles.

The optimisation of operating costs to further improve the group’s competitive positioning and enhance profitability will be key themes for the 2020 financial year. The group will continue in its drive to optimise its working capital cycle with the focus being to fund inventory holdings with trade payables and to increase the velocity in the working capital cycle.

The refinancing of the group’s balance sheet in September 2018 continues to provide more than adequate funding for the group and a platform for future growth initiatives. Corporate governance will remain a key focus area with the requisite structures and committees in place in this regard.

I would like to thank the finance team for their diligence and resourcefulness in what has been an extremely complex year from an accounting point of view and a challenging year from a trading perspective. In addition, I would like to thank the board, the group committees and our providers of capital for their continued support during the year.

We look forward to meeting the challenges and harnessing the opportunities in the year ahead.

Glenn Fullerton
Chief financial officer
Bryanston
26 November 2019
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.

Dividends declared/cash distributions per ordinary share
Interim dividend/cash distribution paid per ordinary share plus the final dividend/cash distribution declared in respect of the current year’s profits.

Trading profit
Operating profit adjusted for abnormal gains/(losses).

Abnormal gains/(losses)
Gains/(losses) which do not arise from normal trading activities or are of such size, nature or incidence that their disclosure is relevant to explain performance for the period.

Net 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 depreciation and amortisation.

EBITDA (debt covenants)
Operating profit before depreciation, amortisation and abnormal gains/(losses).

Net debt
Loans and other borrowings, and overdrafts, less bank balances and deposits, and liquid bonds and other loan receivables.

Net debt (debt covenants)
Loans and other borrowings, and overdrafts, less bank balances and deposits.

Net finance costs (debt covenants)
Finance income and costs, and capitalised finance costs.

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
Profit attributable to ordinary shareholders / Average shareholders’ equity

Return on net assets
Trading profit, investment income and share of profit in associates and joint ventures / Average net assets

Net asset turn
Revenue / Average net assets

Return on invested capital
Trading profit adjusted for notional taxation / Average net debt and average total equity

Current ratio
Current assets including non-current assets classified as held for sale / Current liabilities including liabilities directly associated with assets classified as held for sale

Acid-test ratio
Current assets excluding inventories, including non-current assets classified as held for sale / Current liabilities including liabilities directly associated with assets classified as held for sale

Net debt to EBITDA (debt covenants)
Net debt (debt covenants) / EBITDA (debt covenants)

EBITDA interest cover
EBITDA / Finance costs and finance income

EBITDA interest cover (debt covenants)
EBITDA (debt covenants) / Net finance costs (debt covenants)

Gross gearing
Loans and other borrowings, and overdrafts / Total equity

Net gearing
Net debt / Total equity

Productivity per employee
EBITDA / Employee numbers used for calculations

Employment cost per employee
Employee benefit expense / Employee numbers used for calculations

Earnings yield
Headline earnings per share / Year-end market price per share

Dividends/cash distributions yield
Dividends/cash distributions per ordinary share / Year-end market price per share

Price/earnings ratio
Year-end market price per share / Headline earnings per share
## Five-year financial review continued

### STATISTICS

#### Earnings and dividend data

<table>
<thead>
<tr>
<th>Year</th>
<th>Weighted number of ordinary shares in issue '000</th>
<th>Headline earnings per share cents</th>
<th>Continuing operations cents</th>
<th>Discontinued operations cents</th>
<th>Change over previous year (continuing operations) %</th>
<th>Earnings per share cents</th>
<th>Continuing operations cents</th>
<th>Discontinued operations cents</th>
<th>Change over previous year (continuing operations) %</th>
<th>Change over previous year (discontinued operations) %</th>
<th>Five-year compound annual growth rate %</th>
<th>Dividend cover/cash distribution times</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>644 727</td>
<td>(19.4)</td>
<td>54.1</td>
<td>(73.5)</td>
<td>(69)</td>
<td>(69)</td>
<td>176.7</td>
<td>42.2</td>
<td>(132.1)</td>
<td>(34.0)</td>
<td>(4)</td>
<td>1.5</td>
</tr>
<tr>
<td>2018</td>
<td>643 746</td>
<td>151.4</td>
<td>173.3</td>
<td>21.9</td>
<td>77</td>
<td>7</td>
<td>176.5</td>
<td>100.7</td>
<td>76.0</td>
<td>36.6</td>
<td>1.5</td>
<td>1.0</td>
</tr>
<tr>
<td>2017</td>
<td>640 496</td>
<td>123.8</td>
<td>180.1</td>
<td>(56.3)</td>
<td>(53)</td>
<td>(30)</td>
<td>175.5</td>
<td>139.8</td>
<td>76.0</td>
<td>(21.9)</td>
<td>(5)</td>
<td>1.0</td>
</tr>
<tr>
<td>2016</td>
<td>632 667</td>
<td>101.6</td>
<td>101.6</td>
<td>6.0</td>
<td>6.0</td>
<td>7</td>
<td>251.2</td>
<td>214.8</td>
<td>76.0</td>
<td>(182.1)</td>
<td>(32.7)</td>
<td>1.0</td>
</tr>
<tr>
<td>2015</td>
<td>629 726</td>
<td>214.8</td>
<td>214.8</td>
<td>1.0</td>
<td>214.8</td>
<td>7</td>
<td>235.7</td>
<td>235.7</td>
<td>76.0</td>
<td>235.7</td>
<td>1.0</td>
<td>1.5</td>
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#### Financial data

<table>
<thead>
<tr>
<th>Year</th>
<th>Return on equity %</th>
<th>Continuing operations</th>
<th>Continuing and discontinued operations</th>
<th>Net asset turn times</th>
<th>Continuing operations</th>
<th>Continuing and discontinued operations</th>
<th>Net asset value per ordinary share cents</th>
<th>Change over previous year %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>2.8</td>
<td>2.8</td>
<td>2.8</td>
<td>1.1</td>
<td>1.1</td>
<td>1.1</td>
<td>1.3</td>
<td>(12)</td>
</tr>
<tr>
<td>2018</td>
<td>11.7</td>
<td>11.7</td>
<td>11.7</td>
<td>1.2</td>
<td>1.2</td>
<td>1.2</td>
<td>1.5</td>
<td>8</td>
</tr>
<tr>
<td>2017</td>
<td>17.2</td>
<td>17.2</td>
<td>17.2</td>
<td>1.2</td>
<td>1.2</td>
<td>1.2</td>
<td>1.5</td>
<td>1</td>
</tr>
<tr>
<td>2016</td>
<td>17.7</td>
<td>17.7</td>
<td>17.7</td>
<td>1.2</td>
<td>1.2</td>
<td>1.2</td>
<td>1.5</td>
<td>1</td>
</tr>
<tr>
<td>2015</td>
<td>17.7</td>
<td>17.7</td>
<td>17.7</td>
<td>1.2</td>
<td>1.2</td>
<td>1.2</td>
<td>1.5</td>
<td>1</td>
</tr>
</tbody>
</table>

#### Employee data

<table>
<thead>
<tr>
<th>Year</th>
<th>Permanent employees</th>
<th>Temporary employees</th>
<th>Total employees</th>
<th>Employee numbers used for calculations</th>
<th>Revenue per employee R'000</th>
<th>Employment cost per employee R'000</th>
<th>Productivity per employee index</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>5 766</td>
<td>878</td>
<td>6 644</td>
<td>5 865</td>
<td>6 082</td>
<td>7 584</td>
<td>1.5</td>
</tr>
<tr>
<td>2018</td>
<td>6 082</td>
<td>1 502</td>
<td>7 584</td>
<td>6 245</td>
<td>6 420</td>
<td>8 126</td>
<td>1.7</td>
</tr>
<tr>
<td>2017</td>
<td>6 420</td>
<td>1 706</td>
<td>8 126</td>
<td>6 187</td>
<td>6 678</td>
<td>8 100</td>
<td>1.9</td>
</tr>
<tr>
<td>2016</td>
<td>6 678</td>
<td>1 422</td>
<td>8 100</td>
<td>6 732</td>
<td>7 353</td>
<td>8 080</td>
<td>2.1</td>
</tr>
<tr>
<td>2015</td>
<td>7 328</td>
<td>1 328</td>
<td>8 656</td>
<td>7 194</td>
<td>7 328</td>
<td>8 194</td>
<td>2.4</td>
</tr>
</tbody>
</table>

### OPERATING RESULTS

#### Continuing operations

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue R million</th>
<th>Trading profit R million</th>
<th>(Loss)/profit after tax from continuing operations R (m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>14 642.4</td>
<td>1 557.7</td>
<td>(389.7)</td>
</tr>
<tr>
<td>2018</td>
<td>15 963.3</td>
<td>1 988.3</td>
<td>1 216.7</td>
</tr>
<tr>
<td>2017</td>
<td>15 965.8</td>
<td>2 171.7</td>
<td>1 251.5</td>
</tr>
<tr>
<td>2016</td>
<td>15 585.9</td>
<td>2 127.2</td>
<td>1 457.0</td>
</tr>
<tr>
<td>2015</td>
<td>14 446.7</td>
<td>8 908.3</td>
<td>5 022.2</td>
</tr>
</tbody>
</table>

#### Discontinued operations

<table>
<thead>
<tr>
<th>Year</th>
<th>(Loss)/profit from discontinued operations R (m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>(647.6)</td>
</tr>
<tr>
<td>2018</td>
<td>(695.5)</td>
</tr>
<tr>
<td>2017</td>
<td>21.3</td>
</tr>
<tr>
<td>2016</td>
<td>(440.9)</td>
</tr>
<tr>
<td>2015</td>
<td>(1 061.3)</td>
</tr>
</tbody>
</table>

* Net of treasury shares
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Attributable to:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity holders of Nampak Limited</td>
<td>(851.6)</td>
<td>489.2</td>
<td>234.8</td>
<td>1 610.4</td>
<td>1 043.2</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(662.0)</td>
<td>799</td>
<td>121.2</td>
<td>(132.1)</td>
<td>18.1</td>
</tr>
<tr>
<td>Total</td>
<td>(1 513.6)</td>
<td>569.1</td>
<td>356.0</td>
<td>1 478.3</td>
<td>1 061.3</td>
</tr>
<tr>
<td>EBITDA</td>
<td>(279.8)</td>
<td>1 557.4</td>
<td>1 792.4</td>
<td>3 074.5</td>
<td>1 989.4</td>
</tr>
<tr>
<td>Continuing operations</td>
<td>739.1</td>
<td>2 105.3</td>
<td>2 334.3</td>
<td>2 603.8</td>
<td>2 274.6</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>(1 018.9)</td>
<td>(547.9)</td>
<td>(541.9)</td>
<td>470.7</td>
<td>(285.2)</td>
</tr>
<tr>
<td>EBITDA (adjusted for impairments)</td>
<td>(320.1)</td>
<td>150.5</td>
<td>58.0</td>
<td>472.0</td>
<td>(207.5)</td>
</tr>
<tr>
<td>Statements of financial position</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total shareholders’ funds</td>
<td>8 209.9</td>
<td>10 612.5</td>
<td>9 681.1</td>
<td>9 444.5</td>
<td>9 172.4</td>
</tr>
<tr>
<td>Retirement benefit obligation</td>
<td>923.9</td>
<td>1 478.4</td>
<td>1 558.0</td>
<td>1 855.7</td>
<td>2 008.4</td>
</tr>
<tr>
<td>Non-current loans and borrowings</td>
<td>6 132.8</td>
<td>8 023.1</td>
<td>6 007.2</td>
<td>6 202.1</td>
<td>4 212.0</td>
</tr>
<tr>
<td>Deferred tax and other non-current liabilities</td>
<td>546.1</td>
<td>266.7</td>
<td>359.3</td>
<td>261.7</td>
<td>390.8</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>6 646.9</td>
<td>5 533.4</td>
<td>7 624.3</td>
<td>6 334.4</td>
<td>6 232.9</td>
</tr>
<tr>
<td>Total equity and liabilities</td>
<td>22 459.6</td>
<td>25 914.1</td>
<td>25 229.9</td>
<td>24 103.8</td>
<td>24 407.5</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>7 195.2</td>
<td>8 177.0</td>
<td>10 151.4</td>
<td>10 573.4</td>
<td>11 025.7</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>3 904.3</td>
<td>3 708.0</td>
<td>3 568.8</td>
<td>4 043.4</td>
<td>4 118.6</td>
</tr>
<tr>
<td>Other non-current financial assets and deferred tax</td>
<td>1 312.5</td>
<td>1 996.7</td>
<td>1 235.1</td>
<td>772.2</td>
<td>224.4</td>
</tr>
<tr>
<td>Current assets</td>
<td>10 047.6</td>
<td>12 032.4</td>
<td>10 274.6</td>
<td>8 714.8</td>
<td>9 040.8</td>
</tr>
<tr>
<td>Total assets</td>
<td>22 459.6</td>
<td>25 914.1</td>
<td>25 229.9</td>
<td>24 103.8</td>
<td>24 407.5</td>
</tr>
</tbody>
</table>

**Cash flow**

<table>
<thead>
<tr>
<th></th>
<th>R million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash generated from operations before working capital changes</td>
<td>1 846.7</td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>1 141.4</td>
</tr>
<tr>
<td>Cash generated from/(utilised in) operating activities</td>
<td>263.4</td>
</tr>
<tr>
<td>Additions to property, plant, equipment and intangibles</td>
<td>(734.8)</td>
</tr>
<tr>
<td>Net increase/(decrease) in cash</td>
<td>532.8</td>
</tr>
</tbody>
</table>

**Share performance**

<table>
<thead>
<tr>
<th>Market price per share</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Highest</td>
<td>1 617</td>
<td>1 930</td>
<td>2 361</td>
<td>2 820</td>
<td>4 885</td>
</tr>
<tr>
<td>Lowest</td>
<td>833</td>
<td>1 288</td>
<td>1 551</td>
<td>1 635</td>
<td>2 572</td>
</tr>
<tr>
<td>Year-end</td>
<td>949</td>
<td>1 534</td>
<td>1 760</td>
<td>1 944</td>
<td>2 580</td>
</tr>
<tr>
<td>Number of ordinary shares in issue</td>
<td>689 812</td>
<td>689 812</td>
<td>689 404</td>
<td>688 668</td>
<td>702 497</td>
</tr>
<tr>
<td>Market capitalisation</td>
<td>6 546</td>
<td>10 582</td>
<td>12 134</td>
<td>13 388</td>
<td>18 124</td>
</tr>
<tr>
<td>Volume of shares traded</td>
<td>206 123</td>
<td>416 939</td>
<td>539 937</td>
<td>523 826</td>
<td>437 360</td>
</tr>
<tr>
<td>Value of shares traded</td>
<td>2 519.0</td>
<td>6 656.3</td>
<td>9 814.4</td>
<td>9 520.0</td>
<td>13 055.2</td>
</tr>
<tr>
<td>Volume of shares traded as a percentage</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>of total issued shares</td>
<td>29.9</td>
<td>60.4</td>
<td>78.3</td>
<td>76.1</td>
<td>62.3</td>
</tr>
<tr>
<td>Earnings yield</td>
<td>(2.0)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Dividend/cash distribution yield</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Price/earnings ratio</td>
<td>(49.0)</td>
<td>10.1</td>
<td>14.2</td>
<td>18.1</td>
<td>14.2</td>
</tr>
</tbody>
</table>

**Exchange rates**

<table>
<thead>
<tr>
<th>Rand/UK pound</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
<td>18.30</td>
<td>17.61</td>
<td>16.96</td>
<td>21.07</td>
<td>18.56</td>
</tr>
<tr>
<td>Closing</td>
<td>18.65</td>
<td>18.43</td>
<td>18.17</td>
<td>17.80</td>
<td>20.97</td>
</tr>
<tr>
<td>Rand/Euro</td>
<td>16.18</td>
<td>15.58</td>
<td>14.78</td>
<td>16.43</td>
<td>13.77</td>
</tr>
<tr>
<td>Closing</td>
<td>16.54</td>
<td>16.41</td>
<td>15.98</td>
<td>15.42</td>
<td>15.50</td>
</tr>
<tr>
<td>Rand/US dollar</td>
<td>14.35</td>
<td>13.11</td>
<td>13.38</td>
<td>14.79</td>
<td>12.02</td>
</tr>
<tr>
<td>Naira/US dollar</td>
<td>361.55</td>
<td>360.61</td>
<td>321.90</td>
<td>229.60</td>
<td>191.21</td>
</tr>
<tr>
<td>Closing</td>
<td>362.04</td>
<td>362.79</td>
<td>358.99</td>
<td>315.00</td>
<td>199.00</td>
</tr>
<tr>
<td>Kwanza/US dollar</td>
<td>333.94</td>
<td>222.09</td>
<td>171.74</td>
<td>161.57</td>
<td>114.52</td>
</tr>
<tr>
<td>Closing</td>
<td>389.49</td>
<td>300.72</td>
<td>171.75</td>
<td>171.72</td>
<td>140.06</td>
</tr>
<tr>
<td>RTGS/US dollar</td>
<td>5.01</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Closing</td>
<td>15.20</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
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</table>
### Summarised consolidated statement of comprehensive income

for the year ended 30 September

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>Restated*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R million</td>
<td>R million</td>
</tr>
<tr>
<td><strong>CONTINUING OPERATIONS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>14 642.4</td>
<td>15 963.3</td>
</tr>
<tr>
<td>Raw materials and consumables used</td>
<td>(8 128.6)</td>
<td>(8 689.3)</td>
</tr>
<tr>
<td>Employee benefit expense</td>
<td>(2 316.1)</td>
<td>(2 522.0)</td>
</tr>
<tr>
<td>Depreciation and amortisation expense</td>
<td>(485.3)</td>
<td>(530.5)</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>(2 550.9)</td>
<td>(2 745.5)</td>
</tr>
<tr>
<td>Other operating income</td>
<td>129.6</td>
<td>98.7</td>
</tr>
<tr>
<td><strong>Operating profit before items below</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net impact of devaluation in Zimbabwe</td>
<td>1 291.1</td>
<td>1 574.7</td>
</tr>
<tr>
<td>Net foreign exchange losses in Zimbabwe operations</td>
<td>(1 037.3)</td>
<td>–</td>
</tr>
<tr>
<td>Monetary adjustment for hyperinflation – Zimbabwe</td>
<td>831.5</td>
<td>–</td>
</tr>
<tr>
<td>Gain on recognition of Reserve Bank of Zimbabwe financial instrument</td>
<td>794.5</td>
<td>–</td>
</tr>
<tr>
<td>Expected credit loss provision on Reserve Bank of Zimbabwe financial instrument</td>
<td>(718.8)</td>
<td>–</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>253.8</td>
<td>1 574.7</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(376.2)</td>
<td>(465.2)</td>
</tr>
<tr>
<td>Finance income</td>
<td>129.9</td>
<td>240.9</td>
</tr>
<tr>
<td>Share of net (loss)/profits in associates and joint venture</td>
<td>(1.4)</td>
<td>5.8</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>6.1</td>
<td>1 356.2</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(395.8)</td>
<td>(139.5)</td>
</tr>
<tr>
<td><strong>(Loss)/profit for the year from continuing operations</strong></td>
<td>(389.7)</td>
<td>1 216.7</td>
</tr>
<tr>
<td><strong>DISCONTINUED OPERATIONS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss for the year from discontinued operations</td>
<td>(1 123.9)</td>
<td>(647.6)</td>
</tr>
<tr>
<td><strong>(Loss)/profit for the year</strong></td>
<td>(1 513.6)</td>
<td>569.1</td>
</tr>
<tr>
<td><strong>Other comprehensive (expense)/income for the year, net of tax</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net actuarial (loss)/gain from retirement benefit obligations</td>
<td>(14.7)</td>
<td>34.4</td>
</tr>
<tr>
<td>Exchange (loss)/gain on translation of foreign operations</td>
<td>(713.2)</td>
<td>217.4</td>
</tr>
<tr>
<td>(Loss)/gain on cash flow hedges</td>
<td>(65.9)</td>
<td>51.7</td>
</tr>
<tr>
<td><strong>Other comprehensive (expense)/income for the year, net of tax</strong></td>
<td>(793.8)</td>
<td>303.5</td>
</tr>
<tr>
<td><strong>Total comprehensive (expense)/income for the year</strong></td>
<td>(2 307.4)</td>
<td>872.6</td>
</tr>
<tr>
<td><strong>(Loss)/profit attributable to:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owners of Nampak Limited</td>
<td>(851.6)</td>
<td>489.2</td>
</tr>
<tr>
<td>Non-controlling interests in subsidiaries</td>
<td>(662.0)</td>
<td>79.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(1 513.6)</td>
<td>569.1</td>
</tr>
<tr>
<td><strong>Total comprehensive (expense)/income attributable to:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owners of Nampak Limited</td>
<td>(1 132.9)</td>
<td>769.9</td>
</tr>
<tr>
<td>Non-controlling interests in subsidiaries</td>
<td>(1 174.5)</td>
<td>102.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(2 307.4)</td>
<td>872.6</td>
</tr>
<tr>
<td><strong>Earnings/(loss) per share</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Basic (cents per share)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuing operations</td>
<td>42.2</td>
<td>176.7</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>(174.3)</td>
<td>(100.7)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(132.1)</td>
<td>76.0</td>
</tr>
<tr>
<td><strong>Diluted (cents per share)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuing operations</td>
<td>42.0</td>
<td>175.9</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>(173.5)</td>
<td>(100.2)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(131.5)</td>
<td>75.7</td>
</tr>
</tbody>
</table>

* Comparatives restated for the impact of Nampak Plastics Europe Limited being recognised as a discontinued operation during the year.
## Summarised consolidated statement of financial position

at 30 September

<table>
<thead>
<tr>
<th></th>
<th>2019 R million</th>
<th>2018 R million</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant, equipment and investment property</td>
<td>7 195.2</td>
<td>8 177.0</td>
</tr>
<tr>
<td>Goodwill</td>
<td>3 734.9</td>
<td>3 512.8</td>
</tr>
<tr>
<td>Other intangible assets</td>
<td>169.4</td>
<td>195.2</td>
</tr>
<tr>
<td>Investments in associates and joint venture</td>
<td>21.0</td>
<td>35.3</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>429.3</td>
<td>173.5</td>
</tr>
<tr>
<td>Liquid bonds and other loan receivables – non-current</td>
<td>862.2</td>
<td>1 787.9</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>3 388.5</td>
<td>3 205.6</td>
</tr>
<tr>
<td>Trade and other current receivables</td>
<td>2 628.8</td>
<td>3 071.0</td>
</tr>
<tr>
<td>Tax assets</td>
<td>133.3</td>
<td>14.1</td>
</tr>
<tr>
<td>Liquid bonds and other loan receivables – current</td>
<td>40.1</td>
<td>450.6</td>
</tr>
<tr>
<td>Bank balances and deposits</td>
<td>1 462.7</td>
<td>2 844.8</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>12 412.0</td>
<td>13 881.7</td>
</tr>
<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Capital and reserves</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>35.5</td>
<td>35.5</td>
</tr>
<tr>
<td>Capital reserves</td>
<td>(76.1)</td>
<td>(70.3)</td>
</tr>
<tr>
<td>Other reserves</td>
<td>(86.3)</td>
<td>200.0</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>9 059.2</td>
<td>9 975.1</td>
</tr>
<tr>
<td><strong>Shareholders’ equity</strong></td>
<td>8 932.3</td>
<td>10 140.3</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(722.4)</td>
<td>472.2</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>8 209.9</td>
<td>10 612.5</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans and other borrowings – non-current</td>
<td>6 132.8</td>
<td>8 023.1</td>
</tr>
<tr>
<td>Retirement benefit obligation</td>
<td>923.9</td>
<td>1 478.4</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>528.3</td>
<td>168.1</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>17.8</td>
<td>98.6</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td>7 602.8</td>
<td>9 768.2</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other current payables</td>
<td>3 318.8</td>
<td>3 796.5</td>
</tr>
<tr>
<td>Provisions</td>
<td>332.9</td>
<td>398.8</td>
</tr>
<tr>
<td>Tax liabilities</td>
<td>14.5</td>
<td>45.5</td>
</tr>
<tr>
<td>Loans, other borrowings and bank overdrafts</td>
<td>1 954.1</td>
<td>990.0</td>
</tr>
<tr>
<td><strong>Liabilities directly associated with assets classified as held for sale</strong></td>
<td>5 620.3</td>
<td>5 230.8</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td>22 459.6</td>
<td>25 914.1</td>
</tr>
</tbody>
</table>
## Summarised consolidated statement of changes in equity

for the year ended 30 September

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Opening balance</strong></td>
<td>10 612.5</td>
<td>9 681.1</td>
</tr>
<tr>
<td>Adjustment to opening balance – adoption of new standards</td>
<td>(89.2)</td>
<td>–</td>
</tr>
<tr>
<td>Net shares issued during the year</td>
<td>–</td>
<td>6.5</td>
</tr>
<tr>
<td>Share-based payment (reversal)/expense</td>
<td>(5.9)</td>
<td>4.0</td>
</tr>
<tr>
<td>Share grants exercised</td>
<td>–</td>
<td>(6.5)</td>
</tr>
<tr>
<td>Treasury shares disposed</td>
<td>–</td>
<td>54.9</td>
</tr>
<tr>
<td>Total comprehensive (expense)/income for the year</td>
<td>(2 307.4)</td>
<td>872.6</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(0.1)</td>
<td>(0.1)</td>
</tr>
<tr>
<td><strong>Closing balance</strong></td>
<td>8 209.9</td>
<td>10 612.5</td>
</tr>
</tbody>
</table>

**Comprising:**

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital</td>
<td>35.5</td>
<td>35.5</td>
</tr>
<tr>
<td>Capital reserves</td>
<td>(76.1)</td>
<td>(70.3)</td>
</tr>
<tr>
<td>Share premium</td>
<td>268.9</td>
<td>268.9</td>
</tr>
<tr>
<td>Treasury shares</td>
<td>(515.7)</td>
<td>(515.8)</td>
</tr>
<tr>
<td>Share-based payments reserve</td>
<td>170.7</td>
<td>176.6</td>
</tr>
<tr>
<td><strong>Other reserves</strong></td>
<td>(86.3)</td>
<td>200.0</td>
</tr>
<tr>
<td>Foreign currency translation reserve</td>
<td>1 368.9</td>
<td>1 569.6</td>
</tr>
<tr>
<td>Financial instruments hedging reserve</td>
<td>(10.8)</td>
<td>56.4</td>
</tr>
<tr>
<td>Recognised actuarial losses</td>
<td>(1 427.4)</td>
<td>(1 412.7)</td>
</tr>
<tr>
<td>Share of non-distributable reserves in associates and joint ventures</td>
<td>–</td>
<td>3.7</td>
</tr>
<tr>
<td>Other</td>
<td>(17.0)</td>
<td>(17.0)</td>
</tr>
<tr>
<td><strong>Retained earnings</strong></td>
<td>9 059.2</td>
<td>9 975.1</td>
</tr>
</tbody>
</table>

**Shareholders’ equity**

<table>
<thead>
<tr>
<th>Description</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Shareholders’ equity</strong></td>
<td>8 932.3</td>
<td>10 140.3</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(722.4)</td>
<td>472.2</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>8 209.9</td>
<td>10 612.5</td>
</tr>
</tbody>
</table>
# Summarised consolidated statement of cash flows

for the year ended 30 September

<table>
<thead>
<tr>
<th></th>
<th>2019 R million</th>
<th>2018 R million</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash receipts from customers</td>
<td>14 360.6</td>
<td>18 438.5</td>
</tr>
<tr>
<td>Cash paid to suppliers and employees</td>
<td>(13 219.2)</td>
<td>(16 843.2)</td>
</tr>
<tr>
<td><strong>Cash generated from operations</strong></td>
<td>1 141.4</td>
<td>1 595.3</td>
</tr>
<tr>
<td>Interest received</td>
<td>163.5</td>
<td>234.0</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(669.9)</td>
<td>(692.1)</td>
</tr>
<tr>
<td>Retirement benefits, contributions and settlements</td>
<td>(143.2)</td>
<td>(145.2)</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>(228.3)</td>
<td>(170.8)</td>
</tr>
<tr>
<td><strong>Cash flows from operations</strong></td>
<td>263.5</td>
<td>821.2</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(0.1)</td>
<td>(0.1)</td>
</tr>
<tr>
<td><strong>Cash generated from operating activities</strong></td>
<td>263.4</td>
<td>821.1</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital expenditure</td>
<td>(734.8)</td>
<td>(536.4)</td>
</tr>
<tr>
<td>Replacement</td>
<td>(517.0)</td>
<td>(359.8)</td>
</tr>
<tr>
<td>Expansion</td>
<td>(217.8)</td>
<td>(176.6)</td>
</tr>
<tr>
<td>Disposal of property, plant, equipment and investments</td>
<td>144.8</td>
<td>27.8</td>
</tr>
<tr>
<td>Post-retirement medical aid buy-out</td>
<td>–</td>
<td>(1.8)</td>
</tr>
<tr>
<td>Decrease/(increase) in liquid bonds</td>
<td>1 469.2</td>
<td>(6.9)</td>
</tr>
<tr>
<td>(Increase)/decrease in other non-current financial assets</td>
<td>(45.9)</td>
<td>20.0</td>
</tr>
<tr>
<td><strong>Cash generated from/(utilised in) investing activities</strong></td>
<td>833.3</td>
<td>(497.3)</td>
</tr>
<tr>
<td><strong>Net cash generated before financing activities</strong></td>
<td>1 096.7</td>
<td>323.8</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current borrowings raised</td>
<td>294.2</td>
<td>6 102.1</td>
</tr>
<tr>
<td>Non-current borrowings repaid</td>
<td>(858.1)</td>
<td>(4 407.9)</td>
</tr>
<tr>
<td>Net current borrowings repaid</td>
<td>–</td>
<td>(95.9)</td>
</tr>
<tr>
<td>Proceeds from disposal of treasury shares</td>
<td>–</td>
<td>54.9</td>
</tr>
<tr>
<td>Capital raised from issue of shares</td>
<td>–</td>
<td>6.5</td>
</tr>
<tr>
<td><strong>Cash (repaid)/raised in financing activities</strong></td>
<td>(563.9)</td>
<td>1 659.7</td>
</tr>
<tr>
<td><strong>Net increase in cash and cash equivalents</strong></td>
<td>532.8</td>
<td>1 983.5</td>
</tr>
<tr>
<td>Net cash and cash equivalents/(overdraft) at beginning of year</td>
<td>1 836.8</td>
<td>(168.8)</td>
</tr>
<tr>
<td>Translation of cash in foreign subsidiaries</td>
<td>(1 011.2)</td>
<td>22.1</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of year</strong></td>
<td>1 358.4</td>
<td>1 836.8</td>
</tr>
</tbody>
</table>
SOUTH AFRICA

Performance

Amid increased competition, Bevcan recorded an improved operational performance and a solid financial performance, thanks to efficiency gains in a stronger market in which the pack share of cans increased at a significantly higher rate than South African GDP.

This performance was tragically overshadowed by the death of Ngwata Matsimela, a palletiser operator, at our Springs factory early in the year. We again extend our deepest condolences to his family, friends and colleagues and maintain our unrelenting focus on safety.

Since a tax on sugary drinks was implemented in April 2018, the market for beverage cans in South Africa has become more complex. Producers of carbonated soft drinks require eight different can sizes, not all of which our competitors can supply without the inefficiencies associated with frequently changing production on their lines from one size to the next. Dedicated lines allow for more efficient production.

In 2019, our CAN DO! Excellence programme led to greater cost efficiencies at our lines in Rosslyn and Springs, and better maintenance of equipment. We focused increasingly on our role in delivering on the UN’s Sustainable Development Goals, in line with the efforts of many of our customers.

DivFood had a challenging year, with the loss of a significant portion of volumes from a large customer in a competitive market. Consumer demand was generally depressed and customers displayed significant price sensitivity. We continued to focus on securing greater efficiencies from our processes and reducing operating costs as the financial performance of the business remained under pressure.

Our capital programme focused on the modernisation of our two-piece can line in Rosslyn and the installation of modern tinplate 52mm aerosol can capacity in Vanderbijlpark.

The business was able to secure new long-term supply agreements with a number of fish customers as well as with a large food group.

Demand for most categories of cans was depressed, with some growth recorded in cans in which to package fish, meat and milk.

Outlook

Nampak Metals in South Africa will work to secure further cost reductions in the new financial year in an increasingly competitive market. Guided by our continuous improvement programme, a fundamental part of our strategy is to invest in the skills of our people, which will enable us to defend our market share; maintain excellent customer service; leverage our existing asset base; reduce complexity and optimise capacity.

At Bevcan, we expect some of our large customers to allocate greater volumes to new competitors. However, in the medium term we believe these competitors will provide customers with realistic reference points for price and service, which will work to our advantage. We see opportunity for growth in the pack share of cans in the market for carbonated soft drinks (CSD), as consumer perceptions around single-use plastic packaging turn increasingly negative. In South Africa, around 70% of all CSD volume is sold in PET bottles. We also see opportunity to grow the market for water and wine in aluminium cans.

DivFood sees opportunity to optimise inventory levels and refine our pricing strategy to stimulate consumption and grow market share in the year ahead. Nampak Metal Closures, which previously was managed by the Plastics business, was integrated into DivFood effective 1 October 2019 to optimise management structures and efficiencies.
**Bevcan** is Africa’s largest beverage can manufacturer. Our cans make up most of the South African and Angolan markets and half of the Nigerian market. We have two state-of-the-art sites in South Africa and one each in Nigeria and Angola. **DivFood** operates five sites in South Africa and one in Botswana, manufacturing two and three-piece tinplate food cans and various diversified tinplate cans.

In South Africa, we are the only producer of two-piece tinplate cans and aluminium monobloc aerosol cans. Around two-thirds of our sales are to the food industry. Our businesses in other countries in the Rest of Africa produce a wide range of metal packaging products.

**FINANCIAL CAPITAL**

<table>
<thead>
<tr>
<th>Revenue (R million)</th>
<th>▼ R10 620 million (2018: R11 079 million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trading profit (R million)</td>
<td>▼ R1 368 million (2018: R1 736 million)</td>
</tr>
<tr>
<td>Trading margin (%)</td>
<td>▼ 12.9% (2018: 15.7%)</td>
</tr>
</tbody>
</table>

**HUMAN CAPITAL**

<table>
<thead>
<tr>
<th>Employees ▼ 2 932 (2018: 3 078)</th>
</tr>
</thead>
<tbody>
<tr>
<td>LTIFR × 0.41 (2018: 0.12)</td>
</tr>
</tbody>
</table>

**NATURAL CAPITAL**

<table>
<thead>
<tr>
<th>Energy use ✓ 1 454 261GJ (2018: 1 478 961GJ)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emissions intensity (t/CO 2 e/Rm revenue) ▲ 16.84 (2018: 16.77)</td>
</tr>
</tbody>
</table>

**REST OF AFRICA**

**Performance**

Bevcan increased sales volumes in **Nigeria**, growing our share of the market to around 50%. We debottlenecked our line, leading to greater production efficiencies. In **Angola**, volumes came under pressure amid a foreign exchange shortage and local currency depreciation, which reduced the affordability of beverage cans by consumers. In response to decreased market demand, we reduced employee numbers by almost a third. We continued with our project to convert our tinplate beverage can production line to one that manufactures slender aluminium cans, at a cost of some R200 million.

In **Nigeria**, demand for general metal packaging (diversified cans and aerosols for the food, household, industrial, personal care and paint markets) was depressed in the second half of the year. In **Kenya**, trading conditions were challenging due to lower demand, highlighting the need for further cost optimisation. Similarly, in **Tanzania**, the competitiveness of the business was under pressure and towards the end of the year we launched an initiative to rationalise business operations.

In **Zimbabwe**, profitability improved although volumes declined, the result of weaker demand and an inability to secure enough raw materials due to foreign exchange shortages.

**Outlook**

In **Angola**, we are converting Bevcan’s tinplate line to aluminium, and adding capability to produce slender cans. This will be fully funded out of local cash balances. We will monitor the impact on demand of the implementation of lower consumer taxes early in our financial year. In **Nigeria**, we are considering investing in a second beverage can line.

The termination of Nampak’s technical agreement with Crown Cork at the end of 2019 lifts the restriction of our beverage can business to selected countries in sub-Saharan Africa, opening up more opportunities for Bevcan to grow in other geographies. We decided to terminate the longstanding agreement, and equipment manufacturers now provide the technical support we require. This saves us roughly US$4 million a year.

In **Nigeria**, DivFood’s investment of approximately R100 million in our first food can line in the country will continue. We expect commercial production in around March 2020. In **Zimbabwe**, we are well positioned to take advantage of any improvement in economic conditions, when they occur.

In **Kenya**, we will launch further cost-containment initiatives to improve the profitability of the business. The **Tanzania** business will complete the implementation of a significant cost rationalisation initiative in the last quarter of the 2019 calendar year to improve the cost base of the business.
Operational review

PLASTICS

MANAGEMENT:
Clinton Farnedell
Quinton Swart

SOUTH AFRICA

Performance

Under a new management team, Nampak Plastics focused on better managing costs. We reported operational improvements, reduced waste and greater efficiencies, as well as enhanced working capital management. We honed our sustainability approach, ensuring that our products are designed for recycling and contain an increasing percentage of post-consumer recycled material. This is to support greater diversion of plastics from the natural environment and landfill.

In tough economic conditions, the sales volumes of our liquid bottles and closures business declined, exacerbated by a fire at a large dairy customer which disrupted production. However, the benefits of our turnaround plans, as well as new customers, supported profitability.

The liquid cartons business reported a strong operational performance and increased demand for our Forest Stewardship Council-accredited products to package milk, fruit juice and sorghum beer. This follows significant efforts to be more innovative in the way our packaging looks as well as in how we service our customers. We entered new markets, including launching a 500ml paper carton for water.

With an improved outlook for crates and drums, we reversed an earlier decision to dispose of this business, except for the part that manufactures intermediate bulk containers. We secured new crate allocations and will be investing in new crate-making equipment. In the year, we established greater potential to expand the drums business into new markets, including agriculture.

We invested in the moulds required to produce closures for motor lubricants bottles. We increased sales of roll-on pilfer-proof (ROPP) closures and decided to move the metal closures business in 2020 to DivFood, which uses the same raw materials. With investments in machinery for new water bottle closures, and planned investment in returnable PET bottles and PET jars, our investments are in line with our focus on PET. The market is increasingly looking to adopt returnable PET to reduce single-use plastic.

Outlook

After recording the early benefits of the turnaround plan in liquid packaging at our Isando factory and crates at our Oiffantsfontein facility, we expect greater benefits in 2020. Further innovation of our beverage cartons and increasing consumer demand for environmentally friendlier packaging will set this business on a path for sustained growth in further profitability enhancements.

We see opportunity for increased use of PET packaging and in particular for returnable PET bottles (rPET) in support of consumers’ desire to rely less on single-use PET. At Nampak, we use up to 50% rPET in our processes. Water bottles are still made from virgin material. We continue to pursue further reductions in the weight of our products, as we reduce the 2 litre HDPE milk bottle to 38g.

In closures, we forecast growth in water and sports-drink closures as well as in motor oils. In drums, we expect greater demand from the agricultural sector. As the market for returnable bottles grows, we see opportunity for growth in crates.

In South Africa, in 2020 our liquid cartons business is introducing a new unbleached board for beverage cartons, with improved appearance and functionality, supported by recyclability, renewable and FSC accreditations.

We continue to explore options for our small tubes business, which could include its disposal.
Nampak has 16 plastics and liquid cartons facilities in South Africa, running lines for customers across various industries. We make PET bottles; HDPE bottles; closures; paper gable-top cartons; drums, crates and tubes. In the Rest of Africa, we have bottle, preform, crate and closure businesses and are the leading producer of rigid plastic packaging in Zimbabwe and Zambia. In Europe, we operate eight facilities producing HDPE bottles.

<table>
<thead>
<tr>
<th>FINANCIAL CAPITAL</th>
<th>HUMAN CAPITAL</th>
<th>NATURAL CAPITAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong> (R million)</td>
<td><strong>Employees</strong></td>
<td><strong>Energy use</strong> (GJ)</td>
</tr>
<tr>
<td><strong>Trading profit</strong> (R million)</td>
<td><strong>LTIFR</strong></td>
<td><strong>Emissions intensity</strong> (t/CO₂ e/Rm revenue)</td>
</tr>
<tr>
<td>▼ R209 million (2018: R197 million)</td>
<td>✓ 0.30 (2018: 0.58)</td>
<td>▲ 31.98 (2018: 20.10)</td>
</tr>
<tr>
<td><strong>Trading margin</strong> (%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>▲ 7.0% (2018: 5.8%)</td>
<td></td>
<td>▲ Increase ▼ Decrease ✓ Improved × Deteriorated</td>
</tr>
</tbody>
</table>

**REST OF AFRICA**

**Performance**

In **Zimbabwe**, our Plastics business reported a steep decline in revenue due to the impact of hyperinflation accounting standards which require the use of the closing rand/Zimbabwe currency rate rather than the average rate for the year. Demand slowed in a weak economy and the unavailability of foreign exchange to sustain stable raw material purchases. In **Zambia**, demand for our crates improved significantly, while that for our bottles and closures declined in line with weaker economic growth, in turn a result of adverse weather conditions that affected crops and hydroelectric power generation.

In **Ethiopia**, profitability improved in the first half but demand for crates declined towards year-end, constrained by the limited supply in the market of foreign exchange with which to fund the necessary imports of raw materials.

**Outlook**

The outlook for our Plastics business in **Zambia** is strong, supported by a new long-term contract to supply crates to a large customer.

In **Zimbabwe** and **Ethiopia**, the shortage of foreign exchange with which customers can buy raw materials means a softer outlook for packaging in 2020.

**UNITED KINGDOM AND REPUBLIC OF IRELAND – DISCONTINUED OPERATION**

**Performance**

Nampak Plastics Europe reported a significant loss after a large customer took production of milk bottles in-house and the commissioning of our new production facility in Scotland was delayed, putting pressure on our other sites. The group launched a process to dispose of the business, classifying it as a discontinued operation.

Backward integration by a major milk producer has been a feature of the struggling UK dairy industry in recent years, but the loss of the business of this substantial player in the year was six months ahead of schedule, impacting our volumes significantly. The other main milk producers have stated that backward integration is not the route that they favour, preferring to rely on specialist suppliers such as Nampak.

Financial performance was also affected by sharp increases in the price of the recycled material that we include in our production processes. This now costs more than virgin raw material as the exponential increase in pressure on plastics has led to a spike in demand for recycled material from a number of industries. Previously, it was only the dairy industry in the UK that used significant proportions of recycled material in the manufacture of plastic bottles.

In the year we were not able to pass on to our customers this increased cost of raw material.

Between 10% and 50% of the content of Nampak Plastics Europe’s milk bottles is recycled, and we have a target to reach 50% in the next three to five years should supply be sufficient.

**Outlook**

Nampak Plastics Europe is in a divestiture process which is expected to be completed during 2020. Operational management is focused on securing greater volumes from the new site in Livingston, Scotland, as well as returning other operations to the levels of efficiency reported in 2018.

We are optimistic that work to secure customers outside the dairy industry – including in the home care, laundry care and personal care markets – will bear fruit and be attractive to potential acquirers. We are also focused on winning new dairy customers. Should recycled raw material prices remain elevated, we will pass on those increases to customers.
In the Rest of Africa, Nampak supplies paper packaging to a range of sectors, including the milling, cigarette, 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.

In Zimbabwe, the limited availability of foreign exchange required to procure raw materials and the sharp depreciation of the local currency detracted from a strong operational performance with sustained efficiencies. Sales volumes were broadly steady, supported by a record harvest of tobacco, which is packaged for export in large corrugated cases, as well as sales to Malawi following the restructuring of our business there in 2018. In a hyperinflationary economy, accounting standards require the use of the closing rand/Zimbabwe currency rate rather than the average rate for the year. This led to a sharp decline in the profitability of the paper business.

In Nigeria, we agreed to sell our Cartons business as a large customer moved to consolidate its suppliers across the world.

In Kenya, after a slow first half, volumes began to recover in the second half following the start-up of our higher-quality production facilities, including a new eight-colour printer.

In Malawi, we recorded greater efficiencies and an improved financial performance subsequent to the restructuring of this operation, which now focusses on flame sealing and printing activities for sorghum beer packaging and stitching and printing activities rather than the first stage of production activities. That occurs in Zambia and Zimbabwe respectively.

In a difficult macro-economic environment in Zambia, volumes declined, but we continued to execute on our new market approach to develop more small independent brewers as customers. This approach involves moving away from our traditional reliance on one large customer and towards assisting independent brewers to change their sorghum beer packaging to conical cartons, from bulk and plastic containers previously.

Demand for paper packaging in Zimbabwe will only pick up meaningfully if the country introduces substantial economic reforms. We see good opportunities in the larger African market for both fresh, extended shelf-life and ultra-heat-treated (UHT) products, with rapidly expanding demand.

In Nigeria, we await the competition authorities’ approval of the sale of our Cartons business.

In Zambia, there are significant opportunities for the growth of conical cartons for opaque beer.
## STRATEGIC PERFORMANCE

### FINANCIAL CAPITAL

<table>
<thead>
<tr>
<th>Measure</th>
<th>Current Year</th>
<th>Previous Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>R1 054 million</td>
<td>R1 486 million</td>
</tr>
<tr>
<td>Trading profit</td>
<td>▼ R160 million</td>
<td>(2018: R229 million)</td>
</tr>
<tr>
<td>Trading margin</td>
<td>▼ 15.2%</td>
<td>(2018: 15.4%)</td>
</tr>
</tbody>
</table>

### HUMAN CAPITAL

<table>
<thead>
<tr>
<th>Measure</th>
<th>Current Year</th>
<th>Previous Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>▼ 577</td>
<td>(2018: 585)</td>
</tr>
<tr>
<td>LTIFR</td>
<td>× 0.12</td>
<td>(2018: 0.10)</td>
</tr>
</tbody>
</table>

### NATURAL CAPITAL

<table>
<thead>
<tr>
<th>Measure</th>
<th>Current Year</th>
<th>Previous Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy use</td>
<td>× 125 519GJ</td>
<td>(2018: 104 623GJ)</td>
</tr>
<tr>
<td>Emissions intensity</td>
<td>▲ 5.73</td>
<td>(2018: 3.55)</td>
</tr>
</tbody>
</table>

▲ Increase ▼ Decrease ✔ Improved ✗ Deteriorated
Operational review – discontinued operation

GLASS

SOUTH AFRICA

Performance

On 26 September 2019, we entered into an agreement to dispose of Nampak Glass in line with Nampak’s strategic imperative to actively manage the portfolio. Operational performance during the year was flat. Inconsistent municipal electricity supply continued to challenge operations and we made interventions on the rotary uninterruptible power supply system (RUPS) to improve its reliability. Volumes edged down 2%, however, revenue rose 4% on an improved product mix and pricing.

The business reported improved profitability for the year, although this was still limited by the ongoing manufacturing constraints and the consequent inability to capitalise on opportunities for sales growth. We contained costs well, improving on 2018’s performance.

Outlook

While the initiatives put in place to improve operational efficiencies continue, the imminent disposal of Nampak Glass has made long-term initiatives difficult to implement. We await the approval of the competition authorities on the disposal.
Nampak Glass is one of two container glass manufacturers in South Africa and has a market share of approximately 25%. We operate three furnaces supplying nine forming lines at our site southeast of Johannesburg and have installed capacity of 285 000 tonnes. Nampak Glass also operates its own cullet sorting and processing plant.

<table>
<thead>
<tr>
<th><strong>FINANCIAL CAPITAL</strong></th>
<th><strong>HUMAN CAPITAL</strong></th>
<th><strong>NATURAL CAPITAL</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong> (R million)</td>
<td><strong>Employees</strong> ▼ 439 (2018: 441)</td>
<td><strong>Energy use</strong> ✓ 2 143 698GJ (2018: 2 165 584GJ)</td>
</tr>
<tr>
<td>▲ R1 518 million (2018: R1 456 million)</td>
<td></td>
<td><strong>Limestone</strong> ▲ 31 799t (2018: 30 886t)</td>
</tr>
<tr>
<td><strong>Trading profit</strong> (R million)</td>
<td><strong>LTIFR</strong> ✓ 0.41 (2018: 1.14)</td>
<td><strong>Silica sand</strong> ▼ 108 606t (2018: 116 287t)</td>
</tr>
<tr>
<td>▲ R142 million (2018: R18 million)</td>
<td></td>
<td><strong>Soda ash</strong> ▼ 34 144t (2018: 35 815t)</td>
</tr>
<tr>
<td><strong>Trading margin</strong> (%)</td>
<td></td>
<td><strong>Emissions intensity</strong> (t/CO₂e/Rm revenue) ▼ 134.50 (2018: 148.04)</td>
</tr>
<tr>
<td>▲ 9.4% (2018: 1.2%)</td>
<td></td>
<td>▲ Increase ▼ Decrease ✓ Improved</td>
</tr>
</tbody>
</table>
Ensuring good corporate governance

Nampak is committed to conducting its business ethically and in compliance with all applicable laws and regulations, while focusing on effective risk management to ensure long-term sustainable development.

Our focus areas during the year and the year ahead

The performance of our businesses, which have been significantly impacted by currency volatility and concomitant adverse macro-economic conditions, continue to direct most of our focus areas. A number of initiatives have already resulted in improved performance in some areas. In South Africa, Bevcan is successfully navigating the growing beverage can market amid increased competition by delivering on increased line speeds, greater efficiencies and good overhead cost control. The turnaround in the South African Plastics business has picked up pace and the Paper business continues to grow across Africa. We also announced that an agreement for the sale of the Glass business was signed on 26 September 2019.

Ensuring that our remuneration and reward practices and policies continue to be fair, equitable and facilitate the delivery of the group’s strategy on a sustainable basis to the benefit of all our stakeholders remains a focus area. We continue to drive a transformation agenda and believe that broad-based black economic empowerment is fundamental to ensuring that Nampak, as a responsible corporate citizen, is ultimately representative of the broader South African society and is strategically positioned to take advantage of the changing landscape and effectively deal with increased competition. Nampak has improved its group B-BBEE rating from level 6 to level 2.

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

Setting the tone and ensuring compliance and high standards of good governance and ethics

The board sets the direction of the organisation and is ultimately accountable and responsible for the performance and affairs of the company, and is satisfied that it has fulfilled all its duties and obligations in the 2019 financial year.

Nampak, as the group’s ultimate shareholder, is involved in the decision making of its subsidiaries on material issues. The necessary processes are in place to ensure that all entities in the group adhere to essential group requirements and appropriate minimum corporate governance standards.

Our compliance programme is aimed at ensuring that Nampak conducts its business within the confines of the law. Its purpose is to assist in the detection of contraventions of laws, regulations and company policy, enabling the company to address transgressions immediately. Safety, health, environmental and competition laws, together with fraud and corruption management, are key compliance areas and receive the necessary attention on an ongoing basis. Extensive training in these areas is provided on a regular basis.

Our code of conduct and business ethics sets the minimum standards expected of all directors and employees with allegations of violations being reportable through “Tip-Offs Anonymous”, which is independently administered by Deloitte and is accessible 24 hours a day, seven days a week.
During the year under review, there were neither material violations of any laws or regulations, nor any material penalties or fines imposed on the company or its directors for contraventions of any laws or regulations.

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.

Our governance structures
The board and all the board committees actively support the company’s strategic direction, namely the improvement of margins through operational efficiency, cost management and the unlocking of further value.

The committees play an important role in enhancing corporate governance within the group. The committees support the board by providing oversight and direction in their areas of responsibility and report to the board through their respective chairmen. One of the focus areas for the board during the year was to ensure the effectiveness of its committee structure. As a result, with effect from 1 January 2019, the board (i) combined the nominations and remuneration committees, (ii) assigned the risk management responsibilities of the risk and sustainability committee to the audit and risk committee, (iii) assigned the sustainability matters being dealt with by the risk and sustainability committee to the social, ethics and transformation committee, and (iv) dissolved the risk and sustainability committee. The board further decided that as a whole, it wanted to focus on high-risk and value investment and funding decisions and therefore the investment committee was dissolved with effect from 1 October 2019. The investment committee did not have any meetings during the financial year.

The committee charters outlining the responsibilities of each committee are reviewed annually by the board and are available on our website, www.nampak.com.

All non-executive directors are considered to be independent.

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 directors must retire at every annual general meeting (excluding the CEO and CFO) and are eligible for re-election.

A number of board resignations and appointments occurred during the year, the most recent being Mr de Ruyter’s resignation. He will step down as chief executive officer and executive director on 14 January 2020. Mr Mboweni resigned as chairman and non-executive director with effect from 10 October 2018 to become the Minister of Finance. He was also the chairman of the nominations committee and a member of the remuneration committee. Mr Andersen, chairman of the remuneration committee with effect from 10 October 2018, and a member of the audit, nominations, and investment committees, retired after 10 years as non-executive director with effect from 6 February 2019. Professor Madi, chairman of the social, ethics and transformation committee and member of the risk and sustainability, and investment committees, retired after 10 years as non-executive director on 30 May 2019 and Ms Lila, chairman of the risk and sustainability committee and member of the audit and risk committee, resigned as non-executive director on 30 May 2019. Ms John, chairman of the audit and risk committee, resigned as non-executive director with effect from 1 November 2019. For appointments, refer to the composition of our board on the following page.
Ensuring good corporate governance continued

Composition of our board and board committee structures, mandates and focus areas as at 30 September 2019

**Our board of directors**
- Independent non-executive directors
  - PM Surgey (chairman), E Ikazoboh, IN Mkhari, J John, KW Mzondeki, CD Raphiri, SP Ridley
- Executive directors
  - AM de Ruyter (CEO), GR Fullerton (CFO)

**Audit and risk committee**
- Independent non-executive directors
  - J John (chairman), IN Mkhari, KW Mzondeki, SP Ridley

**Nominations and remuneration committee**
- Independent non-executive directors
  - SP Ridley (chairman), IN Mkhari, CD Raphiri, PM Surgey

Also refer to the annual financial statements for the audit and risk committee report found on the website.

Also refer to the remuneration report found on pages 84 and 85 for details of directors’ remuneration and other relevant remuneration information.
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.

For the biographical details of directors, refer to 64 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.

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1 For board meetings and attendance, refer to the table on the following page.
2 Appointed as interim chairman of the board with effect from 10 October 2018. His appointment as chairman was confirmed by the board on 19 September 2019.
3 Resigned as non-executive director with effect from 1 November 2019.
4 Appointed as independent non-executive director with effect from 1 September 2019.
5 Appointed as independent non-executive director with effect from 1 March 2019.
6 Meetings held on 2 November 2018 (special), 16 November 2018 (IN Mkhari unable to attend due to a family emergency), 8 March 2019 and 17 May 2019 (NV Lila unable to attend due to prior commitment).
7 Appointed as member with effect 1 October 2019.
8 Appointed as member with effect from 1 April 2019. Appointed as chairman with effect from 1 November 2019.
9 Remuneration committee meetings held on 14 November 2018 (IN Mkhari unable to attend due to a prior commitment) and 16 November 2018 (IN Mkhari unable to attend due to a family emergency). Nominations and remuneration committee meetings held on 14 February 2019 (special), 7 March 2019, 6 August 2019 (special) (IN Mkhari unable to attend due to a prior commitment) and 17 September 2019.
10 Appointed as member and chairman with effect from 1 April 2019.
11 Appointed as member with effect from 8 November 2018.
12 Appointed as member with effect from 1 April 2019.
13 Appointed as chairman of the nominations committee with effect from 10 October 2018. Resigned as chairman of the remuneration committee but remained a member with effect from 10 October 2018. Mr Surgey remained a member of the nominations and remuneration committee when it was combined with effect from 1 January 2019.
14 Meetings held on 16 November 2018 and 15 May 2019 – all members attended.
15 Appointed as member with effect from 1 April 2019.
Ensuring good corporate governance

Directors

<table>
<thead>
<tr>
<th>Directors</th>
<th>Board attendance by director</th>
<th>Meeting dates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>26 Nov 18</td>
<td>5 Feb 19</td>
</tr>
<tr>
<td>Independent non-executive directors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PM Surgey (chairman)</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>RC Andersen</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>E Ikazoboh</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>IN Mkhari</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>J John</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>RJ Khoza</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>NV Lila</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>PM Madi</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>KW Mzondeki</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>CD Raphiri</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SP Ridley</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Executive directors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AM de Ruyter</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>GR Fullerton</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>MMFSeleoane</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

Note: Attendance reflected for directors as at 30 September 2019. Board and committee attendance percentage reflected taking into consideration all directors’ attendance during the course of the financial year.

1 Special meeting.
2 Strategy conference.
3 Retired with effect from 6 February 2019.
4 Resigned on 30 May 2019.
5 Resigned on 28 February 2019.
- Not appointed as director at this point in time.
- Unable to attend due to prior commitment.

The board reconfirmed the independence of Mr Surgey, who has been in office for more than nine years. His experience, knowledge and independent judgement continue to benefit the company and subsequent to evaluating his performance, the board confirmed his appointment as chairman on 19 September 2019. 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, shall lead discussions under circumstances where the chairman of the board is conflicted, unavailable or unable to act.

Considering the number of changes that took place during the year, the board will focus on achieving and maintaining stability going forward. We remain committed to ensuring diversity, as it enriches the collective perspective and contributes towards a sustainable and competitive advantage. When reviewing the composition of the board and its committees, the board’s gender and race diversity policy is specifically taken into consideration. The board 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.

Our board comprises diverse skills and experience:

- Entrepreneurship: 33%
- Global Experience: 66%
- Risk Management: 66%
- Corporate Knowledge, Governance and Risk Management: 78%
- Legal and Regulatory: 44%
- Commodities and Sales: 22%
- Manufacturing and Production: 33%
- Economic, Finance and Corporate Structuring: 78%
- Strategic Leadership: 78%
- People Management and Social Economic Development: 44%

High ethical standards
Risk-based approach
Constructive, well organised meetings
Open and frank communication with management
Meaningful discussion/critical questioning
No dominant personalities
Board performance

The development of industry knowledge is a continuous process. The company has a formal induction programme, which includes the opportunity for new directors to visit key operations. The board is appraised of new developments and changes in Nampak’s business environment on an ongoing basis and training is also 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 evaluation of the performance and effectiveness of the board, its committees, individual directors and the chairman was formally assessed during the financial year and we are satisfied that the evaluation process is improving the board’s effectiveness.

Although it was determined that the board and its committees generally function effectively and professionally, most areas of performance are impacted, or could not be properly assessed, due to the number of new directors on the board and its committees. For this reason, the board has decided to formally assess its performance and that of its committees in financial year 2020 again. The performance of the chairman was also assessed and it was agreed that he leads the board in an effective and appropriate manner.

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. The company secretary is not a director. 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.

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.

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

EXECUTIVE DIRECTORS

André de Ruyter (51)
Chief executive officer

Glenn Fullerton (52)
Chief financial officer

Qualifications: BA, BLC, LLB, MBA
Appointed: 1 April 2014
Mr de Ruyter spent more than 20 years with the petrochemicals group Sasol in a number of senior management roles. He was a member of the Sasol group executive committee from 2009 to 2014 and was appointed as CEO of Nampak in 2014.

Experience and expertise:
Strategic leadership; commodities, sales, manufacturing and production; economic, finance and corporate structuring; legal and regulatory; people management and socio-economic development; entrepreneurship; corporate knowledge, governance and risk management; and global experience.

Peter Surgey (64)
Chairman of the board

Qualifications: BA, LLB
Appointed: 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 Limited and also served as director of Control Instruments (Pty) Limited and NCS Resins (Pty) Limited (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) Limited, chairman of Autozone Investments (Pty) Limited (Ethos Fund V1 Companies) and a director and shareholder of Earth Probiotic Industrial (Pty) Limited.

Experience and expertise:
Strategic leadership; commodities, sales, manufacturing and production; economic, finance and corporate structuring; legal and regulatory; people management and socio-economic development; entrepreneurship; corporate knowledge, governance and risk management; and global experience.

INDEPENDENT NON-EXECUTIVE DIRECTOR

INDEPENDENT NON-EXECUTIVE DIRECTOR

Glenn Fullerton (52)
Chief financial officer

Qualifications: CA(SA)
Appointed: 1 September 2015
Mr Fullerton commenced his career at Deloitte where he completed his articles in 1987. He has held numerous senior finance positions at HL&H and Computicket, before joining the Malbak group in 1995, where he was finance director in various divisions until 2006. Mr Fullerton then joined MB Technologies Group as chief financial officer and in 2009, became chief executive officer until October 2013, when he left on a sabbatical. He became chief financial officer of Nampak in September 2015.

Experience and expertise:
Strategic leadership; economic, finance and corporate structuring; people management and socio-economic development; corporate knowledge, governance and risk management; and global experience.

Board committees: N N R Nominations and remuneration committee A Audit and risk committee
INDEPENDENT NON-EXECUTIVE DIRECTORS

Emmanuel Ikazoboh (70)

Qualifications: FCCA, MBA
Appointed: 1 October 2013
Mr Ikazoboh is currently the chairman of the board of Ecobank Transnational Inc. and managing director of a business process outsourcing company in Nigeria, Hedonmark Management Services. Previously he served as administrator of the Nigerian Stock Exchange and chairman and CEO of Deloitte West and Central Africa.

Experience and expertise:
Strategic leadership; economic, finance and corporate structuring; corporate knowledge, governance and risk management; and global experience.

Ipeleng Mkhari (45)

Qualifications: BA
Appointed: 1 October 2013
Ms Mkhari is the co-founder and CEO of Motseng Investment Holdings (Pty) Limited, a diversified investment holding company that was founded in 1998 and operates in South Africa and other African countries. She is also a director of Kap Industrial Holdings Limited and the South African Property Owners Association.

Experience and expertise:
Strategic leadership; entrepreneurship; and risk management.

Kholeka Mzondeki (52)

Qualifications: FCCA – UK, BComm, Dip (Investment Management)
Appointed: 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/wealth management. She is an internationally (United Kingdom) qualified chartered accountant and has extensive experience in senior finance executive roles. She was chosen by the Association of Chartered Certified Accountants (ACCA) as an Ambassador and on the audit committee of the United Nations World Food Programme.

Experience and expertise:
Strategic leadership; manufacturing and production; risk management; economic, finance and corporate structuring; corporate knowledge, governance and risk management; and global experience.
Our board of directors

INDEPENDENT NON-EXECUTIVE DIRECTORS

Clifford Raphiri (56)

Qualifications: PGDip Mechanical Engineering, BSc ((Honours) Mechanical Engineering) and MBA
Appointed: 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 is currently the executive director of Phetogo Investments. He also serves as a non-executive director and chairman of Adcock Ingram Holdings and a non-executive director at the Thesele Group.

Experience and expertise:
Strategic leadership; manufacturing and production; risk management; people management and socio-economic development; and global experience.

Simon Ridley (64)

Qualifications: B Comm, Dip Acc (postgraduate) CA(SA)
Appointed: 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, Stanbic IBTC Bank PLC (Nigeria) and non-executive director of Liberty Holdings Limited and Liberty Group Limited.

Experience and expertise:
Strategic leadership; risk management; economic, finance and corporate structuring; legal and regulatory; corporate knowledge, governance and risk management; and global experience.

Lesego Sennelo (42)

Qualifications: BCompl, BCom Honours (Accounting), Higher Diploma (Auditing), CA(SA)
Appointed: 22 November 2019

Ms Sennelo is the founder and managing director of Gosele Advisory Services, a financial advisory consultancy. She currently serves as a non-executive director on the boards of OneLogix Group Limited, Oceana Group Limited, Redefine Properties Limited, Reef Tankers, and Oshana Cement in Namibia. 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 in both the private and public sectors, spanning over 15 years.

Experience and expertise:
Strategic leadership, economic, finance and corporate structuring, people management and socio-economic development, entrepreneurship, corporate knowledge, governance and risk management and global experience.

Board committees: M R S N A

M Nominations and remuneration committee
R Audit and risk committee
S Social, ethics and transformation committee
Executive committee

André de Ruyter (51)
Chief executive officer

Qualifications: BA, BLC, LLB, MBA
Relevant skills and expertise:
Strategic leadership in the manufacturing sector

Glenn Fullerton (52)
Chief financial officer

Qualifications: CA(SA)
Relevant skills and expertise:
Financial
Strategic leadership

Rob Morris (57)
Group executive: Glass

Qualifications: PrEng, BSc Eng, BComm (Hons)
Relevant skills and expertise:
General management
Operational management in the Rest of Africa
Strategic leadership

Erik Smuts (49)
Group executive: Bevcan

Qualifications: CA(SA), ACMA, GEDP, CPIM (GIBS), AMP (Harvard)
Relevant skills and expertise:
Financial
Operational management in the Rest of Africa
General management
Strategic leadership

Lynne Kidd (59)
Group human resources executive

Qualifications: BA (Hons), Psychology (Hons)
Relevant skills and expertise:
Remuneration practices and policies
Employee benefits
Social and environmental issues

Ilse van Lochem (54)
Group executive: Legal and secretarial

Qualifications: BA, LLB, MBA, Postgraduate diploma in corporate law
Relevant skills and expertise:
Legal
Company secretarial
Insurance

Christiaan Burmeister (56)
Group executive: DivFood and R&D

Qualifications: CA(SA), AMP (Harvard)
Relevant skills and expertise:
Financial
Strategic leadership
Operational management
General management
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 vote by shareholders.

SECTION 3
The implementation of the remuneration policy to be tabled at the AGM for a separate non-binding vote by shareholders.

SECTION 4
As required by the Companies Act, non-executive directors’ fees for the financial year ending 30 September 2020 will be put to shareholders by way of a special resolution.

For details of the composition of the committee and attendance at meetings, please refer to page 60 to 62 of the integrated report.

SECTION 1: REPORT FROM THE CHAIRMAN
Nampak’s remuneration policy is designed to facilitate delivery of the group’s strategy on a sustainable basis and to deliver equitable value for stakeholders over the short, medium and long term. This report provides details of our remuneration policy and framework as it relates to our employees, group executive committee members, executive directors and non-executive directors. It also includes our implementation report for executive directors, group executive committee members and non-executive directors.

At the AGM in February 2019, 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.

The results of voting at the 2019 and 2018 annual general meetings are indicated in the table below:

<table>
<thead>
<tr>
<th>Percentage vote in favour</th>
<th>Required percentage</th>
<th>February 2019</th>
<th>February 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remuneration policy and framework</td>
<td>75% non-binding</td>
<td>84.04%</td>
<td>62.98%</td>
</tr>
<tr>
<td>Implementation report</td>
<td>75% non-binding</td>
<td>85.85%</td>
<td>62.50%</td>
</tr>
<tr>
<td>Non-executive directors’ fees and committee membership fees</td>
<td>75% binding</td>
<td>99.42%</td>
<td>99.82%</td>
</tr>
</tbody>
</table>

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 remuneration committee to do so via email at corporategovernance@nampak.com. 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.

While the remuneration policy and framework as well as the implementation report were approved by shareholders, some further queries were raised by shareholders present at the AGM relating to the reviewed performance conditions for the STI and LTI. In addition, overseas shareholder proxy advisers suggested that it may be prudent to introduce performance conditions before release of matching awards under the Deferred Bonus Plan (DBP).

The significant financial underperformance of the group in the 2019 financial year is a further factor that needs to be considered in the remuneration policy and targets for 2020.
External independent review – changes for 2020
In response to shareholder feedback at the 2019 AGM and to regularly review the current approach against best practices, 21st Century was appointed to provide an independent review of the company’s remuneration policy and practices and to provide recommendations to ensure that the STI and LTI achieved their stated objectives. The review confirmed that the remuneration policy and framework followed good practices and were appropriately market related. However, certain important aspects relating to the setting of performance metrics were highlighted for further consideration by the committee. After consultation with key large shareholders, some minor changes were made to the STI metrics, targets and weightings. A further important change is that the committee considered alignment between executives and shareholders would be better served if the earnings measure for financial performance is changed to fully inclusive HEPS rather than the narrower definition of HEPS for continuing operations which has been used up to 2019. This will apply to both STI and LTI targets going forward. Had this change been in place for 2019, there would have been no impact on incentives but the committee believes an important principle for the future is for all group operations to be taken into account for key performance measures. The STI structure for 2020 is shown in the table below. The targets are detailed on 74.

### STI metrics for 2020

<table>
<thead>
<tr>
<th>Participant category</th>
<th>Strategy</th>
<th>Group (weighting)</th>
<th>Divisional (weighting)</th>
<th>Individual (weighting)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive directors</td>
<td>Actively manage our portfolio</td>
<td>HEPS(^1) (40%)</td>
<td>EBIT (10%)</td>
<td>KPI (40%)</td>
</tr>
<tr>
<td></td>
<td>Prudently manage cash</td>
<td>Working capital (10%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group executive committee: Operational</td>
<td>Prudently manage cash Buying, making and selling better Manage cash fixed costs Safety</td>
<td>Combined group (10%)</td>
<td>EBIT (30%)</td>
<td>KPI (10%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Working capital (20%)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Operational efficiencies (10%)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Cost saving initiatives (10%)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Safety (10%)</td>
<td></td>
</tr>
<tr>
<td>Group executive committee: Support</td>
<td></td>
<td>Combined group (60%)</td>
<td></td>
<td>KPI (40%)</td>
</tr>
</tbody>
</table>

Total calculated incentives are subject to a discount of up to 15% for non-achievement of employment equity targets.

\(^1\) Based on headline earnings as defined by Circular 3/2013 of the South African Institute of Chartered Accountants (SAICA).
Proposed LTI metrics for the performance share plan 2020 awards

<table>
<thead>
<tr>
<th>Metric</th>
<th>Weighting</th>
<th>Performance target</th>
<th>Performance period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvement in headline earnings per share</td>
<td>40%</td>
<td>CPI +3% to CPI +15%</td>
<td>1 October 2019 to 30 September 2022</td>
</tr>
<tr>
<td>Improvement in total shareholder return (TSR)</td>
<td>30%</td>
<td>CPI +3% to CPI +15%</td>
<td>1 December 2019 to 1 December 2022</td>
</tr>
<tr>
<td>Return on net assets (RONA)</td>
<td>30%</td>
<td>60% = 11.5%</td>
<td>1 October 2019 to 30 September 2022</td>
</tr>
<tr>
<td></td>
<td></td>
<td>70% = 12.0%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>80% = 12.5%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>90% = 13.0%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>100% = 13.5%</td>
<td></td>
</tr>
</tbody>
</table>

The committee has the discretion to adjust the targets in the event of strategic investment decisions, extraordinary share price volatility or financial impacts out of the control of management.

1 Headline earnings as defined by Circular 3/2013 of SAICA.

The committee considered the suggestion by overseas proxy advisers to introduce performance conditions aligned to the release of matching awards. The DBP remains the preferred vehicle in the overall remuneration structures for encouraging executives to hold shares in the company as well as being a practical retention solution. In terms of this plan, a portion of the after-tax STI of executives and senior managers may be voluntarily invested in shares to encourage share ownership. These shares need to remain invested in the company for three years prior to the release of a matching number of shares. In order to participate in the DBP, participants needed to have earned a STI which would have been subject to challenging performance conditions. The committee views this position annually and remains of the view that there is sufficient stretch in the performance conditions for achievement of the annual STI and that the opportunity for matching awards will increase executive and senior management shareholding over time without specifically setting minimum shareholding requirements at this stage. For the overall weighting in the remuneration structure, please refer to the remuneration mix on 72 and 73.

Other changes for 2020

The 2019 base of HEPS is substantially depressed by a number of items including the Zimbabwe devaluation loss and losses in discontinued operations, resulting in a headline loss per share. For reasons of practicality and to avoid a base for incentive purposes that is too low, the committee is planning to set the base for 2020 HEPS targets at the 2019 continuing operations HEPS figure of 54.1 cents, but adjusted upwards for the HEPS effect of the Zimbabwe devaluation loss.

Nampak operates a share appreciation plan (SAP) for senior managers below the levels of executive director, group executive committee members and divisional managing directors.

In order to simplify and streamline our LTI structures, the committee has taken the decision to cease making awards to certain senior managers under the SAP, and to rather make awards under the Performance Share Plan (PSP). Another reason for this decision is to align the entire management structure of Nampak under the PSP. Unvested awards under the SAP will remain in operation under the scheme and are subject to the rules of the scheme.

Accordingly, the committee has approved that no further awards will be made under the SAP, with senior managers participating in the PSP.

These proposals have been incorporated into the remuneration policy and framework and more details are available on 72 to 77 of this report.

Other activities undertaken in 2019

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 http://www.nampak.com/Content/Documents/About/remuneration-committee-charter.pdf.

Achievement of objectives

The absolute change to guaranteed packages for executive directors and group executive committee members overall amounted to a 10.9% decrease when compared to the average annual increases granted to other staff. This is in line with our objective to improve wages and the socio-economic conditions of our lower level workers.
The group headline earnings per share targets linked to the STI were improvement in HEPS on continuing operations of 4.13% to 10.13%. These were not achieved and consequently there was zero STI awarded to executives for the group financial results component of the measure. This was the key reason that total STI awarded to executive directors was down by 68% from the prior year. Various levels of EBITDA adjusted for interest, trading income, safety and individual performance objectives were achieved and these are reflected in the incentives earned by the operational and support executives.

The performance conditions aligned to the PSP and SAP for the December 2016 awards and allocations were not achieved, therefore no vesting will occur in December 2019.

The actual earnings reported under section three of this document on 79 to 83 reflect the levels of achievement against the performance targets at executive director and group executive committee levels.

**Decisions taken during 2019**

The committee:
- approved the guaranteed packages for executive directors and group executives;
- reviewed and approved three-month notice periods in terms of the contracts of employment of the chief executive officer and chief financial officer;
- approved the STI payments for executive directors and group executives after considering achievement against performance conditions;
- approved the LTI awards for all participants and determined the performance conditions;
- suspended the allocation of LTI awards (normally issued in December each year) while the company remained in a prohibited period and the executives and employees were unable to trade in company shares. The PSP awards and the SAP rights approved in December 2018 were implemented in September 2019 when the prohibited period terminated;
- suspended implementation of the December 2018 release of share awards/allocations while the company was in a prohibited trading period and the executives and employees were unable to trade in company shares. These share awards/allocations will be released once the September 2019 results have been published and executives will be provided an opportunity to purchase shares in terms of the rules of the DBP in respect of STI awards for the September 2018 financial period;
- reviewed the defined benefit retirement fund liability strategy and implementation against plans; and
- 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.

In conclusion, the significant financial underperformance evident in the 2019 group results is an important catalyst for further review of executive remuneration practices. There were some major macro-economic and legislative factors, outside of executive control, which impacted the results and it is crucial that key executive talent is retained and rewarded for the hard work and innovation required to remediate the group’s financial performance in the markets where the group operates. However, the committee has resolved that further work is required in 2020 to analyse key drivers of the group’s performance and critically review both group and individual executive KPIs to ensure the best possible alignment with shareholder interests.

SP Ridley
Chairman of the nominations and remuneration committee

26 November 2019
SECTION 2: REMUNERATION POLICY

Our remuneration policy at executive level remains largely unchanged from previous years and continues to focus on delivery of longer-term strategic objectives and shorter-term financial and non-financial targets that underpin the group’s sustainable profitability intentions. This is accomplished through a governance and application framework that primarily aims to attract and retain talent through fair, transparent and competitive remuneration.

The components of the remuneration structures applicable to other managerial and non-managerial employees are set out in the table on p76 and 77 of this integrated report.

The balance of the report is focused on executive director and group executive remuneration policy and frameworks and this is also the case for the implementation report.

Remuneration mix

The remuneration structure for executive directors and group executive committee members has been designed to reward consistent improvements in short and medium term sustainable profitability which underpins value creation for shareholders. Guaranteed packages are generally clustered at the median of the benchmark. There is a larger weighting towards at-risk or variable pay components which are provided in the form of an annual STI and LTI participation. Challenging performance conditions that are aligned with shareholder requirements and expectations are set and must be achieved for earnings to accrue to participants. If these targets are achieved, upper quartile remuneration should be delivered from the variable pay structure for executive directors, group executive committee members and certain senior managers. For purposes of illustration, 60% of maximum is assumed to represent target performance and stretch reflects full achievement for both the STI and LTI components.
**GOVERNANCE AND REMUNERATION**

**Alignment to value creation**

The remuneration structures for executive directors and group executive committee members have been designed to encourage sustainable profitability on a consistent basis. This has been achieved by consistent application of appropriate financial targets linked to the STI and LTI components. The social, environmental and governance performance will ultimately reflect in consistent financial performance over the long term. Therefore, and in order to ensure the self-funding nature of STI and LTI remuneration structures, the performance targets are more heavily weighted towards quantitative achievements.

Individual KPIs form up to 60% of the STI for executive directors and group executive committee members. These are reviewed and set annually and focus on essential drivers of value that may impact negatively on short-term performance, as well as focus on material issues that could have a negative impact on the group’s sustainability. Individual KPIs form up to 40% of the STI for executive directors and group executive committee members for 2020. For 2019 and going into 2020 the individual key deliverables include drivers such as:

- attraction, retention and development of a diverse, transformed and skilled workforce with focus on the achievement and maintenance of an appropriate broad-based black economic empowerment rating in South Africa;
- a safe and healthy working environment;
- a strengthened balance sheet and focus on cash and liquidity management;
- a focus on revenue growth using the existing operational footprint;
- improvements in operational efficiencies and asset utilisation that positions the company to take advantage of future growth opportunities as macro-economic conditions improve;
- where necessary, appropriate site consolidations and operational footprint;
- a competitive fixed cost baseline; and
- management of governance and ethics.

The LTI elements provide the board with a tool to attract and retain the right calibre of executives. The performance targets are set over three-year performance periods and require consistent achievement of challenging financial performance conditions. Experience of executives is aligned with that of shareholders as once vested, the shares are released in three tranches and executive earnings are impacted by movements in the share price and dividends earned. The DBP has been included in the LTI components to encourage executives to purchase and hold shares in the company. These shares may only be purchased using proceeds from STI earnings once those performance conditions have been achieved.

**Contractual terms and payments on termination of employment**

The chief executive officer, chief financial officer and group executives have indefinite service contracts with notice periods of three months.

In the event of redundancy, executive directors and other group executive members are entitled to receive payment, in addition to notice pay, in terms of the Nampak redundancy policy. 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 and then closed to future appointments after December 2013. The executive directors are not entitled to the retirement gratuity, however, certain of the other group executive committee members have retained this capped benefit.

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, executive share allocations will be dealt with in terms of the rules of the relevant share plans. Further, the directors and executives have no entitlement to a restraint of trade payment and are not entitled to any other material payments.
Elements of remuneration and policy

Basic salary | Benefits | Short-Term Incentive (STI)
---|---|---
Remuneration principles | Remuneration principles | Remuneration principles
Designed to attract and retain executives 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 | Intended to provide a variable pay element for executive directors and group executive committee members which is earned against stretch performance targets
Places emphasis on delivering strategic imperatives which may impact negatively on short-term financial performance and which are vital to long-term sustainability | Covers all aspects which underpin sustainable profitability and ethical governance
External advisers | External advisers | External advisers
The Deloitte SA Executive Guide | Various professional advisors and administrators recognised in their respective jurisdictions | 21st Century
PwC Research Services’ REMchannel® | Competitiveness of offer | Benchmarking survey data from external advisers
Competitiveness of offer | Compulsory levels of retirement saving and life and disability cover are set using published survey data | Relevant to strategic intent
Optional medical aid membership | Car allowance linked to requirements for business travel | Benchmarking using survey data from external advisers
Performance metrics | Performance metrics | Performance metrics
Individual performance, contribution and future growth potential are considered | Not applicable | A combination of group, divisional and individual metrics for 2019 are set out in the table below:

<table>
<thead>
<tr>
<th>Weighting within STI</th>
<th>Component</th>
<th>Metric</th>
<th>Threshold</th>
<th>On-target</th>
<th>Stretch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between 20% and 70%</td>
<td>Group financial</td>
<td>Improvement in HEPS</td>
<td>CPI</td>
<td>CPI + 3.6%</td>
<td>CPI + 6%</td>
</tr>
<tr>
<td>Operational executive only – up to 50%</td>
<td>Divisional financial</td>
<td>EBITDA adjusted for interest or trading income improvements is required by each division are set at commencement of the performance period</td>
<td>Sufficient stretch and aligned to achievement of the group financial target</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Up to 60% (all executives) / Up to 40% (other managers)</td>
<td>Individual key performance indicators</td>
<td>Linked to strategic issues and material matters that underpin sustainable profitability</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total calculated incentives are subject to a discount of up to 10% for non-achievement of the B-BBEE target.

The metrics for 2020 are as follows:

<table>
<thead>
<tr>
<th>Participant category</th>
<th>Strategy</th>
<th>Group (weighting)</th>
<th>Divisional (weighting)</th>
<th>Individual (weighting)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive directors</td>
<td>Actively manage our portfolio</td>
<td>HEPS (40%)</td>
<td>EBIT (10%)</td>
<td>KPI (40%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>EBIT (10%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Prudently manage cash</td>
<td>Working capital (10%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group executive committee: Operational</td>
<td>Combined group (10%)</td>
<td>Working capital (20%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Prudently manage cash</td>
<td>Operational efficiencies (12%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Buying, making and selling better</td>
<td>Cast saving initiatives (10%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Manage cash fixed costs</td>
<td>Safety (10%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Safety</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Group executive committee: Support</td>
<td>Combined group (60%)</td>
<td>KPI (40%)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total calculated incentives are subject to a discount of up to 15% for non-achievement of employment equity targets.

The group targets for improvement in HEPS for 2020 are as follows:

<table>
<thead>
<tr>
<th>Threshold</th>
<th>On-target</th>
<th>Stretch</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPI</td>
<td>CPI + 4.8%</td>
<td>CPI + 8%</td>
</tr>
</tbody>
</table>

1 Based on headline earnings as defined by Circular 3/2013 of SAICA.
### Remuneration principles
Aimed at aligning executive remuneration directly with that of shareholders’ interests.

Challenging performance targets underpin executive earnings and, if achieved, will deliver sustainable value to shareholders and underlying investors over the longer term.

Because of staggered release of shares at the end of the third, fourth and fifth years from the original award date, executive remuneration is directly aligned to share price movements and dividend performance along with investors.

### External advisers
- 21st Century
- PwC People and Organisation (Reward) (PwC)

### Competitiveness of offer
PwC are formally engaged annually to provide recommendations against market data for share plan awards to executive directors, group executive committee members and senior managers. They also provide guidance on whether vesting performance conditions linked to prior year allocations have been achieved and should be released to participants.

### Performance metrics
The performance metrics for the allocations in the 2019 financial year were:

<table>
<thead>
<tr>
<th>Weighting within allocation</th>
<th>Performance condition</th>
<th>Target range</th>
</tr>
</thead>
<tbody>
<tr>
<td>40%</td>
<td>Cumulative improvement in HEPS</td>
<td>Straight-line vesting between entry of CPI + 3% to CPI + 15%</td>
</tr>
<tr>
<td>30%</td>
<td>Cumulative improvement in total shareholder return (TSTR)</td>
<td>Straight-line vesting between entry of CPI + 3% to CPI + 15%</td>
</tr>
<tr>
<td>30%</td>
<td>Return on net assets</td>
<td>60% release for 11.5% to 70%, release for 12%, 80% release for 12.5%, 90% release for 13% to 100% release for 13.5%</td>
</tr>
</tbody>
</table>

The metrics and targets for the 2020 financial year remain unchanged except for the use of all in HEPS and an adjusted 2019 HEPS base as defined on page 70.

The committee may adjust the targets in the event of strategic investment decisions, extraordinary share price volatility or financial impacts out of the control of management. No shares will vest for resignation or dismissal. Pro-rated shares will vest for good leavers such as retirees.

### Share Appreciation Plan (SAP)
(Not applicable for executive directors and group executive committee members)

<table>
<thead>
<tr>
<th>Performance metrics</th>
<th>Share Appreciation Plan (SAP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executives and group executive committee members are able to use a percentage of after-tax STI earnings which are paid after achieving challenging performance conditions annually to purchase shares in Nampak Limited. Executives will receive a matching number of shares after three years provided they have remained in employment. No shares will vest for resignation or dismissal. Pro-rated shares will vest for good leavers such as retirees.</td>
<td>---</td>
</tr>
</tbody>
</table>

The threshold performance target for the 2019 allocation was cumulative CPI growth over the three-year performance period. No shares will vest for resignation or dismissal. Pro-rated shares will vest for good leavers such as retirees.
Remuneration report
continued

<table>
<thead>
<tr>
<th>Basic salary</th>
<th>Benefits</th>
<th>Short-Term Incentive (STI)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Maximum limits</strong></td>
<td><strong>Maximum limits</strong></td>
<td><strong>Maximum limits</strong></td>
</tr>
<tr>
<td>Target level for guaranteed packages for executives and group executive committee members is clustered around the median</td>
<td>Flexibility within guaranteed package governed by income tax regulation</td>
<td>The maximum limits for 2019 were as follows:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Maximum potential STI as percentage of guaranteed package</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Role</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CEO</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CFO</td>
</tr>
<tr>
<td></td>
<td></td>
<td>GEC – Operations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>GEC – Support</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>The maximum limits for 2020 are as follows:</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Maximum potential STI as percentage of guaranteed package</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Role</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CEO</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CFO</td>
</tr>
<tr>
<td></td>
<td></td>
<td>GEC – Operations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>GEC – Support</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Performance period</th>
<th>Performance period</th>
<th>Performance period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual review</td>
<td>n/a</td>
<td>Annual cash award payable in December</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Performance period 1 October to 30 September</td>
</tr>
</tbody>
</table>

**Governance requirement**

- Set out in contracts of employment
- Set out in group policies
- Approval of STI payments only takes place after the annual financial statements have been audited and approved by the board

**Other employees**

- Managerial employees receive guaranteed packages
- Other employees receive a basic salary, shift allowances, overtime and benefits on a build-up basis
- The target guaranteed package for other employees is the median. The 75th percentile is considered for top performers and positions where we have scarce skill risks
- Our levels of pay and benefits for our shopfloor employees are significantly higher than the agreed sector wage levels

**Other employees**

- 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
- Employees have voluntary access to medical aid or similar arrangements
- Employees have access to EAP counselling

**Other employees**

- All managerial employees participate in the group’s STI scheme at different capped levels ranging between 75% and 65% of guaranteed package per annum
- Individual KPIs generally form up to 40% of the maximum potential incentive with the balance accruing based on achievement of the divisional performance targets
- Key performance targets address sustainable drivers for future success on a line of sight basis to their role requirements
- Various productivity incentives provide line of sight rewards for non-managerial employees
**Performance Share Plan (PSP)**

<table>
<thead>
<tr>
<th>Role</th>
<th>Maximum limit of after-tax STI</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO</td>
<td>up to 50%</td>
</tr>
<tr>
<td>CFO</td>
<td>up to 45%</td>
</tr>
<tr>
<td>Other group executives</td>
<td>up to 40%</td>
</tr>
</tbody>
</table>

**Deferred Bonus Plan (DBP)**

<table>
<thead>
<tr>
<th>Performance period</th>
<th>Maximum limits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vesting and release of matching awards after three years</td>
<td></td>
</tr>
</tbody>
</table>

**Governance requirement**

- Governed in accordance with the share plan rules as approved by shareholders
- The extent of achievement against the performance targets is reviewed by PwC
- The extent of achievement against the performance targets is reviewed by PwC
- Share allocation vest after three years if the performance condition is achieved.
- Share allocations vest after three years if the performance condition is achieved.
- Participants have seven years from the allocation date to exercise their awards
- The extent of achievement against the performance targets is reviewed by PwC

**Other employees**

- Certain senior managers may receive awards under the PSP after considering remuneration benchmarks provided by PwC
- Certain senior managers may use up to 35% of their after-tax STI to purchase shares

**Share Appreciation Plan (SAP)**

- The maximum allocations are recommended to the committee after taking into account individual contribution, skills and future career progression
- Participants have seven years from the original award date
- Participants have seven years from the original award date
- Participants have seven years from the original award date
- Participants have seven years from the original award date
- The extent of achievement against the performance targets is reviewed by PwC

- Certain senior managers may use up to 35% of their after-tax STI to purchase shares
- Future awards to certain senior managers will be benchmarked by PwC and will be considered under the PSP
SECTION 3: IMPLEMENTATION REPORT

The implementation report details the outcomes of executing the remuneration policy for executive directors and group executive committee members in the current 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.

Deviations from policy

The remuneration committee monitored the implementation of the remuneration policy and is able to confirm that there are 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 absolute change to guaranteed packages for the executive directors and group executive committee members relative to the change in basic salaries for other staff groupings in South Africa where the majority of employees are located is set out below:

<table>
<thead>
<tr>
<th>Grouping</th>
<th>Percentage change</th>
<th>Percentage change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive directors</td>
<td>(13.6)</td>
<td>5.7</td>
</tr>
<tr>
<td>Group executive committee members</td>
<td>(8.7)</td>
<td>5.5</td>
</tr>
<tr>
<td>Overall executive</td>
<td>(10.9)</td>
<td>5.6</td>
</tr>
<tr>
<td>Managers</td>
<td>7.0</td>
<td>7.0</td>
</tr>
<tr>
<td>Other employees</td>
<td>8.6</td>
<td>9.5</td>
</tr>
</tbody>
</table>

This is in line with our approach to fair and responsible remuneration where we aim to realise:

- higher merit increases for staff than those granted to executive management (other than promotion and market alignment);
- 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;
- performance and contribution are considered when determining annual increases for non-bargaining unit employees; and
- the increase percentages reflect implementation of the last year of a three-year wage agreement for the vast majority of South African unionised employees

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

STI

The committee’s assessment of performance against targets set for the various elements of the STI are as follows:

- The group target in respect of HEPS was not achieved.
- There were varying levels of achievement against the divisional financial targets, with some divisions not achieving the required threshold and others achieving 100%.
- There were differing levels of achievement against the divisional safety targets.
There were varying levels of achievement by executive directors and group executive committee members against their individual key deliverables which covered the following broad categories:

<table>
<thead>
<tr>
<th>Strategic objective</th>
<th>Value creation</th>
<th>Key performance indicator</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actively manage our portfolio</td>
<td></td>
<td>Resolution of Nampak Plastic Europe business and pension strategy and appropriate implementation</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sale of Glass</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sale of Ibadan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Financial capital</td>
<td>Supply chain finance</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Group capital expenditure</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Inventory management</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cash extraction from Nigeria, Angola and Zimbabwe</td>
<td></td>
</tr>
<tr>
<td>Prudently manage cash</td>
<td></td>
<td>Corporate overhead restructuring</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Procurement savings</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Digitisation journey for procurement, finance and human resources</td>
<td></td>
</tr>
<tr>
<td>Invest to compete</td>
<td></td>
<td>Growth and corporate action initiatives</td>
<td></td>
</tr>
<tr>
<td>Manage cash fixed costs</td>
<td>Financial capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improve business performance by buying, making and selling better</td>
<td>Manufactured capital</td>
<td>Marketing initiatives</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Operating efficiency</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>De-risked Nampak Staff Pension Plan</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Legacy Malbak funds ready for deregistration and liquidation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Governance and legal compliance</td>
<td>Provision of governance, legal, forensic auditing and secretarial services as required</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Established POPIA compliance framework</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Legal and secretarial intervention and support for the delivery of strategic interventions</td>
<td></td>
</tr>
<tr>
<td>B-BBEE</td>
<td>Human capital</td>
<td>Protect/improvement B-BBEE rating for the group</td>
<td></td>
</tr>
<tr>
<td>Safety</td>
<td>Human capital</td>
<td>LTIFR tolerance level of 0.3</td>
<td></td>
</tr>
</tbody>
</table>

STI achievement (as a percentage of guaranteed package)
The results of applying the financial and non-financial performance achievements are reflected graphically below against target and stretch levels. The B-BBEE target was achieved.
Prohibited period – share trading restrictions
The company remained under a prohibited period for most of the financial year as a result of ongoing corporate activity. After extensive consultation with various external advisers, the committee agreed that it was appropriate to suspend all awards and allocations under its various share plans which ordinarily would have taken place in December 2018. These awards and allocations were made in September 2019 when the prohibited period was lifted as a result of the announcement of the Glass transaction.

The committee also suspended any trading of shares that would have been released in December 2018 in terms of the PSP and the DBP rules and prohibited trading under the SAP for all executives and employees. These suspensions will be lifted once the September 2019 financial results are published in November 2019 and the December 2018 releases will be implemented accordingly.

LTI awarded
The annual LTI awards for the executive directors and group executive committee members allocated in 2018 and awarded in September 2019 are reflected in the table below:

<table>
<thead>
<tr>
<th></th>
<th>Number of awards</th>
<th>Value</th>
<th>% of guaranteed package</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Executive directors</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AM de Ruyter</td>
<td>623 644</td>
<td>3 453 740</td>
<td>42</td>
</tr>
<tr>
<td>GR Fullerton</td>
<td>365 174</td>
<td>2 022 334</td>
<td>36</td>
</tr>
<tr>
<td><strong>Group executive committee members</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C Burmeister</td>
<td>150 274</td>
<td>832 217</td>
<td>27</td>
</tr>
<tr>
<td>LD Kidd</td>
<td>93 281</td>
<td>516 950</td>
<td>17</td>
</tr>
<tr>
<td>RG Morris</td>
<td>150 274</td>
<td>832 217</td>
<td>22</td>
</tr>
<tr>
<td>EE Smuts</td>
<td>150 274</td>
<td>832 217</td>
<td>20</td>
</tr>
<tr>
<td>IH van Lochem</td>
<td>93 281</td>
<td>516 950</td>
<td>18</td>
</tr>
</tbody>
</table>

The PSP awards will vest in December 2022 to the extent that the performance conditions are achieved. Awards are valued taking into account targeted vesting. The performance targets are set out on page 75 of this report. No shares were purchased under the DBP during the financial year.
LTI performance assessment

Performance share plan

The performance conditions linked to the PSP awards in December 2016 were tested and were not achieved. The performance conditions for the three-year period were:

- 40% based on a growth in HEPS on continuing operations measured on a straight-line basis between threshold of CPI + 9% and target of CPI + 24%.
- 30% based on the cumulative growth in TSR on a straight-line basis between threshold of CPI + 9% to target of CPI + 24%.
- 30% based on return on net assets (RONA) targets where 60% of shares vest for a RONA of 11.5%, 70% for 12%, 80% for 12.5%, 90% for 13% and 100% for 13.5%.

HEPS performance

The chart displays the HEPS on continuing operations which was required for the threshold and stretch achievement levels of this performance condition against the actual achievement. Actual HEPS on continuing operations achieved was 54.1 cents against the threshold HEPS on continuing operations of 133.18 cents and the stretch HEPS of 149.32 cents.

TSR performance

The chart displays the cumulative TSR which was required for threshold and stretch achievement levels of this performance condition against the actual achievement. Actual cumulative TSR achieved was -51.4% which was significantly below the threshold cumulative TSR and the stretch cumulative TSR.

Return on net assets (RONA)

The chart displays the RONA which was required for threshold and stretch achievement levels of the performance condition against the actual achievement.

Actual RONA achieved was 11.3% which was below threshold performance. For this performance condition, 60% of the shares would vest for a RONA achievement of 11.5%, 70% for a RONA achievement of 12%, 80% for a RONA achievement of 12.5%, 90% for 13% and stretch for a RONA achievement of 13.5%.

Share appreciation plan

The performance condition linked to the SAP allocations in December 2016 was not achieved and therefore no awards will be released in December 2019.

HEPS performance

The chart displays the HEPS on continuing operations which was required for on-target achievement of this performance condition against the actual achievement. Actual HEPS on continuing operations achieved was 54.1 cents which was significantly below the target HEPS of 129.96 cents.
## Remuneration report

### The single total figure of remuneration

#### Remuneration 2019

The following table sets out the total remuneration received and receivable by executive directors and group executive committee members for 2019:

<table>
<thead>
<tr>
<th></th>
<th>Basic salary (rand)</th>
<th>Company contribution to retirement (rand)</th>
<th>Guaranteed package (rand)</th>
<th>Value of other benefits (rand)</th>
<th>Termination (rand)</th>
<th>STI (rand)</th>
<th>LTI (rand)</th>
<th>Total single figure remuneration (rand)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Executive directors</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AM De Ruyter</td>
<td>8 058</td>
<td>80</td>
<td>8 138</td>
<td>21</td>
<td>–</td>
<td>2 669</td>
<td>–</td>
<td>10 828</td>
</tr>
<tr>
<td>GR Fullerton</td>
<td>5 504</td>
<td>55</td>
<td>5 559</td>
<td>14</td>
<td>–</td>
<td>2 671</td>
<td>–</td>
<td>8 244</td>
</tr>
<tr>
<td>MMF Seleoane</td>
<td>1 298</td>
<td>36</td>
<td>1 334</td>
<td>3</td>
<td>123</td>
<td>–</td>
<td>–</td>
<td>1 460</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>14 860</td>
<td>171</td>
<td>15 031</td>
<td>38</td>
<td>123</td>
<td>5 340</td>
<td>–</td>
<td>20 532</td>
</tr>
<tr>
<td><strong>Group executive committee members</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C Burmeister</td>
<td>3 016</td>
<td>81</td>
<td>3 097</td>
<td>8</td>
<td>–</td>
<td>662</td>
<td>–</td>
<td>3 767</td>
</tr>
<tr>
<td>M Khutama</td>
<td>1 217</td>
<td>16</td>
<td>1 233</td>
<td>3</td>
<td>1 001</td>
<td>–</td>
<td>–</td>
<td>2 237</td>
</tr>
<tr>
<td>LD Kidd</td>
<td>2 970</td>
<td>80</td>
<td>3 050</td>
<td>8</td>
<td>–</td>
<td>1 460</td>
<td>–</td>
<td>4 518</td>
</tr>
<tr>
<td>RG Morris</td>
<td>3 771</td>
<td>38</td>
<td>3 809</td>
<td>10</td>
<td>–</td>
<td>1 085</td>
<td>–</td>
<td>4 904</td>
</tr>
<tr>
<td>EE Smuts</td>
<td>4 050</td>
<td>40</td>
<td>4 090</td>
<td>11</td>
<td>–</td>
<td>2 769</td>
<td>–</td>
<td>6 870</td>
</tr>
<tr>
<td>IH van Lochem</td>
<td>2 921</td>
<td>29</td>
<td>2 950</td>
<td>7</td>
<td>–</td>
<td>1 505</td>
<td>–</td>
<td>4 462</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>17 945</td>
<td>284</td>
<td>18 229</td>
<td>47</td>
<td>1 001</td>
<td>7 481</td>
<td>–</td>
<td>26 758</td>
</tr>
</tbody>
</table>

1. Other benefits refer to group personal accident cover.
2. STI disclosed is based on performance during the 2019 financial year, but actual STI payments will only be made in December 2019.
3. LTI disclosed is nil. The performance conditions aligned to the PSP and SAP were not achieved. None of the December 2016 awards will vest. No purchases were made under the DBP in December 2018.
4. MMF Seleoane resigned with effect from 28 February 2019. Termination pay comprises leave pay of R123 266.
5. M Khutama was retrenched with effect from 28 February 2019. Termination pay comprises leave pay of R4 781, notice pay of R740 050 and severance pay of R256 368.
6. IH van Lochem received a 15-year long service award to the value of R3 000 during the year.

#### Remuneration 2018

The following table sets out the total remuneration received and receivable by executive directors and group executive committee members for 2018:

<table>
<thead>
<tr>
<th></th>
<th>Basic salary (rand)</th>
<th>Company contribution to retirement (rand)</th>
<th>Guaranteed package (rand)</th>
<th>Value of other benefits (rand)</th>
<th>Retention/termination (rand)</th>
<th>STI (rand)</th>
<th>LTI (rand)</th>
<th>Total single figure remuneration (rand)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Executive directors</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AM de Ruyter</td>
<td>7 574</td>
<td>103</td>
<td>7 677</td>
<td>21</td>
<td>–</td>
<td>8 846</td>
<td>1 749</td>
<td>18 293</td>
</tr>
<tr>
<td>GR Fullerton</td>
<td>5 049</td>
<td>98</td>
<td>5 147</td>
<td>14</td>
<td>–</td>
<td>5 305</td>
<td>656</td>
<td>11 122</td>
</tr>
<tr>
<td>MMF Seleoane</td>
<td>2 916</td>
<td>119</td>
<td>3 035</td>
<td>8</td>
<td>–</td>
<td>2 406</td>
<td>131</td>
<td>5 580</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>15 539</td>
<td>320</td>
<td>15 859</td>
<td>43</td>
<td>–</td>
<td>16 557</td>
<td>2 536</td>
<td>34 995</td>
</tr>
<tr>
<td><strong>Group executive committee members</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C Burmeister</td>
<td>2 887</td>
<td>120</td>
<td>3 007</td>
<td>8</td>
<td>–</td>
<td>1 708</td>
<td>234</td>
<td>4 957</td>
</tr>
<tr>
<td>M Khutama</td>
<td>2 794</td>
<td>94</td>
<td>2 888</td>
<td>8</td>
<td>–</td>
<td>784</td>
<td>–</td>
<td>3 680</td>
</tr>
<tr>
<td>LD Kidd</td>
<td>2 730</td>
<td>118</td>
<td>2 848</td>
<td>8</td>
<td>–</td>
<td>2 220</td>
<td>–</td>
<td>5 076</td>
</tr>
<tr>
<td>RG Morris</td>
<td>3 566</td>
<td>96</td>
<td>3 626</td>
<td>10</td>
<td>–</td>
<td>1 987</td>
<td>183</td>
<td>5 842</td>
</tr>
<tr>
<td>EE Smuts</td>
<td>3 767</td>
<td>92</td>
<td>3 859</td>
<td>10</td>
<td>–</td>
<td>3 666</td>
<td>610</td>
<td>8 145</td>
</tr>
<tr>
<td>IH van Lochem</td>
<td>2 400</td>
<td>110</td>
<td>2 510</td>
<td>7</td>
<td>–</td>
<td>1 956</td>
<td>44</td>
<td>4 517</td>
</tr>
<tr>
<td></td>
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<td></td>
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<td></td>
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</tr>
<tr>
<td></td>
<td>18 144</td>
<td>630</td>
<td>18 774</td>
<td>51</td>
<td>–</td>
<td>12 321</td>
<td>1 071</td>
<td>32 217</td>
</tr>
</tbody>
</table>

1. Other benefits refer to group personal accident cover.
2. STI disclosed is based on performance during the 2018 financial year, but actual STI payments were only made in December 2018.
3. LTI disclosed is the award of matching shares under the DBP scheme in December 2017. Values are calculated using market value of purchase date. The performance conditions aligned to the PSP and SAP were not achieved. None of the December 2015 awards have vested.
Remuneration mix
Remuneration implementation
The achievement against target for the remuneration components is set out in the graphs below.

Chief executive officer (R'000)

Chief financial officer (R'000)

Group – HRD (R'000)

GEC – operations (R’000)

GEC – support (R’000)

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 available at www.nampak.com.

* Actual is for the period of employment to 28 February 2019.
Remuneration report continued

SECTION 4: NON-EXECUTIVE DIRECTOR REMUNERATION

Policy
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. Published non-executive directors’ fees and committee fees of companies in manufacturing and companies with similar market capitalisation are also benchmarked. Consideration is given to any changes in the level of complexity of the roles 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 in terms of the Companies Act requirements.

Implementation
Non-executive directors’ remuneration 2019/2018

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

<table>
<thead>
<tr>
<th>Directors’ fees (rand)</th>
<th>Audit and risk committee total fees (rand)</th>
<th>Nominations and remuneration committee total fees (rand)</th>
<th>Remuneration committee total fees (rand)</th>
</tr>
</thead>
<tbody>
<tr>
<td>RC Andersen2</td>
<td>109 010</td>
<td>93 981</td>
<td>17 107</td>
</tr>
<tr>
<td>E Ikazoboh3</td>
<td>298 400</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>J John4</td>
<td>298 400</td>
<td>388 800</td>
<td>-</td>
</tr>
<tr>
<td>RJ Khosa5</td>
<td>171 467</td>
<td>-</td>
<td>56 258</td>
</tr>
<tr>
<td>NV Lila6</td>
<td>192 067</td>
<td>146 867</td>
<td>-</td>
</tr>
<tr>
<td>PM Madi7</td>
<td>109 010</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>TT Mboweni8</td>
<td>46 110</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>IN Mkhari9</td>
<td>257 200</td>
<td>182 100</td>
<td>95 325</td>
</tr>
<tr>
<td>KW Mzondeki10</td>
<td>36 883</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>CD Raphiri11</td>
<td>175 783</td>
<td>-</td>
<td>63 550</td>
</tr>
<tr>
<td>SP Ridley12</td>
<td>175 783</td>
<td>71 950</td>
<td>122 150</td>
</tr>
<tr>
<td>PM Surgey13</td>
<td>1 831 697</td>
<td>-</td>
<td>4 347</td>
</tr>
</tbody>
</table>

3 701 810 883 698 354 390 93 319

Directors’ fees are shown excluding VAT where applicable.
1 The committees were rationalised and consolidated with effect from 1 January 2019. The nominations and remuneration committees were combined into the nominations and remuneration committee. Risk and sustainability was incorporated into the audit and risk committee.
2 RC Andersen took over the role of chairman of remuneration committee from PM Surgey on 10 October 2018 until his resignation from the board and committees with effect from 6 February 2019.
3 E Ikazoboh was appointed to the social and ethics committee with effect from 1 April 2019.
4 J John was a member of the social ethics and transformation committee for the period 1 January 2019 to 31 March 2019.
5 R Khaza resigned from the board and committees with effect from 30 May 2019.
6 NV Lila resigned from the board and committees with effect from 30 May 2019.
7 PM Madi resigned from the board and committees with effect from 6 February 2019.
8 TT Mboweni resigned from the board and committees with effect from 9 October 2018.
9 IN Mkhari was appointed as member of the remuneration committee on 8 November 2018 and ceased to be a member of the social, ethics and transformation committee on 31 December 2018.
10 KW Mzondeki was appointed to the board with effect from 1 September 2019.
11 CD Raphiri was appointed to the board with effect from 1 March 2019 and as member of the nominations and remuneration committee, investment committee and chairman of the social, ethics and transformation committee with effect from 1 April 2019.
12 SP Ridley was appointed to the board with effect from 1 March 2019 and as member of audit and risk and chairman of the nominations and remuneration committee with effect from 1 April 2019.
13 PM Surgey took over as chairman of the board from TT Mboweni on 10 October 2018, moving to a single fee for participation in board and committee meetings.

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

- A board fee is paid for scheduled board meetings held each year and the committee members receive committee fees for participation. The fees consist of a base fee and then a fee based on meeting attendance. Differentiated fees are set for sub-committee chairpersons and sub-committee members.
- 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 any value added tax (VAT) that might be applicable, depending on the individual circumstances of the director.
- Non-executive directors are reimbursed for travel expenses, where necessary.
The non-executive directors' remuneration paid during the year under review (as approved previously by shareholders) and the total comparative figures are disclosed below.

<table>
<thead>
<tr>
<th>Directors’ fees</th>
<th>(rand)</th>
<th>Audit and risk committee total fees</th>
<th>(rand)</th>
<th>Nominations and remuneration committee total fees</th>
<th>(rand)</th>
<th>Remuneration committee total fees</th>
<th>(rand)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nomination committee total fees</td>
<td>(rand)</td>
<td>Investment committee total fees</td>
<td>(rand)</td>
<td>Risk and sustainability committee total fees</td>
<td>(rand)</td>
<td>Social ethics and transformation committee total fees</td>
<td>(rand)</td>
</tr>
<tr>
<td>21 875</td>
<td>30 365</td>
<td>–</td>
<td>–</td>
<td>348 505</td>
<td>910 533</td>
<td></td>
<td></td>
</tr>
<tr>
<td>–</td>
<td>87 500</td>
<td>–</td>
<td>53 650</td>
<td>439 550</td>
<td>392 500</td>
<td></td>
<td></td>
</tr>
<tr>
<td>–</td>
<td>–</td>
<td>31 775</td>
<td>21 875</td>
<td>740 850</td>
<td>624 167</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21 875</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>249 600</td>
<td>374 200</td>
<td></td>
<td></td>
</tr>
<tr>
<td>–</td>
<td>–</td>
<td>61 075</td>
<td>46 358</td>
<td>446 367</td>
<td>690 100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>–</td>
<td>30 365</td>
<td>31 775</td>
<td>78 182</td>
<td>249 332</td>
<td>702 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>46 110</td>
<td>1 870 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>–</td>
<td>176 300</td>
<td>–</td>
<td>31 775</td>
<td>755 505</td>
<td>717 000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>36 883</td>
<td>–</td>
<td></td>
<td></td>
</tr>
<tr>
<td>–</td>
<td>43 750</td>
<td>–</td>
<td>105 150</td>
<td>388 233</td>
<td>–</td>
<td></td>
<td></td>
</tr>
<tr>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>369 883</td>
<td>–</td>
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<tr>
<td>2 158</td>
<td>–</td>
<td>2 158</td>
<td>2 158</td>
<td>1 842 518</td>
<td>810 100</td>
<td></td>
<td></td>
</tr>
<tr>
<td>45 908</td>
<td>368 280</td>
<td>126 783</td>
<td>339 148</td>
<td>5 913 336</td>
<td>7 090 600</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Proposed fees for 2020**

The proposed fees for 2020 are set out on page 92 of the integrated report. After considering recommendations from management and the committee the board has proposed no increase to committee fees for 2020, a decrease of 3.7% to the chairman fee and a market alignment adjustment of 9.7% to the non-executive director fees, excluding committee participation. There will be an overall decline in the total fees for 2020 as a result of a smaller board of directors and the revised committee structures which were implemented with effect from 1 January 2019.
Social, ethics and transformation committee report
for the year ended 30 September 2019

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
In executing its social and ethics responsibilities, the committee considered and monitored Nampak’s activities, having regard to human rights, relevant legislation and prevailing best practice, in matters relating to:

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

Report on focus areas

Transformation
Nampak is fully committed to transformation. The committee monitors the company’s performance against its broad-based black economic empowerment (B-BBEE) targets in each category on the scorecard. We have established a new dedicated and competently resourced B-BBEE office which has reinvigorated our B-BBEE initiative. We improved our contributor status to level 4 in 2019 and on 26 November 2019 Nampak Products Limited achieved a level 2.

Employment equity results were disappointing and the committee will pursue a series of multi-year initiatives to drive improvement in this critical area.

Corporate social investment
The main focus of Nampak’s corporate social investment for many years has been education and the partnership we have with seven carefully selected schools, is now in its seventeenth year. These schools have produced a number of outstanding students, many of whom have gone on to obtain Nampak bursaries and subsequently were employed within the group.

Enterprise development
Enterprise development is important in assisting small and medium-size businesses to play a meaningful role in the economy. The group assists small black businesses at our manufacturing plants through capital funding or other business development support. Some of these beneficiaries are Willem SS Logistics (Pty) Limited, Vukani Mantuli Business Enterprise (Pty) Limited, Rekonakong HRD Cleaning Services and Projects CC and Tin-Pac Promotional Packaging (Phy) Limited. The group invested over R14 million during the year in supplier and enterprise development including early settlements to our suppliers.

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.

Health, safety and the environment
The committee acknowledges the importance of health and safety in the workplace and monitors performance against safety tolerance levels. Following several years of improvement, we regret to report a deterioration in the lost-time injury frequency rate (LTIFR) in 2019 as shown in the table below:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>LTIFR</td>
<td>0.47</td>
<td>0.27</td>
<td>0.41</td>
<td>0.48</td>
<td>0.89</td>
</tr>
</tbody>
</table>

We regret to report that Ngwata Matsimela, a palletiser operator at our Springs factory, was killed in an accident early in the year. We extend our deepest condolences to his family, friends and colleagues.

Individual incentive bonus payments are linked to safety targets. OHSAS 18000 certification or other safety standards have been achieved by 18 sites in the group.

The environment
As the largest packaging company in Africa, we acknowledge the important role we have to play in environmental education and for many years we sponsored the Eco Schools programme. This sponsorship ended in 2019 and we are currently assessing new initiatives that meet our criteria for support.

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 risk and sustainability committee.

Ethics
The committee ensures oversight of employment relationships, organised labour and the International Labour Organisation Protocol on decent work and working conditions.

Nampak is committed to promoting equal opportunities and fair employment practices across its business. Some labour relations court cases brought against the company during the year were satisfactorily settled.
Our code of conduct and business ethics is constantly revised 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 callers to confidentially report any violations of Nampak’s policies and procedures. The committee exercises ongoing oversight over the management of calls received.

The table below provides details of reports received from Tip-Offs Anonymous and the action taken.

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reports received</td>
<td>48</td>
<td>45</td>
<td>29</td>
</tr>
<tr>
<td>Disciplinary hearings</td>
<td>2</td>
<td>15</td>
<td>12</td>
</tr>
<tr>
<td>Dismissals</td>
<td>-</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Forensic reviews</td>
<td>32</td>
<td>38</td>
<td>41</td>
</tr>
<tr>
<td>Disciplinary hearings</td>
<td>2</td>
<td>23</td>
<td>10</td>
</tr>
<tr>
<td>Dismissals</td>
<td>-</td>
<td>12</td>
<td>6</td>
</tr>
</tbody>
</table>

There are 16 investigations outstanding which once concluded may result in disciplinary action being taken. No human rights violations were reported during the year, nor were any material incidents of corruption detected or reported.

The committee considered and is 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 as well as the Organisation for Economic Cooperation and Development’s recommendations regarding corruption. The committee also considered local jurisdictional issues 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.

The full sustainability report is available on our website.

www.nampak.com

CD Raphiri
Chairman
Social, ethics and transformation committee

25 November 2019
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 52nd annual general meeting of Nampak Limited shareholders will be held on Tuesday, 11 February 2020 at 14:00 at The Forum at The Campus, Wanderers building, 57 Sloane Street, Bryanston, 2021, South Africa.

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 28 January 2020, are entitled to participate in and vote 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, 6 December 2019. 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 and vote at the annual general meeting, is Friday, 31 January 2020. Accordingly, the last date to trade in order to be registered in the company’s securities register is Tuesday, 28 January 2020.

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 to be proposed at the meeting as at the record date of Friday, 31 January 2020 (collectively the holders or you), are entitled to participate in and vote at the annual general meeting in person or by proxy(ies).

1. Ordinary resolutions

1.1 Ordinary resolution number 1 – re-election of CD Raphiri

The board of directors has recommended the eligibility of the director 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.

A brief biography of the aforementioned director is included on page 64 of the integrated report, distributed with this notice.

2. Social, ethics and transformation committee report

The social and ethics report of the social, ethics and transformation committee for the financial year ended 30 September 2019, as required in terms of regulation 43(5)(c) of the Companies Regulations, 2011 (the Regulations) is set out on page 86 of the integrated report.

3. Election of retiring directors

Mr Surgey, Mr Ikazoboh and Ms Mkhari are the directors who are required to retire as directors of the company in terms of clause 29.1 of the MOI. Mr Ikazoboh and Ms Mkhari have decided not to avail themselves for re-election and wish to retire.

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

3.1 Ordinary resolution number 1 – re-election of PM Surgey

“RESOLVE THAT PM Surgey be and is hereby re-elected as director of the company.”

The nominations and remuneration committee has recommended the eligibility of the director after due consideration of, inter alia, past performance and contributions made. It is the board’s view that the re-election of the director referred to above would enable the company to maintain a balance of executive, non-executive and independent directors on the board.

4. Election of new and retiring directors

The holders are required to vote on the election, by way of a separate vote, for the following directors who were appointed by the board after the previous annual general meeting in terms of clause 28.3 of the MOI and who will cease to hold office at the end of the annual general meeting, unless they are elected at the annual general meeting. They are eligible and available for election, and therefore the holders are required to:

4.1 Ordinary resolution number 2 – election of CD Raphiri

“RESOLVE THAT CD Raphiri be and is hereby elected as director of the company.”
4.2 Ordinary resolution number 3 – election of SP Ridley
“RESOLVE THAT SP Ridley be and is hereby elected as director of the company.”

4.3 Ordinary resolution number 4 – election of KW Mzondeki
“RESOLVE THAT KW Mzondeki be and is hereby elected as director of the company.”

4.3 “Ordinary resolution number 5 – election of LJ Sennelo
“RESOLVE THAT LJ Sennelo be and is hereby elected as director of the company.”

Messrs Raphiri and Ridley were appointed as independent non-executive directors with effect from 1 March 2019 to fill vacancies on the board. Ms Mzondeki was appointed as an independent non-executive director with effect from 1 September 2019 and Ms Sennelo was appointed with effect from 22 November 2019. It is the board’s view that the election of the directors referred to above would enable the company to reliably maintain a mixture of diversity, experience and skills relevant to the company and enable the company to maintain a balance of executive, non-executive and independent directors on the board.

Brief biographies of the aforementioned directors are included on 65 of the integrated report, distributed with this notice.

5. Ordinary resolution number 6 – appointment of external auditor
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 reappointment 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 2020 as the individual registered auditor of Deloitte & 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 remains 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.

6. 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:

6.1 Ordinary resolution number 7 – appointment of KW Mzondeki
“RESOLVE THAT KW Mzondeki be and is hereby elected as member of the audit and risk committee of the company (subject to her being elected as director in terms of ordinary resolution number 4) to hold office until the end of the next annual general meeting.”

6.2 Ordinary resolution number 8 – appointment of SP Ridley
“RESOLVE THAT SP Ridley be and is hereby elected as member of the audit and risk committee of the company (subject to him being elected as director in terms of ordinary resolution number 3) to hold office until the end of the next annual general meeting.”

6.3 Ordinary resolution number 9 – appointment of LJ Sennelo
“RESOLVE THAT LJ Sennelo be and is hereby elected as member of the audit and risk committee of the company (subject to her being elected as director in terms of ordinary resolution number 5) 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 65 of the integrated report, distributed with this notice.
7. Share schemes
Clause 16.2.10 of the Nampak Limited Share Appreciation Plan 2009 approved by shareholders on 3 February 2010 as amended on 30 July 2013 (the Share Appreciation Plan) currently provides that for changes to the matters listed in clauses 16.2 (relating to the key elements of the Share Appreciation Plan such as eligibility to participate, vesting, limitations), it is necessary to pass a resolution approved by 75% of the shareholders of the company present or represented by proxy at the meeting.

Clause 16.2.9 of the Nampak Limited Performance Share Plan 2009 approved by shareholders on 3 February 2010 as amended on 30 July 2013 (the Performance Share Plan) currently provides that for changes to the matters listed in clause 16.2 (relating to the key elements of the Performance Share Plan such as eligibility to participate, vesting, limitations), it is necessary to pass a resolution approved by 75% of the shareholders of the company present or represented by proxy at the meeting.

Clause 15.2.9 of the Nampak Limited Deferred Bonus Plan 2009 approved by shareholders on 3 February 2010 as amended on 30 July 2013 (the Deferred Bonus Plan) currently provides that for changes to the matters listed in clause 15.2 (relating to the key elements of the Deferred Bonus Plan such as eligibility to participate, vesting, limitations), it is necessary to pass a resolution approved by 75% of the shareholders of the company present or represented by proxy at the meeting.

These clauses were clearly an error in that the JSE Listings Requirements contained in paragraph 14.1 of Schedule 14 only requires a 75% majority of the votes cast and therefore need to be aligned to the JSE Listings Requirements.

In terms of the provisions of clause 16.2.10 of the Share Appreciation Plan, clause 16.2.9 of the Performance Share Plan and clause 15.2.9 of the Deferred Bonus Plan, amendments of the type contemplated in ordinary resolutions numbers 10, 11 and 12 cannot be made without the prior approval:
(i) of the JSE. That approval has been obtained;
(ii) by ordinary resolution of 75% of the shareholders of the company present or represented by proxy in general meeting.

The holders are therefore required to:

7.1 Ordinary resolution number 10 – amendment of clause 16.2.10 of the Share Appreciation Plan
"RESOLVE THAT the company approve the amendment of the Nampak Limited Share Appreciation Plan 2009 approved by shareholders on 3 February 2010 as amended on 30 July 2013 (the Share Appreciation Plan) by replacing the words “of 75% (seventy-five percent) of the shareholders of the company present or represented by proxy in general meeting” with the words “passed by a 75% majority of the votes cast in respect of such resolution by equity securities holders present or represented by proxy at the general meeting to approve such resolution”.

7.2 Ordinary resolution number 11 – amendment of clause 16.2.9 of the Performance Share Plan
"RESOLVE THAT the company approve the amendment of the Nampak Limited Performance Share Plan 2009 approved by shareholders on 3 February 2010 as amended on 3 July 2013 (the Performance Share Plan) by replacing the words “of 75% (seventy-five percent) of the shareholders of the company present or represented by proxy in general meeting” with the words “passed by a 75% majority of the votes cast in respect of such resolution by equity securities holders present or represented by proxy at the general meeting to approve such resolution”.

7.3 Ordinary resolution number 12 – amendment of clause 15.2.10 of the Deferred Bonus Plan
"RESOLVE THAT the company approve the amendment of the Nampak Limited Deferred Bonus Plan 2009 approved by shareholders on 3 February 2010 as amended on 3 July 2013 (the Deferred Bonus Plan) by replacing the words “of 75% (seventy-five percent) of the shareholders of the company present or represented by proxy in general meeting” with the words “passed by a 75% majority of the votes cast in respect of such resolution by equity securities holders present or represented by proxy at the general meeting to approve such resolution”.

The reason for ordinary resolutions 10, 11 and 12 are therefore to bring the requirements of the Share Appreciation Plan, the Performance Share Plan and the Deferred Bonus Plan into line with the JSE Listings Requirements. The effect of the resolutions, if passed, will be that it will no longer be necessary to obtain a majority of 75% of those shareholders present at the meeting, but rather a majority of 75% of the votes cast on the relevant resolution.

The board has been advised by the nominations and remuneration committee of the company that it intends to cease making awards under the Nampak Limited Share Appreciation Plan 2009 approved by shareholders on 3 February 2010 as amended on 30 July 2013 (the Share Appreciation Plan), and that it considers that it would be in the interests of the company rather to make awards under the Nampak Limited Performance Share Plan 2009 approved by shareholders on 3 February 2010 as amended on 30 July 2013 (the Performance Share Plan).

At present the maximum number of shares which can be awarded under the Share Appreciation Plan and the Performance Share Plan is in the aggregate...
27 million shares in Nampak. The board does not wish to increase the aggregate maximum number of shares available under the Share Appreciation Plan and the Performance Share Plan but instead proposes amendments to the Share Appreciation Plan and the Performance Share Plan, the effect of which will be to reduce the maximum amount of shares which can be issued by the company pursuant to the Share Appreciation Plan by 13,600,000 (the Designated Number), while simultaneously increasing by the Designated Number, the number of shares which can be issued by the company under the Performance Share Plan if ordinary resolution number 14 is duly passed. Thus the aggregate maximum number for the two plans would remain unchanged. For the reasons explained below the board considers that this will be in the best interest of the company.

Currently awards have been made under the Share Appreciation Plan in respect of 4,335,053 shares in the company. Of these shares approximately 3,751,855 shares are subject to cancellation or forfeiture under the SAP Plan. Accordingly the nominations and remuneration committee considers that it would not affect the rights of existing participants under the Share Appreciation Plan, if the maximum number of shares available under that plan were to be reduced by the Designated Number, as the company will still be permitted to issue the relevant number of shares in terms of the Share Appreciation Plan should the relevant existing participants meet the requirements of the Share Appreciation Plan.

In terms of the provisions of clause 16.2.8 of both the Share Appreciation Plan and Performance Share Plan, amendments of the type contemplated in ordinary resolutions numbers 13 and 14 cannot be made without the prior approval:

(i) of the JSE. That approval has been obtained;
(ii) if ordinary resolutions numbers 10 and 11 are passed, by ordinary resolution passed by 75% of the votes cast by the shareholders at the meeting, or if ordinary resolutions numbers 10 and 11 are not passed, by ordinary resolution of 75% of the shareholders of the company present or represented by proxy in general meeting.

The holders are therefore required to:

8.1 Ordinary resolution number 13 – amendment of the aggregate number of shares which may be acquired by participants in the Share Appreciation Plan 2009

‘RESOLVE THAT, subject to the passing of ordinary resolution number 14, the company approve the amendment of the Nampak Limited Share Appreciation Plan 2009 approved by the shareholders on 3 February 2010 as amended on 30 July 2013 by:

(i) replacing the figure and words ‘18,000,000 (eighteen million)’ in clause 5.1.1 with the figure and words ‘4,400,000’ and the figure and words ‘2.733% (two point seven three three percent)’ with the figure and words ‘0.637%’;
(ii) replacing the word ‘include’ in clause 5.1.2 with the word ‘cover’.’

8.2 Ordinary resolution number 14 – amendment of the aggregate number of shares which may be acquired by participants in the Performance Share Plan 2009

‘RESOLVED THAT, if ordinary resolution number 13 is passed, the company approve the amendment of the Performance Share Plan by –

(i) replacing the figure and words ‘9,000,000 (nine million)’ in clause 5.1.1 with the figure and words ‘22,600,000’ and the figure and words ‘1.366% (one point three six six percent)’ with the figure and words ‘3.276%’;
(ii) replacing the word ‘include’ in clause 5.1.2 with the word ‘cover’.’

Currently Nampak operates the Share Appreciation Plan for senior managers below the levels of executive director and group executive committee members. In order to simplify and streamline Nampak’s long-term incentive structures, the nominations and remuneration committee of the company intends to cease making awards to senior managers under the Share Appreciation Plan, and to rather make awards to senior managers under the Performance Share Plan. This will also ensure that the entire management structure of Nampak is aligned under the Performance Share Plan.

Unvested awards under the Share Appreciation Plan will remain in operation under the scheme and are subject to the rules of the scheme.
Notice of annual general meeting continued

9. 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 72 to 77 of the company’s integrated report for the year ended 30 September 2019.”

10. 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 78 to 83 of the company’s integrated report for the year ended 30 September 2019.”

Reason for advisory endorsement

In terms of 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 of the company’s remuneration policy, but is 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. The holders are required to:

11. Special resolution number 1 – approval of non-executive directors’ remuneration

“RESOLVE THAT for the period commencing 1 October 2019 until this resolution is specifically replaced, the remuneration payable to non-executive directors of the company for their services as directors is as follows:

<table>
<thead>
<tr>
<th>Board/committee (note 2)</th>
<th>Proposed fees (note 1) exclusive of VAT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Base fee per annum (rand)</td>
</tr>
<tr>
<td>Non-executive chairman (note 3)</td>
<td>1 800 000</td>
</tr>
<tr>
<td>Non-executive director</td>
<td>214 400</td>
</tr>
<tr>
<td>Audit and risk committee chairman</td>
<td>177 300</td>
</tr>
<tr>
<td>Audit and risk committee member</td>
<td>105 700</td>
</tr>
<tr>
<td>Chairman of other board committees</td>
<td>176 300</td>
</tr>
<tr>
<td>Member of other board committees</td>
<td>87 500</td>
</tr>
</tbody>
</table>

Note 1: All fees remain unchanged from the prior year except for that of non-executive directors, which have been increased by 9.7%.

Note 2: There are currently three (3) board committees (the audit and risk committee, the nominations and remuneration committee and the social, ethics and transformation committee).

Note 3: Single fee for the role of non-executive chairman and participation in any board committee meetings, as member or chairperson. The chairman’s fee has been reduced from 1 870 000 in the previous year to 1 800 000.

Reason and effect of special resolution number 1

In terms of section 65(1)(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 two (2) 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.

12. Special resolution number 2 – issue of ordinary shares in terms of the Share Appreciation Plan 2009 and Performance Share Plan 2009

“RESOLVED THAT the board is authorised to issue ordinary shares in the capital of the company for the purposes of the Share Appreciation Plan 2009 and Performance Share Plan 2009, including, if so considered by the nominations and remuneration committee (or such other committee as has responsibility for remuneration as may be specified by the directors from time to time) to be appropriate, to executive directors, future executive directors, prescribed officers and future prescribed officers or any persons related to them.”
Reason for and effect of special resolution number 2

As it is not known at this time to whom the shares might be issued and as the subscribers might include persons contemplated in section 41(1) of the Companies Act, namely executive directors, future executive directors, prescribed officers and future prescribed officers and persons related to them, this resolution is being proposed as a special resolution. This is also a requirement of clause 8.2 of the company’s MOI.

In terms of section 41(2)(c) of the Act, there is an exemption from the requirements to comply with section 41(1) of the Companies Act if the issue is pursuant to an employee share scheme that satisfies the requirements of section 97 of the Companies Act. The definition of employee share scheme in section 95(1)(a) for the purposes of section 97 of the Companies Act, only covers a scheme offering participation to employees, officers and other persons closely involved in the businesses of the company. Since the plans provide for the purchase of shares as well and as it is not clear whether on a proper interpretation the definition of employee share scheme, if the plans would be included, as a matter of caution, the company is proposing the resolution as a special resolution which would then give the necessary approval.

13. 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 Nampak Limited pursuant to a special resolution of the shareholders in terms of sections 45 of the Companies Act, which may include intercompany 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, among 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 Listings Requirements applicable to the company.

The holders are requested to:

13.1 Special resolution number 3 – 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 two (2) 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; 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
Special resolution number 3 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 two (2) years.

The effect of special resolution number 3 will be to ensure among 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, special resolution number 3 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 4) indirectly as beneficiaries of the trusts operating share schemes.

13.2 Special resolution number 4 – 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, 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 two (2) 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:

(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 4
Special resolution number 4 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 two (2) years.

The effect of special resolution number 4 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.

13.3 Special resolution number 5 – 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, 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 two (2) 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
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 5
Special resolution number 5 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 two (2) years.

The effect of special resolution number 5 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.

14. Special resolution number 6 – general authority to repurchase company shares

“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 percent) 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 percent) 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, while 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 percent) above the weighted average of the market value of the shares for the five (5) 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); 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 percent) of shares in issue at the time the authority is given;

(x) 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

(x) 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 6
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 special resolution number 6 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 percent) 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 5 February 2019.

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;

(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.

For the purpose of considering special resolution number 6 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 (§64 to 67 of the integrated report);

(ii) Major shareholders as at 30 September 2019 (§101 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 2019 and the date of this notice.

(iv) Directors’ interests in securities (§21 of the annual financial statements).

(v) Share capital of the company as at 30 September 2019 (§18 of the annual financial statements).

(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 §64 and 65 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.

15. Special resolution number 7 – company acquiring the company’s shares from a director or prescribed officer

“RESOLVE THAT, when any general repurchase by the company of its shares takes place in accordance with special resolution number 6, 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 7
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), 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 6.
Section 48(8)(a) of the Companies Act provides, among 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 6, 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 6 above.

By order of the board

**IH van Lochem**
Company secretary

13 December 2019

**Nampak Limited**
Nampak House
Hampton Office Park
20 Georgian Crescent East
Bryanston, Sandton, 2191
Republic of South Africa
Identification, voting and proxies

1. Shareholders holding dematerialised shares in their own name, and who are unable to attend the annual general meeting and wish to be represented thereat, must complete the attached form of proxy in accordance with the instructions therein and lodge it with the share registrar, being Computershare Investor Services (Pty) Limited, whose details are contained on the inside back cover.

2. 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.

(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 Tuesday, 11 February 2020 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.

3. In terms of section 63(1) of the Companies Act, before any person attends or participates in the annual general meeting, that person must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of that person to participate in and vote (whether as a shareholder or as a proxy) has been reasonably verified. Without limiting the generality hereof, the company will accept a valid South African identity document, a valid driver’s licence or a valid passport as satisfactory identification.

4. A shareholder holding dematerialised shares, but not in their own name, must furnish their central securities depository participant (CSDP) or broker with their instructions for voting at the annual general meeting. If your CSDP or broker, as the case may be, does not obtain instructions from you, it will be obliged to act in accordance with the agreed default position or your most recent mandate furnished to it.

5. If you wish to attend the annual general meeting or send a proxy, you must request your CSDP or broker to issue the necessary letter of authority to you.

6. 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, bank, attorney, accountant or other person through whom the disposal was effected.

7. If you are in any doubt as to what action you should take arising from this document, please immediately consult your broker, CSDP, bank, attorney, accountant or other appropriate professional adviser.

8. Registration for those attending the meeting physically will be available from two hours before the meeting and we request that you or your proxy(ies) register by not later than 15 minutes before the start of 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, CSDP, bank, attorney, accountant or other appropriate professional adviser of any holder of dematerialised securities to notify the holder thereof of the contents of this document.

Electronic communication

10. In accordance with sections 61(10) and 63(3) of the Companies Act, you or your proxy(ies), may participate in the annual general meeting by electronic means. Teleconference facilities will be available for this purpose, and may be accessed at your cost, for the duration of the annual general meeting, subject to the arrangements in respect of identification and practicality as referred to below.

(i) In order for Nampak to arrange teleconferencing, holders must deliver written notice to Computershare Investor Services (Pty) Limited by 09:00 on Friday, 7 February 2020 to indicate that they wish to participate in the annual general meeting by means of electronic communication at the annual general meeting.

(ii) Written notice referred to above must contain:  
- a certified copy of your or your proxy’s(‘ies’) South African identity document(s) or passport if you or your proxy(ies) is an individual;  
- a certified copy of a resolution or letter of representation/proxy given by you if you are a company or other juristic person and a certified copy of the identity documents or passports of the person who passed the relevant resolution.

11. The authorising resolution must set out who is authorised to represent you at the annual general meeting by means of teleconference facilities if you are a company or other juristic person; and  
- your valid email address and/or facsimile number and/or telephone number.

(iii) The company shall notify you, if you have delivered a valid written notice, by no later than 24 (twenty four) hours before the annual general meeting of the relevant dial-in details as well as the passcode through which you or your proxy(ies) can participate via the teleconference facilities and of the process for participation.

12. Voting while participating in the annual general meeting by way of electronic communication will not be possible via electronic facilities and shareholders wishing to vote their shares will have reasonably verified, be represented at the meeting either in person, by proxy or by letter of representation, as provided for in the notice of the meeting.

13. Should you or your proxy(ies) wish to participate in the annual general meeting by way of electronic communication as aforesaid, you or your proxy(ies) will be required to dial in with the details provided by the company as referred to above by not later than 15 minutes prior to the commencement of the annual general meeting, during which time registration will take place.
Form of proxy
For the 52nd 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) Limited 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) Limited, to be received by them on or before 10:00 on Friday, 7 February 2020 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.

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):

Signed at on 2019

Shareholder hotline:
For assistance with annual general meeting queries and forms of proxy:
Telephone +27 11 373 0033
Smart number +27 80 000 6497
Email web.queries@computershare.co.za

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 The Forum at The Campus, Wanderers building, 57 Sloane Street, Bryanston, 2021, South Africa on Tuesday, 11 February 2020 at 14:00 or at any adjournment thereof as follows:

Insert an “X” or the number of voting rights held in the company (see note 2) Number of voting rights:
For Against Abstain

3. To elect, by way of separate vote, the following director retiring in terms of clause 29.1 of the MOI:
3.1 PM Surgey

4. To elect, by way of separate vote, the following directors who were appointed by the board after the previous annual general meeting in terms of clause 28.3 of the MOI:
4.1 CD Raphiri
4.2 SP Ridley
4.3 KW Mzondeki
4.4 LJ Sennelo

5. To appoint Deloitte & Touche to act as independent auditor of the company until the end of the next annual general meeting

6. To elect, by way of separate vote, each of the members of the audit and risk committee:
6.1 KW Mzondeki
6.2 SP Ridley
6.3 LJ Sennelo

7. To amend clause 16.2.10 of the Share Appreciation Plan
7.1 To amend clause 16.2.9 of the Performance Share Plan
7.2 To amend clause 15.2.10 of the Deferred Bonus Plan
8.1 To amend the aggregate number of shares which may be acquired by participants in the Share Appreciation Plan 2009
8.2 To amend the aggregate number of shares which may be acquired by participants in the Performance Share Plan 2009

9. Remuneration policy of the company
10. To endorse, on a non-binding advisory basis, the implementation report of the company’s remuneration policy
11. Special resolution number 1: to approve the remuneration payable to the non-executive directors
12. Special resolution number 2: to authorise the board to issue ordinary shares in terms of the Share Appreciation Plan 2009 and Performance Share Plan 2009
12.1 Special resolution number 3: 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
12.2 Special resolution number 4: 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
13. Special resolution number 5: to authorise the board to grant authority to the company to provide financial assistance in terms of section 44 of the Companies Act
14. Special resolution number 6: to authorise the board to approve the general repurchase of the company’s ordinary shares
15. Special resolution number 7: 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

Signed at on 2019

To be lodged with:
Computershare Investor Services (Pty) Limited
PO Box 61051, Marshalltown, 2107
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
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 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 proxy is not obliged to use all the voting rights exercisable by the holder or by his 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 proxy.

5. A holder’s authorisation to the proxy, including the chairman of the meeting, to vote on his or 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 Tuesday, 11 February 2020 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. 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.

13. Forms of proxy must be dated and signed and submitted to a representative of Computershare Investor Services (Pty) Limited by no later than 10:00 on Friday, 7 February 2020, or may be presented to a representative of Computershare Investor Services (Pty) Limited at The Forum at The Campus, Wanderers building, 57 Sloane Street, Bryanston, 2021, South Africa on Tuesday, 11 February 2020 or can be handed in before the relevant resolution on which the proxy is to vote, is considered at the annual general meeting.
Shareholders’ diary
at 30 September 2019

Annual general meeting
Interim statement and ordinary dividend announcement for the half-year ending 31 March 2020
Group results and ordinary dividend announcement for the year ending 30 September 2020

DIVIDEND
Ordinary
Final dividend for the year ended 30 September 2019
Interim dividend for the half-year ending 31 March 2020

Preference
6.5% and 6% cumulative preference dividends

Tuesday, 11 February 2020
May 2020
November 2020
No dividend being paid
To be paid in July 2020 if payable
Payable twice per annum during February and August
## Glossary of terms

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>B-BBEE</td>
<td>Broad-based black economic empowerment</td>
</tr>
<tr>
<td>CAGR</td>
<td>Compound annual growth rate</td>
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<tr>
<td>Capex</td>
<td>Capital expenditure</td>
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<tr>
<td>CDP</td>
<td>Formerly Carbon Disclosure Project</td>
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<tr>
<td>Cullet</td>
<td>Waste glass</td>
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<tr>
<td>CSD</td>
<td>Carbonated soft drinks</td>
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<tr>
<td>DBP</td>
<td>Deferred bonus plan</td>
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<tr>
<td>EBITDA</td>
<td>Earnings before interest, taxation, depreciation and amortisation</td>
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<tr>
<td>EPS</td>
<td>Earnings per share</td>
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<tr>
<td>FMCG</td>
<td>Fast-moving consumer goods</td>
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<tr>
<td>FTSE/Russell ESG</td>
<td>FTSE Russell Environmental Social &amp; Governance</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross domestic product</td>
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<td>GEC</td>
<td>Group executive committee</td>
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<td>HDPE</td>
<td>High-density polyethylene</td>
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<td>HEPS</td>
<td>Headline earnings per share</td>
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<td>HRD</td>
<td>Human resources director</td>
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<td>IFRS</td>
<td>International Financial Reporting Standards</td>
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<td>IIRC</td>
<td>International Integrated Reporting Council</td>
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<td>IOM</td>
<td>Isle of Man</td>
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<td>ISO</td>
<td>International Organisation for Standardisation</td>
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<tr>
<td>LTI</td>
<td>Long-term incentive</td>
</tr>
<tr>
<td>Acronym</td>
<td>Description</td>
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<td>LTIFR</td>
<td>Lost-time injury frequency rate. It refers to the rate of occurrence of workplace incidents that result in an employee’s inability to work the next full work shift. It refers to the number of such injuries that occur within a given period relative to the total number of hours worked in the same accounting period.</td>
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<tr>
<td>MTI</td>
<td>Medium-term incentive</td>
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<tr>
<td>OHSAS</td>
<td>Occupational Health and Safety Assessment Series</td>
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<tr>
<td>PET</td>
<td>Polyethylene terephthalate</td>
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<tr>
<td>PRMA</td>
<td>Post-retirement medical aid</td>
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<td>PRO</td>
<td>Producer responsibility organisations</td>
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<tr>
<td>PSP</td>
<td>Performance share plan</td>
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<tr>
<td>R&amp;D</td>
<td>Research and development</td>
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<tr>
<td>RBZ</td>
<td>Reserve Bank of Zimbabwe</td>
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<tr>
<td>rHDPE</td>
<td>Recycled HDPE</td>
</tr>
<tr>
<td>ROE</td>
<td>Return on equity</td>
</tr>
<tr>
<td>RONA</td>
<td>Return on net assets</td>
</tr>
<tr>
<td>rPET</td>
<td>Recycled PET</td>
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<tr>
<td>SAP</td>
<td>Share appreciation plan</td>
</tr>
<tr>
<td>STI</td>
<td>Short-term incentive</td>
</tr>
</tbody>
</table>
Corporate information

Auditors
Deloitte & Touche
Buildings 1 and 2, Deloitte Place
The Woodlands Office Park
Woodlands Drive
Woodmead, Sandton

Business address and registered office
Nampak House
Hampton Office Park
20 Georgian Crescent East
Bryanston, 2191, South Africa
PO Box 69983, Bryanston, 2121
Telephone +27 719 6300
Website: www.nampak.com

Company secretary
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Telephone +27 11 719 6327
ilse.vanlochem@nampak.com

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Telephone +27 11 719 6326
Nondyebo.mqulwana@nampak.com

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15 Biemann Avenue, Rosebank, 2196
PO Box 61051, Marshalltown, 2107
Telephone +27 11 370 5000
Telefax +27 11 688 5200

Sponsor
UBS South Africa (Pty) Limited
64 Wierda Road East
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Telefax +27 11 784 8280

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Smart number +27 80 000 6497
Telefax +27 11 688 5217
Email: web.queries@computershare.co.za