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

Our vision
To provide world-class packaging throughout our chosen markets.

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

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

1. No poverty
2. Zero hunger
3. Good health and well-being
4. Quality education
5. Gender equality
6. Clean water and sanitation
7. Affordable and clean energy
8. Decent work and economic growth
9. Industry, innovation and infrastructure
10. Reduced inequalities
11. Sustainable cities and communities
12. Responsible consumption and production
13. Life on land
14. Life below water
15. Peace, justice and strong institutions
16. Partnerships for the goals

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

Our values
Safety  
Excellence  
Responsibility  
Teamwork  
Integrity

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

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

Contents

Our suite of reports
IR  
Integrated Report  
SR  
Sustainability Report  
AFS  
Annual Financial Statements  
RR  
Remuneration Report  

All are available on our website: nampak.com
Overview

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

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

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

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

Reporting period

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

Operating businesses

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

Significant changes during the reporting period

There were no significant changes in the period.

Materiality

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

Time horizons

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

Non-financial information

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

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

Our strategy

- Meeting financial covenants
- Navigating challenging macroeconomics
- Assisting our people
- Supporting policy developments

What the six capitals mean to us

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

Human capital

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

Manufactured capital

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

Intellectual capital

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

Financial capital

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

Social capital

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

Natural capital

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

Internal control and assurance

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

Approval by the board

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

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

In South Africa and Angola, we are the largest manufacturer of beverage cans. In Nigeria, our aluminium beverage cans comprise around half the market. We are a notable manufacturer of paper packaging including liquid cartons in several African countries.

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

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

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

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

Key metrics

- **Our market capitalisation**: R2.3bn
- **Our turnover**: R14.0bn
- **Our assets**: R16.0bn

Our revenue by substrate (%) and Our revenue by geography (%)

Key operations

<table>
<thead>
<tr>
<th>Metals</th>
<th>71%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plastics</td>
<td>22%</td>
</tr>
<tr>
<td>Paper</td>
<td>7%</td>
</tr>
<tr>
<td>South Africa</td>
<td>67%</td>
</tr>
<tr>
<td>Rest of Africa</td>
<td>33%</td>
</tr>
</tbody>
</table>

Overview

- **South Africa**: 67%
- **Rest of Africa**: 33%

Our presence

- **10 Countries**
- **4 252 Employees**
- **33 Manufacturing operations**

Our presence in Southern Africa:

- **Angola**: 1
- **Botswana**: 1
- **Ethiopia**: 1
- **Kenya**: 2
- **Malawi**: 1
- **Nigeria**: 2
- **Tanzania**: 1
- **Zambia**: 2
- **Zimbabwe**: 3

*No permanent employees

**Key metrics**

- **Our market capitalisation**: R2.3bn
- **Our turnover**: R14.0bn
- **Our assets**: R16.0bn

Our revenue by substrate (%) and Our revenue by geography (%)

Key operations

- **Metals**: 71%
- **Plastics**: 22%
- **Paper**: 7%

**South Africa**: 67%

**Rest of Africa**: 33%

*No permanent employees*
A summary of our performance

Overview

For providers of financial capital

- Revenue up 24% to R14.0bn
- Trading profit up 100% to R1.4bn
- Operating profit of R0.9bn compared to operating loss of R4.3bn in FY20
- HEPS of 62.3cps compared to a loss of 87.7cps in FY20
- Cash generated from operations before working capital changes of R1.7bn, up 133%
- EBITDA for covenants: R621m
- EBITDA interest cover: 4.79 times
- Net debt:EBITDA: 2.74 times
- Cash repaid in financing activities: R570m
- Operating profit of R1.7bn
- No dividend declared

For society

- Empowerment and gender statistics
  - B-BBEE contributor
  - Level 2
  - Black female representation among non-executive directors: 50%
  - Female representation at management level: 26%
- Relevant SDGs:

For employees

- Wages and salaries: R2.3bn
- Invested in employee skills development: R32m
- Sponsored bursaries: 14
- LTIFR: 0.27 (from 0.36)
- COVID-19
  - 7 deaths
  - 491 infections
- Relevant SDGs:

For government and communities

- YESYouth commitment: R6m
- Income taxes paid: R152m
- Hospices supported: 7
- Relevant SDGs:

For our environment

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

Our operating context

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

Continuing COVID-19 pandemic

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

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

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

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

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

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

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

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

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

Supply chain disruptions

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The outlook:
Supply chain disruptions and a shortage of shipping containers in the world’s largest exporting countries will remain a feature in the new year. Higher freight rates into Angola and Nigeria in particular remain a concern.
Our operating context continued

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

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

Changes in the competitive landscape

What’s happening:
We are leveraging our R&D capabilities to offer customers Our thermal processing specialists assist customers in We continuously oversee and monitor how our operations We increasingly engage with ESG investors and prioritise As a signatory to the SA Plastics Pact and our membership Bevcan supplies 500ml beer and energy drink cans in South Through our active involvement in MetPacSA, we aim To establish our Elopak Nampak Africa joint venture we are developing the liquid carton market in the Rest of Africa. Our thermal processing specialists assist customers in ensuring a safe and temperature combination for packaging food.

The outlook:
In South Africa, a CSD and energy drink customer is vertically integrating, and plans to start operating its own beverage can supply seen in 2020 due to increased home consumption will be alleviated. In South Africa and Nigeria, a significant shortage of returnable glass bottles in which beer is packaged means brewers are demanding more aluminium cans to fill until the market shortage is resolved.

Changing consumer habits

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

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

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

The outlook:
We expect growth in demand for 440ml and 500ml cans to continue, as well as increased consumer demand for 330ml slender cans. The move away from single-use plastics and towards aluminium beverage cans and liquid cartons made from paper is expected to accelerate.

Climate change and an increasing ESG focus

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

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

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

Higher commodity prices

What’s happening:
Commodity prices are rising as the global economy recovers following the shock of the pandemic. Some specific supply factors — including for oil, copper and some food commodities — are also driving the increases to above pre-crisis levels. Sharp rises in metals prices reflect strong demand in China, the global recovery and supply chain disruptions. China has been reducing steel-making capacity by closing environmentally inefficient mills. Higher oil prices support economic growth in Nigeria. In Angola, however, this does not appear to have filtered down to consumers yet. Lower tobacco crop yields in Zimbabwe translate into reduced demand for tobacco cases in which to pack the harvest. This dampened economic activity.

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

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

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

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

Nampak’s strategy is developed to create and preserve value for our stakeholders in the short, medium and long term. We define value as sustainable profitability: growing Nampak’s earnings and securing the group’s sustainability across all the capitals. When formulating strategy, we consider the availability, quality and affordability of the six capitals, as well as the impact of our activities on them. We aim to maximise positive outcomes and avoid instances where value is eroded.

In the dynamic environment in which we operate (see page 7), which now includes the impact of COVID-19, the board continuously reviews our defined strategy, while assessing and approving divisional strategy updates and refinements proposed by the group executive. We test the robustness of our strategy against both the risks and opportunities in our markets (see page 18), considering the material issues identified. We ensure strategic delivery by incentivising management to meet targets linked to their remuneration (see page 66).

All eight executives (see pages 64 and 65) are responsible – to varying degrees — for delivery against the targets of the executive incentive plan. The weightings reflect the level of responsibility in each executive’s balanced scorecard. We considered the impact of the pandemic when we honed the strategy in 2020.

Our strategy is focused on reducing risk and growing profits.

Strengthen capital structure (medium term)

<table>
<thead>
<tr>
<th>Strategic building blocks</th>
<th>What this means</th>
<th>How we did in 2021</th>
<th>Link to targets of executive incentive plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce risk</td>
<td>Deleverage</td>
<td>Reduced gross debt by 12% by R6.1bn.</td>
<td>Lender conditions and milestones</td>
</tr>
<tr>
<td></td>
<td>Reduce currency risk</td>
<td>For covenant purposes, improved debt mix, with US dollar debt representing 41% (63% in 2020).</td>
<td>Revised covenants</td>
</tr>
<tr>
<td></td>
<td>Improve cash generation to create capacity for growth</td>
<td>Improved cash generated from operations before working capital changes by 133%.</td>
<td>Raise R1bn cash through sale of assets</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Invested additional R621m in working capital to fund growth in revenue and right sized working capital to new demand levels.</td>
<td>Group EBITDA</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Concluded trade finance facility for up to R1bn, which can be utilised towards R1bn debt reduction target.</td>
<td>Divisional EBITDA</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Disposed of Tubes business.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Not successful in disposing of other identified businesses.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Zimbabwe operations continued to self-fund their operational and capital requirements. Generated cash was reinvested into operations and equipment to limit exposure to currency fluctuations.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Relevant risk</td>
<td>1 2 3 4</td>
<td>Relevant material issue</td>
</tr>
</tbody>
</table>

Grow profits

Optimisation (short to medium term)

<table>
<thead>
<tr>
<th>What this means</th>
<th>How we did in 2021</th>
<th>Link to targets of executive incentive plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Process innovation</td>
<td>Leverage Nampak R&amp;D capabilities to improve manufacturing performance.</td>
<td>Raise R1bn cash through sale of assets</td>
</tr>
<tr>
<td>Review product offering and terms</td>
<td>Developed early stages of data science capabilities at R&amp;D.</td>
<td>Group EBITDA</td>
</tr>
<tr>
<td>Improve operational efficiency</td>
<td>Concluded conversion of Angola tinplate Bevcan line to aluminium.</td>
<td>Divisional EBITDA</td>
</tr>
<tr>
<td>Drive sustainability</td>
<td>Removed some unprofitable products.</td>
<td>Restructure and simplify cost base</td>
</tr>
<tr>
<td></td>
<td>Reduced operating costs through the consolidation of operations.</td>
<td>Reduce cost of employment</td>
</tr>
<tr>
<td></td>
<td>Reduced employee numbers in DivFood Vanderbijlpark.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Improved Kenyan operational performance.</td>
<td>Quality</td>
</tr>
<tr>
<td></td>
<td>Became founder member of Fibre Circle.</td>
<td></td>
</tr>
</tbody>
</table>

Innovation and growth (medium to long term)

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

How we rate our performance

- Good performance
- Some progress, more to come
- Disappointing performance

Value creation
Creating and preserving 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 resources and relationships: the six capitals. We transform these through our business model. In so doing, we aim to deliver on our strategy and advance some of the UN’s SDGs. When deciding how best to grow and sustain our business, we consider the trade-offs between the capitals, aiming to maximise positive outputs and outcomes, and limit any value erosion.

**Key inputs**

- **Human capital**
  - Diverse, skilled board
  - 132 apprentices (719)
  - 14 bursary holders (18)
  - 12 scientists (18), 7 technologists (7) and 2 technicians (2)

- **Manufactured capital**
  - Polymer resin: increased to 47,000 tonnes (41,000 tonnes)
  - Aluminium plate, tinplate, brown paper reels and cartonboard
  - Used recovered waste, reducing the use of water and energy

- **Financial capital**
  - Total equity: increased to R4.3bn (R4.2bn)
  - Market capitalisation: increased to R2.3bn (R621m)

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

- **Property, plant and equipment**
  - Total property, plant and equipment declined to R5.4bn (R5.9bn)
  - Property, plant and equipment: increased to R1.1bn (R1.1bn)

- **Human capital**
  - 4,252 employees (4,455)
  - 47,000 tonnes (41,000 tonnes)
  - 14 bursary holders (18)

- **Financial capital**
  - Total equity: increased to R4.3bn (R4.2bn)
  - Market capitalisation: increased to R2.3bn (R621m)

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

**Activities**

- **Strategic building blocks**
  - **Reduce risk**
  - **Strengthen capital structure**
  - **Simplification**

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

**Actions and trade-offs**

- **Outputs**
  - **Products**
    - Metals: aluminium beverage cans; triplate food cans; aluminium aerosol cans and roll-on pillar-proof caps; a range of other metal cans, closures and twist-off caps.
    - Plastics: Plastic bottles; closures; crates; drums and tubes.
    - Paper: Liquid cartons, folding cartons, corrugated boxes, paper bags and stacks.
  - **Scope 1 & 2 GHG emissions**
    - Intensity declined to 22.6tCO₂e/ Rm revenue (23.7)
  - **Scope 1 & 2 GHG energy intensity** from electricity — declined to 72.1% tCO₂e (71%)

- **Outcomes**
  - Improved LTR to 0.27 (0.36)
  - Paid R2.3bn in wages and salaries (R2.2bn)
  - Recorded 491 COVID-19 infections, 477 recoveries
  - Tragically lost seven employees to the virus (two)
  - Net impairment of assets R0.3bn (R0.4bn)
  - Improved LTIFR to 0.27 (0.36)

- **Value creation**
  - Optimisation
  - Innovation and growth

# Usage not disclosed for competitive reasons. 2020 numbers are in brackets. All 2021 numbers are as at 31 September 2021.
Our material issues

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

### Meeting financial covenants

In 2021 we built on the work done in 2020 to deleverage the balance sheet and exit non-core businesses, supporting a reduction in US dollar debt. Nampak’s performance against credit facilities’ covenant terms improved. Any breach of these covenants could have negative consequences in terms of ongoing liquidity, access to credit, cost of capital, ability to fund capex, the share price and ultimately the need for Nampak to require recapitalisation. In terms of the September 2020 agreements, the group’s debt funders required that interest-bearing debt be reduced by R1bn by 30 September 2021, through a strategic asset disposal process or a combination of asset disposals and a capital raise.

### Implications for value

<table>
<thead>
<tr>
<th>Covenant and gearing (times)</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt/EBITDA (3.5 times)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Covenant</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>EBITDA/interest cover</td>
<td>0.8</td>
<td>0.7</td>
<td>0.6</td>
<td>0.8</td>
<td>0.8</td>
</tr>
<tr>
<td>Covenant</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net debt/interest cover</td>
<td>0.6</td>
<td>0.5</td>
<td>0.4</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Covenant</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA/interest cover</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>Covenant</td>
<td>-</td>
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<td>-</td>
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</tr>
</tbody>
</table>

### Navigating macroeconomic challenges

The global economy continued to face challenges sparked by the pandemic. After a sharp contraction in activity and a rise in unemployment and poverty in 2020, in Q2 of calendar 2021, South Africa’s economy picked up, expanding 19.3% year-on-year. Nigeria also grew — by 5.0% in Q2. Angola’s economy expanded by 12% year-on-year in Q2. Zimbabwe remained challenged, with continued hyperinflation. Although expected to grow in 2021, Kenya’s expansion could be curtailed by ongoing challenging agriculture. Foreign currency availability remained constrained in Nigeria, and limited in Zimbabwe.

### South Africa, Nigeria and Angola GDP growth (%)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>1.0</td>
<td>0.7</td>
<td>0.5</td>
<td>0.7</td>
<td>0.7</td>
</tr>
<tr>
<td>Nigeria</td>
<td>6.0</td>
<td>3.6</td>
<td>0.4</td>
<td>0.4</td>
<td>0.4</td>
</tr>
<tr>
<td>Angola</td>
<td>8.0</td>
<td>7.0</td>
<td>4.0</td>
<td>4.0</td>
<td>4.0</td>
</tr>
</tbody>
</table>

### Our response

Met all quarterly covenants within adjusted limits. At year-end, covenants were within the original limits of less than or equal to 3.0 times for net debt/EBITDA and greater than or equal to 4.0 times for EBITDA/interest cover. Reduced US dollar debt by 29% and its share of total debt for covenant purposes to 4.1% from 65%.

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

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

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

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

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

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

Reduced operating costs and capex.

### Implications for value

- Weak disposable incomes limit consumer demand for discretionary spending items, including products in Nampak packaging such as monobloc aerosols, CSDs.
- Pressure on Nampak’s revenue and earnings.
- Reduced affordability of products made with US dollar-denominated raw materials.
- Constrained availability of foreign currency at the official rate slowed cash transfers from Nigeria and had a negative impact on profitability.
- Recorded forex losses in Nigeria and Angola of R246m from R324m.

### Our response

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

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

Continued to focus on cash transfers from other Rest of Africa markets, reducing cash balances in Angola, Nigeria and Zimbabwe to R564m from R91m.

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

### Implications for value

- Operations that are safe and where employees’ mental health is prioritised lead to enhanced employee morale, better business performance and are beneficial to the environment. Unsafe operations harm people, the environment and our reputation. Insufficient skills may impact our strategic delivery, profitability, investor returns and tax payable to authorities.
- Transformation to a more equal society enhances the sustainability of our business and of South Africa, without it, this is at risk.
- A strong B-BBEE rating may improve the revenue of our South African operations.

### Our response

- Assisted, and managed protocols to ensure COVID-19 risks were managed, limiting infections to 491 and continuing to facilitate remote working for 90% of office staff.
- Increased communication of the mental health services available to employees.
- Continued to engage closely with employees and trade unions on various restructuring initiatives.
- Re-evaluated service providers for managerial competency learning and development programmes.
- Continued to invest in employee training and development, holding virtual training sessions.
- Encouraged and supported COVID-19 vaccinations.

### Supporting policy developments

Existing and planned legislative requirements directly affect Nampak or our customers. Red tape and logistics inefficiencies in some of the Rest of Africa markets hamper raw material imports. In 2021, COVID-19 lockdown regulations had less of an impact on Nampak than those in 2020, the most significant were restrictions on social events in South Africa, border closures in Angola and extended school closures, sale of alcohol restrictions, curfews and a ban on public gatherings in other Rest of Africa markets. The inclusion of greater environmental considerations in the policies of countries around the world presents an opportunity for Nampak products that are renewable and recyclable.

### Implications for value

- Unpredictable policy changes make planning difficult.
- The earlier-than-expected introduction of duties on aluminium imports into South Africa pushed up demand and the price of local supplies. It also limited our ability to have multiple sources of supply.
- Greater demand for recyclable and renewable packaging supports our product sales, and ultimately our profitability.
- Restricted supply impacted our ability to produce continuously.
- Demand for in-country production favours our Rest of Africa operations.
- Aluminium import duties impacted multiple supply sources and certainty of supply.

### Our response

- Closely monitored COVID-19 protocols, ensuring agility and limiting negative impacts.
- Established Equal Nampak Africa joint venture to accelerate growth in sub-Saharan Africa of the market for liquid cartons — which contain renewable raw materials and reduced environmental impact.
- Continued to offer infinitely recyclable aluminium cans.
- Participated actively in MetPacSA, a producer responsibility organisation for metal packaging in South Africa.
- Helped establish the Fibre Circle to work towards greater recycling of paper packaging.
- Encouraged the re-use and recycling of plastic packaging through our support of the SA Plastics Pact and our membership of PETCO.

### Value creation

- Assisting our people

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

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

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

### Supporting policy developments

- Encouraged and supported COVID-19 vaccinations.
- Persuaded some DivFood employees to relocate to the Western Cape facilities after closure of certain food stores in Gauteng.
- Continued to invest in employee training and development, holding virtual training sessions.
- Encouraged and supported COVID-19 vaccinations.

### Implications for value

- Insufficient skills may impact our strategic delivery, profitability, investor returns and tax payable to authorities.
- Operations that are safe and where employees’ mental health is prioritised lead to enhanced employee morale, better business performance and are beneficial to the environment. Unsafe operations harm people, the environment and our reputation.
- Transformation to a more equal society enhances the sustainability of our business and of South Africa, without it, this is at risk.
Key stakeholders who help us create value

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

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

### Shareholders and other funders

<table>
<thead>
<tr>
<th>Why we engage</th>
<th>Key issues</th>
<th>Our actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Providing accurate and up-to-date information is important for shareholders and funders who often have competing interests.</td>
<td>Debt, including US dollar-denominated debt, and covenants. Financial performance of key divisions, including DuToit Food and Plastics, and transfer of funds from Angolan, Nigerian and Zimbabwean operations.</td>
<td>Negotiated a relaxation of debt covenants. Improved overall financial performance, transferred R1.4bn from Angolan and Nigerian subsidiaries to fund dividends. Engaged with potential buyers to meet R2bn asset disposal targets.</td>
</tr>
</tbody>
</table>

**Material issues:** Relevant SDGs: | Related risks: 1 2 3 4 |

### Employees and trade unions

<table>
<thead>
<tr>
<th>Why we engage</th>
<th>Key issues</th>
<th>Our actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open communication with our employees creates a sound working environment and boosts morale. Talking to our trade unions informs them about group restructuring and working together to find ways of improving productivity and reducing costs.</td>
<td>Impact of balance sheet restructuring on the business and job security. Health and safety in the workplace including safety under COVID-19. Effect of restructuring and cost-cutting initiatives.</td>
<td>Continued to prioritise development; trained 2114 employees. Persuaded some DivFood employees to relocate to the Western Cape facilities after closure of some can lines in Gauteng. UnFortunately, we had to retrench some people while others were redeployed in other operations. Successfully completed wage negotiations at below inflation rate without any industrial action. Continued to involve unions in our need to improve productivity and reduce costs. Strengthened our long standing good partnerships with workers. Continued our support for the YES4Youth employment programme.</td>
</tr>
</tbody>
</table>

**Material issues:** Relevant SDGs: | Related risks: 1 5 8 10 |

### Suppliers

<table>
<thead>
<tr>
<th>Why we engage</th>
<th>Key issues</th>
<th>Our actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suppliers are key to our ability to manufacture the products which our customers require.</td>
<td>Sharp increase in electricity tariffs, and unreliable power and water supply to facilities in South Africa and Zimbabwe in particular. Dramatic increase in commodity prices, led by aluminium and tinplate. New import duties on aluminium and reliance on a single supplier in South Africa.</td>
<td>Ensuring B-BBEE credentials to meet our procurement targets. Global supply chain disruptions leading to delays in shipments, port congestion and rocketing shipping costs.</td>
</tr>
</tbody>
</table>

**Material issues:** Relevant SDGs: | Related risks: 3 5 6 7 9 |

### Industry, government and regulatory bodies

<table>
<thead>
<tr>
<th>Why we engage</th>
<th>Key issues</th>
<th>Our actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>We engage with these stakeholders to ensure that we collaborate on the many issues and opportunities facing our industry and business.</td>
<td>Waste management. Public pressure on use of plastic packaging. Special COVID-related lockdown restrictions. Compliance with good governance and regulatory requirements. Sound relations with local authorities. Water and power interruptions and poor municipal service delivery. Interrupted manufacturing as a result of COVID-19.</td>
<td>Actively engaged with key raw material suppliers on B-BBEE improvement requirements. Supported long established recycling initiatives. Continued supporting small-scale waste collectors. Participated in the Manufacturing Circle and we are a member of Packaging SA. Proactively engaged with government and adhered to COVID-19 protocols. Maintained comprehensive governance policies and practices. Complied with requirements of the JSE and revenue authorities. Established more formal channels with municipalities.</td>
</tr>
</tbody>
</table>

**Material issues:** Relevant SDGs: | Related risks: 1 7 9 |

### Communities and civil society

<table>
<thead>
<tr>
<th>Why we engage</th>
<th>Key issues</th>
<th>Our actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>The communities in which we operate are important to us as many of our employees live within these communities.</td>
<td>Supporting the communities in which we operate, especially during COVID-19. Fewer funds available for community projects due to COVID-19 and disposals.</td>
<td>Contributed to a reduced R0m to social investment. Provided temporary employment to 100 interns in the YES4Youth programme. Granted 14 bursaries.</td>
</tr>
</tbody>
</table>

**Material issues:** Relevant SDGs: | Related risks: 1 3 5 |
Our top risks and opportunities

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

### Value creation

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

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

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

#### Value created from our mitigation strategies

- **Opportunities and looking forward**
  - Nampak is well positioned to take advantage of organic growth in our markets.
  - Long-term fundamentals for packaging growth in key African markets remain intact.
  - Our market positions are strong with more than 60% of our customer base consisting of large multinationals with global brands and strong credit ratings.
  - Business and consumer confidence in South Africa are likely to remain weak in the short to medium term.
  - Economic activity in Nigeria, though muted, supported a strong performance which is expected to continue.
  - Angola is showing signs of slow recovery. Zimbabwe continues to trade well but is impacted by US dollar availability and a devaluing currency.

**Value created from our key markets**

- **Impact if not managed**
  - Slow economic growth in South Africa and other markets, exacerbated by pandemic impacts, and high interest rates in key markets in the rest of Africa result in reduced consumer demand. This translates into lower sales volumes and revenue and pressure on profit margins. It also limits opportunities for growth.

- **How we did in 2021**
  - Bvcan South Africa augmented its volumes with export contracts.
  - DivFood benefited from its restructuring, with some negative effects from the closure of some key customer operations as a consequence of the civil unrest in July.
  - Bvcan Angola reported subdued volumes on a weak economy and border closures but benefited from good control of input costs and overheads.

**Value created from our operational performance**

- **Opportunities and looking forward**
  - Ongoing drive to deliver improved operating efficiencies and cash fixed cost reductions.
  - Operations geared to meet increased capacity requirements.

### Challenging macroeconomic conditions in our key markets

- **Impact if not managed**
  - Top risks: 2021 — 2020

- **Probability**
  - Lower
  - Higher

- **Impact**
  - Lower
  - Higher

- **Top risks**

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

#### Foreign exchange liquidity and currency movements

- **Impact if not managed**
  - Volatility in translated rand value of earnings from the rest of Africa impacts our financial performance. A lack of market liquidity holds up the repatriation of cash and constrains purchases of imported raw materials as well as our ability to invest behind growth opportunities and pay down debt.

- **How we did in 2021**
  - Transferred R877m from Zimbabwe.
  - Transferred R78m from Angola amid stable liquidity.

**Value created from our operational performance**

- **Opportunities and looking forward**
  - Currency volatility will continue to have a bearing on financial results.
  - US dollar availability in Nigeria, Angola and Zimbabwe will continue to impact the group as will the devaluation of these respective currencies.

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

**Value creation**

- **Challenging macroeconomic conditions in our key markets**
  - Impact if not managed
  - How we did in 2021

- **Foreign exchange liquidity and currency movements**
  - Impact if not managed
  - How we did in 2021
Our top risks and opportunities continued

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

Impact if not managed
The impact of the COVID-19 pandemic lockdown regulations’ restrictions on the five trade of certain products impacted Nampak’s 2021 revenue, trading profit and performance against funding covenant.

Adverse impact on covenant compliance

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

Value created from our mitigation strategies
Firm management of capital expenditure and improvements in liquidity delivered a stronger balance sheet.

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

Opportunities created from our mitigation strategies

Impact if not managed
This can result in job losses, impairment of assets and harm the group’s sustainable profitability.

Opportunities and looking forward
We have the established capacity to ramp up production to meet increased customer demand.

4 Operational underperformance of certain operations

Impact if not managed
Adverse impact on covenant compliance

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

Opportunities and looking forward
We have the established capacity to ramp up production to meet increased customer demand.

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

Impact if not managed
Without transforming to a more equal society, the sustainability of our market in South Africa may be in jeopardy.

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

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

Opportunities created from our mitigation strategies
Value-added food science services provided by Nampak’s extensive R&D capabilities.

Value creation

How we did in 2021
How we did in 2021
Complied with funding covenants and improved position compared to 2020 with covenants back within originally contracted thresholds.

Renegotiated covenant terms apply to September 2022.

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

Tightened the 2021 capital investment programme.

Increased customer and other stakeholder interest in value chain decarbonisation advantage of our R&D facility scientists, with a view toward regaining market share.

Value created from our mitigation strategies
Secured relaxation of covenant terms; new terms to be achieved by 30 June 2022.

Value creation

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

Value creation

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

Optimum balance to be sought between use of funding sources.

Value created from our mitigation strategies
Firm management of capital expenditure and improvements in liquidity delivered a stronger balance sheet.

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

Renegotiated covenant terms apply to September 2022.

Opportunities created from our mitigation strategies

How we did in 2021
Maintained our B-BBEE rating at Level 2.

Continued participation in the YES4Youth programme.

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

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

Maintained our B-BBEE rating at Level 2.

Continued participation in the YES4Youth programme.

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

Opportunities and looking forward

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

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

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

Impact if not managed
Certain customers wish to limit their supply risks by appointing more than one supplier of primary packaging.

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

Value created from our mitigation strategies
Supported a number of key customer decarbonisation science-based target development initiatives.

Opportunities and looking forward
Opportunities and looking forward
Lack of adequate availability of qualified candidates could result in delayed recruitment and difficulties in attracting suitable candidates.

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

Impact if not managed
This can result in job losses, impairment of assets and harm the group’s sustainable profitability.

Opportunities and looking forward
We have the established capacity to ramp up production to meet increased customer demand.

Value creation

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

Value created from our mitigation strategies
Continued forecasting assisted in meeting increased demand and funding the requisite working capital with positive cash flow maintained for the year.

Value creation

Value creation

Value creation

Value created from our mitigation strategies
Certain customers wish to limit their supply risks by appointing more than one supplier of primary packaging.

Opportunities and looking forward
Continued participation in the YES4Youth programme.

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Value creation

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

Opportunities and looking forward
Continued participation in the YES4Youth programme.

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

Opportunities and looking forward
Opportunities and looking forward
Lack of adequate availability of qualified candidates could result in delayed recruitment and difficulties in attracting suitable candidates.

Continued emphasis on price, safety, quality, reliability, good governance and on-time delivery.
## Our top risks and opportunities continued

### 7 Public pressure on plastic packaging

<table>
<thead>
<tr>
<th>Impact if not managed</th>
<th>How we did in 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bad publicity and strong public reaction to plastic packaging waste could negatively impact demand.</td>
<td>Participated in industry initiatives to increase recycling rates and to develop the legislated extended producer responsibility waste recovery schemes.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Value created from our mitigation strategies</th>
<th>Opportunities and looking forward</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continued research and development into opportunities for further light-weighting and the use of more recycled material in primary plastic packaging.</td>
<td>Opportunity to work with customers on alternative primary packaging solutions which support the growth of metal and paper alternatives. Ongoing engagement with other industry players on alternative solutions for plastic packaging waste that limit its impact on the environment. Increased focus arising from the establishment of legislated extended producer responsibility programmes through associated producer responsibility organisations.</td>
</tr>
</tbody>
</table>

### 8 Legacy defined benefits liabilities

<table>
<thead>
<tr>
<th>Impact if not managed</th>
<th>How we did in 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>If cost increases associated with providing the benefits outstrip affordability, profits will be adversely affected.</td>
<td>Given the company’s cash position, in 2021 we did not evaluate the annuity market.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Value created from our mitigation strategies</th>
<th>Opportunities and looking forward</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steady reduction in the overall liability.</td>
<td>Medical inflation remains above overall consumer inflation, placing upward cost pressure on the group’s remaining post-retirement medical liability. The group will continue to consider and implement feasible buy-out and de-risking opportunities that are acceptable for all parties.</td>
</tr>
</tbody>
</table>

### 9 Uncertain regulatory and policy environment

<table>
<thead>
<tr>
<th>Impact if not managed</th>
<th>How we did in 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in regulations affecting Nampak and our customers could negatively impact on demand or result in uncontrolled 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.</td>
<td>Supported producer responsibility organisations under the umbrella of Packaging SA in the development of Sec18 Waste Act extended producer responsibility waste schemes. Undertaken GHG mandatory reporting, submission of (GHG) Pollution Prevention Plan and payment of the South African carbon tax.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Value created from our mitigation strategies</th>
<th>Opportunities and looking forward</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continued focus on recycling initiatives across all substrates.</td>
<td>Ongoing engagement and alignment with government and other stakeholders on post-consumer packaging waste recycling objectives. Greater emphasis from all stakeholders on approach to climate change and a net-zero decarbonisation just transition. Greater introduction of renewable energy into the energy supply mix offers value in both decarbonisation for climate change objectives and partial mitigation of future risks in Eskom electricity cost escalation and reliability of supply. Ongoing engagement and alignment with government and other stakeholders on post-consumer packaging waste recycling objectives.</td>
</tr>
</tbody>
</table>

### 10 Potential to fall prey to cyber crime

<table>
<thead>
<tr>
<th>Impact if not managed</th>
<th>How we did in 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ransomware attacks could result in catastrophic loss of data and paralyse the business, rendering it unsustainable.</td>
<td>Continued with virtual private network external penetration intrusion prevention for improved security of remote working. Ensured careful management of vulnerability and patch management process. Continued to benefit from Mimecast email filtering for malware. Continued with penetration, cyber footprint and cyber assessments. Carried out disaster recovery tests of corporata systems. Maintained internal and external audit review of our information systems and processes to ensure appropriate controls. Maintained appropriate insurance covers and engaged with insurers over cyber crime insurance.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Value created from our mitigation strategies</th>
<th>Opportunities and looking forward</th>
</tr>
</thead>
<tbody>
<tr>
<td>Securing remote working. Ongoing employee awareness campaigns. Consistent upgrading to protect against latest attacks. Mimecast provision of email continuity in the event of an attack.</td>
<td>Protecting Nampak against cyber-crime is an enduring commitment. Reducing the risk of the severity of the impact in the event of a cyber-attack. In process of assessing capital expenditure directed at enhancing cyber security.</td>
</tr>
</tbody>
</table>
Dear stakeholders

Making good progress

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

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

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

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

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

Prospects

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

Performance

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

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

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

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

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

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

Board

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

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

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

Peter Surgey
Chairman
Bryanston
3 December 2021
Dear stakeholders

Stabilising the business, delivering to customers

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

As the world continued to wrangle with the devastating impacts of the COVID-19 pandemic, our plants kept running, delivering to our customers a trusted supply of world-class, food-safe packaging products with reduced environmental impact. Employee health remained our number one priority. After recording 491 infections among our people — or an infection rate of some 7% — tragically we lost seven employees to COVID-19-related complications in South Africa, Botswana, Malawi and Zimbabwe. I convey my sincere condolences to their families, friends and colleagues. Safety is a key Nampak value and is central to our culture. In 2021, our overall safety performance improved, with the last-time injury frequency rate moving down to 0.27 after 2020’s 0.36 and compared with our maximum tolerance level of 0.35.

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

Enhancing performance

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

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

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

Our South African Plastics business returned to profitability, helped by various restructuring initiatives including the consolidation of some sites in the year. Liquid Cartons also recorded improved profits. Our Rest of Africa Paper businesses continued to increase their profit and sustained strong market positions, supported by a larger diversified customer base.

The limited availability of foreign exchange at the official rate remained a concern, impacting cash transfers from Nigeria, while transfers from Angola were good. The repayment by the Reserve Bank of Zimbabwe of some historical debt underpinned our success in this regard, including the reduction in our US dollar-denominated debt.

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

Enabling growth

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

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

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

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

Erik Smuts
Chief executive officer

Bryanston
3 December 2021
Chief financial officer's report

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

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

Group revenue increased by 24%, boosted by stronger volumes in South Africa, Nigeria and Zimbabwe. Trading profits and margins grew as the group successfully restructured two divisions, improved volumes as a result of export opportunities and continuing new product offerings. The management of the group’s balance sheet, gearing levels, funding structures and covenants in these uncertain times remained our top priority. Remaining nimble and responsive to the market’s changing demand patterns, as the world recovers from the pandemic, required additional focus and an investment in working capital given the improved trading levels.

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

Dear stakeholders

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

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

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

Other risk management areas included the health and safety of our employees, the elasticity of the demand for our products as markets started to recover, the continuity of our supply chain particularly where our operations are import dependent, cash flow generation, the management of the group’s liquidity requirements and the gap between the group’s market capitalisation and the group’s net asset value.

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

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

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

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Chief financial officer's report continued

Accounting standards

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

Earnings review

There were no material changes in the current year to the earnings review guidance provided in the group's annual report and financial statements 2020.

Group review

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

Trading profit of R1.4 billion increased by 109% as a consequence of improved volumes assisted by exports, lower costs, improved trading margins and a turnaround achieved in DivFood from a significant loss in the prior year to a trading profit in 2021. This was complemented by strong trading results delivered by Bevcan South Africa and Nigeria and a pleasing recovery in Bevcan Angola. Our Zimbabwean operations continue to perform well and are self-funding.

Capital and other items excluding Zimbabwe devaluation impacted profit/loss on disposal of businesses/property

Operating profit/loss before items below

Operating profit/loss before net impairment losses

Net foreign exchange profit/(loss) in Zimbabwe operations

Net impact of devaluation in Zimbabwe

Net measurement of expected credit loss allowance

Trading profit of R1.4 billion increased from a significant profit in the prior year of R1 million in 2020. Trading profit in 2021 increased by 109% mainly due to improved volumes in DivFood and improved efficiencies due to volume increases and cost containment.

The group delivered a pleasing turnaround assisted by a significant increase in profitability in Megapak Zimbabwe and a pleasing turnaround delivered in the Rigid Plastics South Africa business.

Earnings/(loss) per share

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

Earnings review

Performance review

Table 1: Performance review

<table>
<thead>
<tr>
<th>Item</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>R13 958</td>
<td>R11 276</td>
</tr>
<tr>
<td>Trading profit</td>
<td>R1 422</td>
<td>R82</td>
</tr>
<tr>
<td>Capital and other items excluding Zimbabwe devaluation impact</td>
<td>(232)</td>
<td>(701)</td>
</tr>
<tr>
<td>Operating profit/loss before items below</td>
<td>1 190</td>
<td>(19)</td>
</tr>
<tr>
<td>Net impact of devaluation in Zimbabwe</td>
<td>5</td>
<td>(254)</td>
</tr>
<tr>
<td>Net foreign exchange profit/(loss) in Zimbabwe operations</td>
<td>1</td>
<td>(82)</td>
</tr>
<tr>
<td>Monetary adjustment for hyperinflation</td>
<td>(4)</td>
<td>(182)</td>
</tr>
<tr>
<td>Net measurement of expected credit loss allowance</td>
<td>8</td>
<td>—</td>
</tr>
<tr>
<td>Operating profit/loss before net impairment losses</td>
<td>11 955</td>
<td>(283)</td>
</tr>
<tr>
<td>Net impairment losses</td>
<td>(264)</td>
<td>(4 020)</td>
</tr>
<tr>
<td>Operating profit/loss</td>
<td>931</td>
<td>(4 303)</td>
</tr>
<tr>
<td>Net finance costs</td>
<td>(685)</td>
<td>(448)</td>
</tr>
<tr>
<td>Share of net (loss)/profit from associates and joint ventures</td>
<td>(1)</td>
<td>1</td>
</tr>
<tr>
<td>Profit/(loss) before tax</td>
<td>445</td>
<td>(4 750)</td>
</tr>
<tr>
<td>Income tax (expense)/benefit</td>
<td>(68)</td>
<td>401</td>
</tr>
<tr>
<td>Profit/(loss) for the year from continuing operations</td>
<td>377</td>
<td>(4 349)</td>
</tr>
<tr>
<td>Profit for the year from discontinued operations</td>
<td>—</td>
<td>369</td>
</tr>
<tr>
<td>Profit/(loss) for the year</td>
<td>377</td>
<td>(3 980)</td>
</tr>
<tr>
<td>EBITDA adjusted for net impairment losses</td>
<td>1 655</td>
<td>254</td>
</tr>
<tr>
<td>EBITDA for covenants</td>
<td>1 716</td>
<td>1 068</td>
</tr>
<tr>
<td>Headline earnings/(loss)</td>
<td>402</td>
<td>(565)</td>
</tr>
<tr>
<td>Headline earnings/(loss) per share</td>
<td>62</td>
<td>(88)</td>
</tr>
<tr>
<td>Earnings/(loss) per share</td>
<td>32</td>
<td>(538)</td>
</tr>
</tbody>
</table>

Performance review

Table 2: Performance review

<table>
<thead>
<tr>
<th>Item</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign exchange losses Rest of Africa</td>
<td>246</td>
<td>324</td>
</tr>
<tr>
<td>Profit/(loss) on disposal of businesses/property</td>
<td>(10)</td>
<td>141</td>
</tr>
<tr>
<td>Retrenchment and restructuring costs</td>
<td>(1)</td>
<td>135</td>
</tr>
<tr>
<td>Insurance proceeds on assets previously impaired</td>
<td>—</td>
<td>(83)</td>
</tr>
<tr>
<td>Gain/(loss) on restructuring of loans and lease liabilities</td>
<td>(1)</td>
<td>136</td>
</tr>
<tr>
<td>Other</td>
<td>(2)</td>
<td>48</td>
</tr>
<tr>
<td>Total</td>
<td>232</td>
<td>701</td>
</tr>
</tbody>
</table>

Foreign exchange losses Rest of Africa

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

Dollar availability at the official spot rate was limited as evidenced by the gap between the official spot rate and the parallel rate. To ensure liquidity, US dollars were sourced using a mixture of primary and secondary foreign exchange rates. All US dollar linked kwanza bonds matured by the end of February 2021. These proved to be highly effective hedges with all bonds being honoured on time and in full by the Angolan government on maturity. There is no new bond mechanism in Angola. The kwanza revalued from 640.10 to 614.21 and the naira devalued from 381.76 to 413.05 to the US dollar.

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

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

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

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

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

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

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

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

Nampak Angola
The Angolan economy is forecast to partly recover from last year’s COVID-19-induced slump as both external and domestic demand strengthen. The recovery is however expected to be impacted by elevated unemployment, ongoing currency weakness, reduced oil output, a notable fiscal shortfall and ballooning public debt. After taking into account volume projections based on expected demand, improving profitability and cash flow generation, a conservative terminal growth rate and a reduced WACC rate as a consequence of a lower in-country risk premium, a reversal of impairment of R69 million ($4.7 million) has been accounted for in the year under review. In 2020 an impairment of R1.2 billion ($69.8 million) was recognised.

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

Rigid Plastics
The future cash flows of the South African Rigid Plastics, Crates and Botswana business were reassessed as part of the preparation of the 2022 budget and the strategic plan to 2026. Despite the positive effects of the various restructuring initiatives and a slightly lower WACC rate, lower expected future cash flows and relatively high replacement capital expenditure has required a further asset and right of use asset impairment of R391 million. An asset impairment of R423 million was booked in the prior year.

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

Performance review

<table>
<thead>
<tr>
<th>Exchange rates</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rand/UK pound</td>
<td>20.29</td>
<td>20.68</td>
<td>18.30</td>
<td>17.61</td>
<td>16.98</td>
</tr>
<tr>
<td>Average</td>
<td>20.34</td>
<td>21.55</td>
<td>18.65</td>
<td>18.43</td>
<td>18.17</td>
</tr>
<tr>
<td>Closing</td>
<td>15.11</td>
<td>16.69</td>
<td>15.17</td>
<td>14.14</td>
<td>13.56</td>
</tr>
<tr>
<td>Rand/US dollar</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Closing</td>
<td>15.11</td>
<td>16.69</td>
<td>15.17</td>
<td>14.14</td>
<td>13.56</td>
</tr>
<tr>
<td>Naira/US dollar</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average</td>
<td>400.33</td>
<td>375.15</td>
<td>341.55</td>
<td>340.61</td>
<td>321.90</td>
</tr>
<tr>
<td>Closing</td>
<td>413.05</td>
<td>381.75</td>
<td>362.04</td>
<td>362.79</td>
<td>358.99</td>
</tr>
<tr>
<td>Kwanza/US dollar</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average</td>
<td>655.82</td>
<td>549.67</td>
<td>333.94</td>
<td>222.09</td>
<td>171.74</td>
</tr>
<tr>
<td>Closing</td>
<td>614.21</td>
<td>640.10</td>
<td>389.49</td>
<td>300.72</td>
<td>171.75</td>
</tr>
<tr>
<td>ZWL/US dollar</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Closing*</td>
<td>87.67</td>
<td>81.44</td>
<td>15.20</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

Net impairment losses

<table>
<thead>
<tr>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impairments</td>
<td></td>
</tr>
<tr>
<td>Goodwill impairments</td>
<td>2.213</td>
</tr>
<tr>
<td>Asset impairments</td>
<td>437</td>
</tr>
<tr>
<td>Metals</td>
<td>43</td>
</tr>
<tr>
<td>Rigid</td>
<td>391</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
</tr>
<tr>
<td>Reversal of impairments</td>
<td></td>
</tr>
<tr>
<td>Metals</td>
<td>(173)</td>
</tr>
<tr>
<td>Net impairment losses</td>
<td>264</td>
</tr>
</tbody>
</table>

Performance review
COVID-19 insurance claim

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

Financial position overview

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

Performance review

Chief financial officer’s report continued

Normalised tax rate

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

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory group tax rate</td>
<td>28.0%</td>
<td>28.0%</td>
</tr>
<tr>
<td>Government incentives</td>
<td>(1.1)%</td>
<td>(2.9)%</td>
</tr>
<tr>
<td>Foreign tax rate differential, withholding and other foreign taxes</td>
<td>2.4%</td>
<td>2.7%</td>
</tr>
<tr>
<td>Effective tax before items listed below</td>
<td>29.3%</td>
<td>27.8%</td>
</tr>
<tr>
<td>Tax rate changes, deferred tax not recognised, disallowed expenses, exempt income and other</td>
<td>(0.5)%</td>
<td>22.0%</td>
</tr>
<tr>
<td>Adjustments for prior years</td>
<td>3.2%</td>
<td>(43.6)%</td>
</tr>
<tr>
<td>Effective tax rate — continuing operations before impairments and loss on disposal</td>
<td>32.0%</td>
<td>6.2%</td>
</tr>
<tr>
<td>Impairments and loss on disposal (2020)</td>
<td>1.8%</td>
<td>5.6%</td>
</tr>
<tr>
<td>Effective tax rate — continuing operations before Angolan impact of utilising tax losses</td>
<td>33.8%</td>
<td>11.8%</td>
</tr>
<tr>
<td>Angolan losses not shielded by deferred tax</td>
<td>—</td>
<td>(2.4)%</td>
</tr>
<tr>
<td>Angolan tax losses utilised in current year and deferred tax assets raised on assessed losses based on future taxable profit</td>
<td>(24.0)%</td>
<td>—</td>
</tr>
<tr>
<td>Effective tax rate — continuing operations before Zimbabwean hyperinflation impact</td>
<td>9.8%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Tax effect of Zimbabwean hyperinflation impact</td>
<td>5.4%</td>
<td>(0.9)%</td>
</tr>
<tr>
<td>Effective group tax rate</td>
<td>15.2%</td>
<td>8.5%</td>
</tr>
</tbody>
</table>

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

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

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

In 2020 there was a significant increase in the group’s gross and net gearing levels due to the reduction in equity as a consequence of $460 million in asset and goodwill impairments, significantly reduced profitability on the back of the COVID-19 pandemic and the first time adoption of IFRS 16. Leases resulting in the inclusion of capitalised lease liabilities in gross gearing. Net gearing including and excluding the capitalised leases declined.

Short-term liquidity

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

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

Covenants and gearing

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

Liquidation utilisation of the trade finance facility will count towards the R1.0 billion debt reduction programme with commensurate reduction in facilities. Both of the group’s covenants are computed based on a rolling 12 months EBITDA which benefited during 2021 as the poor trading months from the prior year were replaced by stronger trading. A stronger rand dollar exchange rate positively impacted the translation of US dollar-denominated debt. Further steps were taken to renegotiate the group’s banking funding facilities with covenant relaxations as set out in the graph on page 36. Despite the renegotiated relaxed net debt to EBITDA covenant of 3.5 times for the period 30 September 2021 to 30 September 2022, the group achieved a net debt to EBITDA ratio of 2.74 times for the year, well within the originally contracted threshold of 3.0. All covenants will be measured quarterly but reported monthly to lenders for the ensuing financial year. The EBITDA interest cover ratio of 4.79 times has been adversely impacted by the inclusion of the ratchet interest costs of R88 million for the year.

Cash transfers from the rest of Africa

Please refer to the table on page 37.

Nigeria

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

Zimbabwe

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

Despite this, year-on-year transfers increased substantially due to $57 million ($4.0 million) being received from the RBZ. Despite the RBZ being contractually required to repay $5.6 million per quarter in line with the agreement to settle the original outstanding amount of $47 million over a period of three years from March 2021, the RBZ has committed to repay $1 million per month while the Zimbabwean Blacked Funds Framework is being finalised. This equates to $3.0 million per quarter or 54% of the originally contracted repayment level.

Angola

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

Short-term liquidity (times)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>1.6</td>
<td>1.6</td>
<td>1.7</td>
<td>1.6</td>
<td>1.7</td>
</tr>
<tr>
<td>Acid test</td>
<td>1.0</td>
<td>1.1</td>
<td>1.0</td>
<td>0.9</td>
<td>0.9</td>
</tr>
</tbody>
</table>

Covenants and gearing (times)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt:</td>
<td>2.3</td>
<td>2.9</td>
<td>2.7</td>
<td>2.9</td>
<td>2.7</td>
</tr>
<tr>
<td>EBITDA:</td>
<td>4.0</td>
<td>4.5</td>
<td>4.5</td>
<td>4.5</td>
<td>4.2</td>
</tr>
<tr>
<td>Interest</td>
<td>2.4</td>
<td>2.3</td>
<td>2.4</td>
<td>2.3</td>
<td>2.4</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt:</td>
<td>5.25</td>
<td>5.25</td>
<td>5.25</td>
<td>5.25</td>
<td>5.25</td>
</tr>
<tr>
<td>EBITDA</td>
<td>4.96</td>
<td>4.96</td>
<td>4.96</td>
<td>4.96</td>
<td>4.96</td>
</tr>
<tr>
<td>Interest</td>
<td>3.78</td>
<td>3.78</td>
<td>3.78</td>
<td>3.78</td>
<td>3.78</td>
</tr>
<tr>
<td>Threshold</td>
<td>2.74</td>
<td>2.74</td>
<td>2.74</td>
<td>2.74</td>
<td>2.74</td>
</tr>
</tbody>
</table>

Cash transfers from the Rest of Africa

<table>
<thead>
<tr>
<th></th>
<th>Angola</th>
<th>Nigeria</th>
<th>Subtotal</th>
<th>Zimbabwe</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>30 September 2021</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening cash on hand — 30 September 2020</td>
<td>335</td>
<td>294</td>
<td>629</td>
<td>62</td>
<td>691</td>
</tr>
<tr>
<td>Cash on hand — 30 September 2021</td>
<td>49</td>
<td>427</td>
<td>486</td>
<td>79</td>
<td>565</td>
</tr>
<tr>
<td>(Decrease)/increase in cash — 2021</td>
<td>(286)</td>
<td>163</td>
<td>(163)</td>
<td>17</td>
<td>(126)</td>
</tr>
<tr>
<td>Hedged cash</td>
<td>3</td>
<td>82</td>
<td>85</td>
<td>—</td>
<td>85</td>
</tr>
<tr>
<td>Net unhedged cash</td>
<td>46</td>
<td>355</td>
<td>401</td>
<td>79</td>
<td>480</td>
</tr>
<tr>
<td>Cash transferred</td>
<td>683</td>
<td>877</td>
<td>1560</td>
<td>78</td>
<td>1638</td>
</tr>
<tr>
<td>% of cash on hand hedged</td>
<td>6</td>
<td>19</td>
<td>17</td>
<td>—</td>
<td>15</td>
</tr>
</tbody>
</table>

30 September 2020

<table>
<thead>
<tr>
<th></th>
<th>Angola</th>
<th>Nigeria</th>
<th>Subtotal</th>
<th>Zimbabwe</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening cash on hand — 30 September 2019</td>
<td>1041</td>
<td>217</td>
<td>1258</td>
<td>57</td>
<td>1315</td>
</tr>
<tr>
<td>Cash on hand — 30 September 2020</td>
<td>335</td>
<td>294</td>
<td>629</td>
<td>62</td>
<td>691</td>
</tr>
<tr>
<td>(Decrease)/increase in cash — 2020</td>
<td>(706)</td>
<td>77</td>
<td>(629)</td>
<td>5</td>
<td>(624)</td>
</tr>
<tr>
<td>Hedged cash</td>
<td>307</td>
<td>84</td>
<td>391</td>
<td>—</td>
<td>391</td>
</tr>
<tr>
<td>Net unhedged cash</td>
<td>28</td>
<td>210</td>
<td>238</td>
<td>62</td>
<td>300</td>
</tr>
<tr>
<td>Cash transferred</td>
<td>1099</td>
<td>1255</td>
<td>2354</td>
<td>9</td>
<td>2363</td>
</tr>
<tr>
<td>% of cash on hand hedged</td>
<td>92</td>
<td>29</td>
<td>62</td>
<td>0</td>
<td>57</td>
</tr>
</tbody>
</table>

Capital expenditure

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

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

Cash flow and working capital

Cash generated from operations

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

Cash generated from operations

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash generated from operations before working capital changes</td>
<td>1 680</td>
<td>720</td>
</tr>
<tr>
<td>Net working capital changes</td>
<td>(621)</td>
<td>367</td>
</tr>
<tr>
<td>(Increase)/decrease in inventories</td>
<td>(389)</td>
<td>570</td>
</tr>
<tr>
<td>(Increase)/decrease in trade receivables and other current assets</td>
<td>(988)</td>
<td>590</td>
</tr>
<tr>
<td>Increase/(decrease) in trade payables and other current liabilities</td>
<td>756</td>
<td>(793)</td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>1 059</td>
<td>1 097</td>
</tr>
<tr>
<td>Net interest paid</td>
<td>(523)</td>
<td>(532)</td>
</tr>
<tr>
<td>Retirement benefits, contributions and settlements</td>
<td>(77)</td>
<td>(78)</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>(152)</td>
<td>(42)</td>
</tr>
<tr>
<td>Cash flows from operations</td>
<td>307</td>
<td>415</td>
</tr>
</tbody>
</table>

Cash flows from investing activities

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital expenditure</td>
<td>(313)</td>
<td>(644)</td>
</tr>
<tr>
<td>Replacement</td>
<td>(274)</td>
<td>(554)</td>
</tr>
<tr>
<td>Expansion</td>
<td>(39)</td>
<td>(125)</td>
</tr>
<tr>
<td>Disposal of property, plant, equipment and investments</td>
<td>41</td>
<td>52</td>
</tr>
<tr>
<td>Capital expenditure net of disposals of property, plant, equipment and investments</td>
<td>(272)</td>
<td>(614)</td>
</tr>
<tr>
<td>Net proceeds on the disposal of businesses</td>
<td>—</td>
<td>1 568</td>
</tr>
<tr>
<td>Decrease in liquid bonds</td>
<td>268</td>
<td>457</td>
</tr>
<tr>
<td>Proceeds from RBZ receivable</td>
<td>57</td>
<td>—</td>
</tr>
<tr>
<td>Decrease in other non-current financial assets</td>
<td>3</td>
<td>—</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>56</td>
<td>1 413</td>
</tr>
<tr>
<td>Cash generated before financing activities</td>
<td>362</td>
<td>1 828</td>
</tr>
<tr>
<td>Net cash and cash equivalents at end of year</td>
<td>1 112</td>
<td>1 450</td>
</tr>
</tbody>
</table>

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

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

Cash flows from investing activities

Capital expenditure was well managed with a significant reduction to an outflow of R313 million compared with R646 million in the prior year. Net of proceeds of property, plant, equipment and investments capital expenditure was contained at R272 million, reflecting a 56% decrease on the prior year. The Capital Assurance Committee remains highly effective.

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

The group cash and cash equivalents at 30 September 2021 of R1.1 billion is lower than the prior year due to the investment against this facility and applied against the R1 billion debt repayment requirement.

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

Going concern

Note 1.4 to the group’s full annual financial statements sets out the group’s going concern assessment. The board has assessed the group’s consolidated budget for 2022, the resultant profitability levels, financial position and cash flows, taking into account the material factors in each of the group’s funding covenants. Continued focus will be to further reduce the group’s net interest-bearing debt by R1 billion and to comply with the group’s covenants. The significant turnaround that was delivered resulted in a strong financial position during 2022.

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

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

Subsequent events

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

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

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

Appreciation

2021 was a year with great focus on reducing risk, stabilising operations, reducing debt and costs, enhancing profitability, increasing cash generation, limiting capital expenditure and complying with the group’s covenants. The significant turnaround that was delivered resulted in a strong financial position during 2022.

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

Glenn Fullerton
Chief Financial Officer
Bryanston
3 December 2021
## Five-year financial review

### Definitions

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

### Weighted average number of shares

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

### Trading profit

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

### Capital and other items

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

### Net operating assets

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

### EBITDA

Operating profit before net impairment losses, depreciation and amortisation.

### EBITDA (debt covenants)

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

### Net debt

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

### Net debt (debt covenants)

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

### Net finance costs (debt covenants)

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

### Employee numbers used for calculations

Total number of employees adjusted for discontinued operations.

### Market capitalisation

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

<table>
<thead>
<tr>
<th>Return on equity</th>
<th>Profit attributable to ordinary shareholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average shareholding's equity</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Return on net assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trading profit, investment income and share of profit in associates and joint ventures</td>
</tr>
<tr>
<td>Average net assets</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net asset turn</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
</tr>
<tr>
<td>Average net operating assets</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Return on invested capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trading profit adjusted for taxation</td>
</tr>
<tr>
<td>Average net debt and average total equity</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Current ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets including non-current assets classified as held for sale, less inventories</td>
</tr>
<tr>
<td>Current liabilities including liabilities directly associated with assets classified as held for sale</td>
</tr>
</tbody>
</table>

### Acid-test ratio

Current assets excluding inventories, including non-current assets classified as held for sale, less current liabilities including liabilities directly associated with assets classified as held for sale.

<table>
<thead>
<tr>
<th>Net debt to EBITDA (debt covenants)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt (debt covenants)</td>
</tr>
<tr>
<td>EBITDA (debt covenants)</td>
</tr>
<tr>
<td>EBITDA interest cover (debt covenants)</td>
</tr>
</tbody>
</table>

### EBITDA interest cover (debt covenants)

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

<table>
<thead>
<tr>
<th>Gross gearing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans, lease liabilities and bank overdrafts</td>
</tr>
<tr>
<td>Total equity</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net gearing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt</td>
</tr>
<tr>
<td>Total equity</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Productivity per employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA (adjusted for net impairment losses)</td>
</tr>
<tr>
<td>Employee numbers used for calculations</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employment cost per employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee benefit expense</td>
</tr>
<tr>
<td>Employee numbers used for calculations</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Earnings yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headline earnings per share</td>
</tr>
<tr>
<td>Year-end market price per share</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Price/earnings ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year-end market price per share</td>
</tr>
<tr>
<td>Headline earnings per share</td>
</tr>
</tbody>
</table>

## Statistics

### Earnings and dividend data

<table>
<thead>
<tr>
<th>Weighted number of ordinary shares in issue</th>
<th>2000</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headline earnings/(loss) per share</td>
<td>645 469</td>
<td>644 935</td>
<td>644 727</td>
<td>643 374</td>
<td>640 496</td>
<td>639 805</td>
</tr>
<tr>
<td>Continuing operations</td>
<td>62.3</td>
<td>(87.7)</td>
<td>(19.4)</td>
<td>35.4</td>
<td>123.8</td>
<td>127.6</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>4.2</td>
<td>(77.6)</td>
<td>54.1</td>
<td>173.3</td>
<td>180.1</td>
<td>181.5</td>
</tr>
<tr>
<td>Change over previous year (continuing operations)</td>
<td>%</td>
<td>180</td>
<td>(243)</td>
<td>(69)</td>
<td>4</td>
<td>77</td>
</tr>
<tr>
<td>Earnings/(loss) per share</td>
<td>cents</td>
<td>32.1</td>
<td>(537.7)</td>
<td>(132.5)</td>
<td>76.0</td>
<td>36.6</td>
</tr>
<tr>
<td>Continuing operations</td>
<td>cents</td>
<td>32.1</td>
<td>(594.9)</td>
<td>42.2</td>
<td>76.7</td>
<td>176.6</td>
</tr>
<tr>
<td>Discontinued operations</td>
<td>cents</td>
<td>—</td>
<td>57.2</td>
<td>(194.3)</td>
<td>(102.0)</td>
<td>(139.9)</td>
</tr>
<tr>
<td>Change over previous year (continuing operations)</td>
<td>%</td>
<td>105</td>
<td>(1150)</td>
<td>(76)</td>
<td>—</td>
<td>(30)</td>
</tr>
</tbody>
</table>

### Financial data

<table>
<thead>
<tr>
<th>Return on equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuing operations</td>
</tr>
<tr>
<td>Continuing and discontinuing operations</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Return on net assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuing operations</td>
</tr>
<tr>
<td>Continuing and discontinuing operations</td>
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### EBITDA interest cover (debt covenants)

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<tr>
<td>EBITDA (adjusted for net impairment losses)</td>
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<tr>
<td>Year-end market price per share</td>
</tr>
<tr>
<td>Headline earnings per share</td>
</tr>
</tbody>
</table>

## Employee data

<table>
<thead>
<tr>
<th>Permanent employees</th>
<th>4 252</th>
<th>4 454</th>
<th>5 768</th>
<th>6 082</th>
<th>6 420</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temporary employees</td>
<td>1 285</td>
<td>738</td>
<td>878</td>
<td>1 502</td>
<td>1 706</td>
</tr>
</tbody>
</table>

| Total employees | 5 537 | 5 192 | 6 644 | 7 584 | 8 126 |

### Employee numbers used for calculations

<table>
<thead>
<tr>
<th>Employee numbers used for calculations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue per employee</td>
</tr>
<tr>
<td>Employment cost per employee</td>
</tr>
<tr>
<td>Productivity per employee</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Employee data</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance review</td>
</tr>
<tr>
<td>Productivity per employee</td>
</tr>
</tbody>
</table>

* Net of Treasury shares.
### Operating results

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>13 958.4</td>
<td>11 277.9</td>
<td>14 642.4</td>
<td>15 963.3</td>
<td>15 965.8</td>
</tr>
<tr>
<td>Trading profit</td>
<td>1 421.5</td>
<td>682.1</td>
<td>1 557.7</td>
<td>1 968.4</td>
<td>1 988.3</td>
</tr>
<tr>
<td>Operating profit/(loss)</td>
<td>930.6</td>
<td>(4 303.2)</td>
<td>253.8</td>
<td>1 776.8</td>
<td></td>
</tr>
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<td>682.1</td>
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<td>(4 303.2)</td>
<td>253.8</td>
<td>1 776.8</td>
<td></td>
</tr>
<tr>
<td>Profit/(loss) from discontinued operations</td>
<td>—</td>
<td>368.7</td>
<td>(1 123.9)</td>
<td>(895.5)</td>
<td></td>
</tr>
<tr>
<td>Profit/(loss) for the year</td>
<td>377.4</td>
<td>(3 980.1)</td>
<td>(1 513.6)</td>
<td>569.1</td>
<td>356.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Continuing operations</strong></td>
<td>930.6</td>
<td>(4 303.2)</td>
<td>253.8</td>
<td>1 776.8</td>
<td></td>
</tr>
<tr>
<td><strong>Profit/(loss) from discontinued operations</strong></td>
<td>—</td>
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<td></td>
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<td>377.4</td>
<td>(3 980.1)</td>
<td>(1 513.6)</td>
<td>569.1</td>
<td>356.0</td>
</tr>
</tbody>
</table>

### Statements of financial position

| Property, plant and equipment | 5 360.9 | 5 905.8 | 7 195.2 | 8 177.0 | 10 151.4 |
| Right of use assets           | 646.7   | 880.7   | —       | —       | —       |
| Intangible assets (including goodwill) | 1 846.7 | 2 042.4 | 3 904.3 | 3 708.0 | 3 568.8 |
| Deferred tax and other non-current assets | 561.8  | 543.2   | 1 312.5 | 1 996.7 | 1 235.1 |

#### Total assets

| 15 965.4 | 16 194.3 | 22 459.6 | 25 914.1 | 25 229.9 |

#### Total equity and liabilities

| 15 965.4 | 16 194.3 | 22 459.6 | 25 914.1 | 25 229.9 |

### Share performance

<table>
<thead>
<tr>
<th>Market price per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highest</td>
</tr>
<tr>
<td>Lowest</td>
</tr>
</tbody>
</table>

#### Share performance

<table>
<thead>
<tr>
<th>Market capitalisation</th>
<th>R million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>2 313.0</td>
</tr>
<tr>
<td>2020</td>
<td>1 088.106</td>
</tr>
<tr>
<td>Average</td>
<td>1 742.2</td>
</tr>
<tr>
<td>Volume of shares traded</td>
<td>6 566.3</td>
</tr>
<tr>
<td>Average</td>
<td>9 814.4</td>
</tr>
</tbody>
</table>

#### Exchange rates

<table>
<thead>
<tr>
<th>Rand/UK pound</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
</tr>
<tr>
<td>Closing</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rand/Euro</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
</tr>
<tr>
<td>Closing</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rand/US dollar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
</tr>
<tr>
<td>Closing</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rand/Naira</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
</tr>
<tr>
<td>Closing</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RTGS/US dollar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
</tr>
<tr>
<td>Closing</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Kwanza/US dollar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
</tr>
<tr>
<td>Closing</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Naira/US dollar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
</tr>
<tr>
<td>Closing</td>
</tr>
</tbody>
</table>

* No average rate is disclosed as Zimbabwe is considered to be a hyperinflationary economy and the results of the Zimbabwe group companies are, therefore, translated at the closing rate.
Consolidated statement of financial position
at 30 September 2021

# million

<table>
<thead>
<tr>
<th>Assets</th>
<th>2021</th>
<th>2020*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant, equipment and investment property</td>
<td>5 360.9</td>
<td>5 905.8</td>
</tr>
<tr>
<td>Right of use assets</td>
<td>666.7</td>
<td>880.7</td>
</tr>
<tr>
<td>Goodwill</td>
<td>1 711.8</td>
<td>1 677.9</td>
</tr>
<tr>
<td>Other intangible assets</td>
<td>134.9</td>
<td>164.5</td>
</tr>
<tr>
<td>Investments in associates and joint ventures</td>
<td>17.5</td>
<td>14.9</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>466.2</td>
<td>388.6</td>
</tr>
<tr>
<td>Loan and lease receivables — non-current</td>
<td>78.1</td>
<td>139.7</td>
</tr>
<tr>
<td></td>
<td>8 436.1</td>
<td>9 372.1</td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td>2 910.9</td>
<td>2 815.9</td>
</tr>
<tr>
<td>Trade and other current receivables</td>
<td>2 800.3</td>
<td>1 980.6</td>
</tr>
<tr>
<td>Tax assets</td>
<td>16.3</td>
<td>14.5</td>
</tr>
<tr>
<td>Loan and lease receivables — current</td>
<td>43.3</td>
<td>358.6</td>
</tr>
<tr>
<td>Bank balances and deposits</td>
<td>1 136.6</td>
<td>1 528.9</td>
</tr>
<tr>
<td></td>
<td>6 907.6</td>
<td>6 729.5</td>
</tr>
<tr>
<td>Assets classified as held for sale</td>
<td>421.9</td>
<td>92.7</td>
</tr>
<tr>
<td></td>
<td>15 965.4</td>
<td>16 194.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity and liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital and reserves</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>(226.9)</td>
<td>(227.6)</td>
</tr>
<tr>
<td>Other reserves</td>
<td>109.5</td>
<td>475.7</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>4 911.7</td>
<td>4 701.3</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>4 829.8</td>
<td>4 984.9</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(528.7)</td>
<td>(770.4)</td>
</tr>
<tr>
<td>Total equity</td>
<td>4 301.1</td>
<td>4 214.5</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans — non-current</td>
<td>4 474.3</td>
<td>5 755.2</td>
</tr>
<tr>
<td>Lease liabilities — non-current</td>
<td>1 192.7</td>
<td>1 291.2</td>
</tr>
<tr>
<td>Retirement benefit obligation</td>
<td>801.2</td>
<td>775.5</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>175.3</td>
<td>243.3</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>12.7</td>
<td>14.9</td>
</tr>
<tr>
<td></td>
<td>6 656.2</td>
<td>8 079.1</td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other current payables</td>
<td>2 892.6</td>
<td>3 237.4</td>
</tr>
<tr>
<td>Provisions</td>
<td>192.0</td>
<td>275.5</td>
</tr>
<tr>
<td>Tax liabilities</td>
<td>36.6</td>
<td>34.9</td>
</tr>
<tr>
<td>Loans and lease liabilities — current</td>
<td>1 577.0</td>
<td>1 134.5</td>
</tr>
<tr>
<td>Bank overdrafts</td>
<td>15.0</td>
<td>128.5</td>
</tr>
<tr>
<td></td>
<td>4 723.2</td>
<td>3 900.7</td>
</tr>
<tr>
<td>Liabilities directly associated with assets classified as held for sale</td>
<td>284.9</td>
<td>—</td>
</tr>
<tr>
<td>Total equity and liabilities</td>
<td>15 965.4</td>
<td>16 194.3</td>
</tr>
</tbody>
</table>

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

Consolidated statement of comprehensive income
for the year ended 30 September 2021

# million

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>Restated¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>13 958.4</td>
<td>11 277.9</td>
</tr>
<tr>
<td>Raw materials and consumables used</td>
<td>(7 695.8)</td>
<td>(6 303.0)</td>
</tr>
<tr>
<td>Employee benefit expense</td>
<td>(2 330.0)</td>
<td>(2 078.2)</td>
</tr>
<tr>
<td>Depreciation and amortisation expense</td>
<td>(460.4)</td>
<td>(536.4)</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>(2 459.5)</td>
<td>(2 475.5)</td>
</tr>
<tr>
<td>Other operating income</td>
<td>177.7</td>
<td>96.2</td>
</tr>
<tr>
<td>Operating profit/(loss) before items below</td>
<td>1 190.4</td>
<td>(79.2)</td>
</tr>
<tr>
<td>Net impact of devaluation associated with Zimbabwe</td>
<td>4.5</td>
<td>(263.8)</td>
</tr>
<tr>
<td>Net foreign exchange gains/(losses)</td>
<td>0.8</td>
<td>(819)</td>
</tr>
<tr>
<td>Monetary adjustment for hyperinflation</td>
<td>(4.5)</td>
<td>(1819)</td>
</tr>
<tr>
<td>Net measurement of expected credit loss allowance — Reserve Bank of Zimbabwe financial instrument</td>
<td>8.2</td>
<td>—</td>
</tr>
<tr>
<td>Operating profit/(loss) before net impairment losses</td>
<td>1 194.9</td>
<td>(283.0)</td>
</tr>
<tr>
<td>Net impairment losses</td>
<td>(264.3)</td>
<td>(6 020.2)</td>
</tr>
<tr>
<td>Operating profit/(loss)</td>
<td>930.6</td>
<td>(4 303.2)</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(506.2)</td>
<td>(324.1)</td>
</tr>
<tr>
<td>Finance income</td>
<td>21.6</td>
<td>76.5</td>
</tr>
<tr>
<td>Share of net (loss)/profit in associates and joint venture</td>
<td>(0.9)</td>
<td>0.5</td>
</tr>
<tr>
<td>Profit/(loss) before tax</td>
<td>445.1</td>
<td>(4 750.3)</td>
</tr>
<tr>
<td>Income tax (expense)/benefit</td>
<td>(67.7)</td>
<td>401.5</td>
</tr>
<tr>
<td>Profit/(loss) for the year from continuing operations</td>
<td>377.4</td>
<td>(3 348.8)</td>
</tr>
<tr>
<td>Profit for the year from discontinued operations²</td>
<td>—</td>
<td>369.7</td>
</tr>
<tr>
<td>Profit/(loss) for the year</td>
<td>377.4</td>
<td>(3 980.1)</td>
</tr>
<tr>
<td>Other comprehensive (loss)/income for the year, net of tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Items that will not be reclassified to profit or loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net actuarial (loss)/gain from retirement benefit obligations</td>
<td>(32.4)</td>
<td>72.7</td>
</tr>
<tr>
<td>Items that may be reclassified to profit or loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exchange differences on translation of foreign operations excluding Zimbabwe operations</td>
<td>(237.0)</td>
<td>703.2</td>
</tr>
<tr>
<td>Exchange differences on translation and hyperinflation effects of Zimbabwe operations</td>
<td>(14.6)</td>
<td>(592.7)</td>
</tr>
<tr>
<td>Fair value loss on liquid bonds</td>
<td>(9.9)</td>
<td>—</td>
</tr>
<tr>
<td>(Loss)/gain on cash flow hedges</td>
<td>(0.5)</td>
<td>11.3</td>
</tr>
<tr>
<td>Other comprehensive (loss)/income for the year, net of tax</td>
<td>(284.6)</td>
<td>184.6</td>
</tr>
<tr>
<td>Total comprehensive income/(loss) for the year</td>
<td>92.8</td>
<td>(3 795.5)</td>
</tr>
<tr>
<td>Profit/(loss) attributable to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owners of Nampak Limited</td>
<td>207.2</td>
<td>(3 467.6)</td>
</tr>
<tr>
<td>Non-controlling interest in subsidiaries</td>
<td>170.2</td>
<td>(512.5)</td>
</tr>
<tr>
<td>Total</td>
<td>377.4</td>
<td>(3 980.1)</td>
</tr>
<tr>
<td>Total comprehensive income/(loss) attributable to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owners of Nampak Limited</td>
<td>(151.9)</td>
<td>(3 492.4)</td>
</tr>
<tr>
<td>Non-controlling interest in subsidiaries</td>
<td>244.7</td>
<td>(302.9)</td>
</tr>
<tr>
<td>Total</td>
<td>92.8</td>
<td>(3 795.5)</td>
</tr>
<tr>
<td>Earnings/(loss) per share</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic (cents per share)</td>
<td>32.1</td>
<td>(537.7)</td>
</tr>
<tr>
<td>Diluted (cents per share)</td>
<td>32.1</td>
<td>(537.2)</td>
</tr>
</tbody>
</table>

¹ Operating profit/(loss) has been restated to include net impairment losses. Refer to note 2.2 of the detailed financial statements.
² There were no discontinued operations in the current year. Refer to note 4 of the previous year’s detailed financial statements for details of the profit for the year from discontinued operations.
### Consolidated statement of changes in equity
for the year ended 30 September 2021

<table>
<thead>
<tr>
<th># million</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>4 214.5</td>
<td>8 209.9</td>
</tr>
<tr>
<td>Adjustment to opening balance — adoption of new standards¹</td>
<td>—</td>
<td>(209.0)</td>
</tr>
<tr>
<td>Net shares issued during the year</td>
<td>2.0</td>
<td>—</td>
</tr>
<tr>
<td>Share-based payment expense/(reversal)</td>
<td>3.3</td>
<td>(13.6)</td>
</tr>
<tr>
<td>Share grants forfeited</td>
<td>(1.3)</td>
<td>—</td>
</tr>
<tr>
<td>Net impact of Zimbabwe debt capitalised</td>
<td>—</td>
<td>155.8</td>
</tr>
<tr>
<td>Disposal of businesses²</td>
<td>—</td>
<td>(153.0)</td>
</tr>
<tr>
<td>Disposal of liquid bonds³</td>
<td>(10.0)</td>
<td>20.0</td>
</tr>
<tr>
<td>Total comprehensive income/(loss) for the year</td>
<td>92.8</td>
<td>(2 795.3)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(0.1)</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Closing balance</td>
<td>4 301.1</td>
<td>4 214.5</td>
</tr>
</tbody>
</table>

Comprising:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital</td>
<td>35.5</td>
<td>35.5</td>
</tr>
<tr>
<td>Capital reserves</td>
<td>(226.9)</td>
<td>(227.6)</td>
</tr>
<tr>
<td>Share premium</td>
<td>270.9</td>
<td>268.9</td>
</tr>
<tr>
<td>Treasury shares</td>
<td>(513.4)</td>
<td>(513.4)</td>
</tr>
<tr>
<td>Share-based payments reserve</td>
<td>15.6</td>
<td>16.9</td>
</tr>
<tr>
<td>Other reserves</td>
<td>109.5</td>
<td>475.7</td>
</tr>
<tr>
<td>Foreign currency translation reserve</td>
<td>767.6</td>
<td>1 113.8</td>
</tr>
<tr>
<td>Financial instruments hedging reserve</td>
<td>—</td>
<td>0.5</td>
</tr>
<tr>
<td>Recognised actuarial losses reserve</td>
<td>(634.9)</td>
<td>(602.5)</td>
</tr>
<tr>
<td>Other*</td>
<td>(43.2)</td>
<td>(36.1)</td>
</tr>
</tbody>
</table>

Retained earnings | 4 911.7 | 4 701.3 |

Shareholders’ equity

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-controlling interests</td>
<td>4 829.8</td>
<td>4 984.9</td>
</tr>
<tr>
<td>Total equity</td>
<td>4 301.1</td>
<td>4 214.5</td>
</tr>
</tbody>
</table>

¹ IFRS 16: Leases.
² Cumulative translation reserve gain relating to foreign operations recycled through profit/loss on disposal.
³ Cumulative fair value (gains)/losses relating to liquid bonds measured at fair value through other comprehensive income recycled through profit/loss on disposal.
⁴ Other reserves relate to a put option in favour of the Botswana Development Corporation created on the acquisition of the group’s interest in Nampak DivFood Botswana (Pty) Ltd of R17.0 million and deferred tax on the equity contribution by NIL to Nampak Zimbabwe of R26.2 million. During the year, the cumulative fair value gains relating to liquid bonds (R7.1 million after non-controlling interests of R3.0 million) were recycled to profit and loss on the disposal of the bonds.

### Consolidated statement of cash flows
for the year ended 30 September 2021

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash receipts from customers</td>
<td>12 941.4</td>
<td>11 945.5</td>
</tr>
<tr>
<td>Cash paid to suppliers and employees</td>
<td>(11 882.2)</td>
<td>(10 858.4)</td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>1 059.2</td>
<td>1 087.1</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital expenditure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Replacement</td>
<td>(273.7)</td>
<td>(541.4)</td>
</tr>
<tr>
<td>Expansion</td>
<td>(39.2)</td>
<td>(124.8)</td>
</tr>
<tr>
<td>Disposal of property, plant, equipment and investments</td>
<td>40.9</td>
<td>51.8</td>
</tr>
<tr>
<td>Proceeds on the disposal of businesses</td>
<td>—</td>
<td>1 568.3</td>
</tr>
<tr>
<td>Proceeds from disposal of liquid bonds</td>
<td>267.8</td>
<td>456.6</td>
</tr>
<tr>
<td>Proceeds from RBZ receivable</td>
<td>57.4</td>
<td>—</td>
</tr>
<tr>
<td>Cash generated from investing activities</td>
<td>55.5</td>
<td>1 413.0</td>
</tr>
<tr>
<td>Net cash generated before financing activities</td>
<td>362.1</td>
<td>1 827.7</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current loans raised</td>
<td>1 499.6</td>
<td>2 388.4</td>
</tr>
<tr>
<td>Non-current loans repaid</td>
<td>(1 998.5)</td>
<td>(4 127.5)</td>
</tr>
<tr>
<td>Net current loans raised</td>
<td>1.5</td>
<td>—</td>
</tr>
<tr>
<td>Lease liabilities repaid</td>
<td>(71.2)</td>
<td>(79.0)</td>
</tr>
<tr>
<td>Cash repaid in financing activities</td>
<td>(370.1)</td>
<td>(1 856.6)</td>
</tr>
<tr>
<td>Net (decrease)/increase in cash and cash equivalents</td>
<td>(208.0)</td>
<td>11.1</td>
</tr>
<tr>
<td>Net cash and cash equivalents at beginning of year</td>
<td>1 400.4</td>
<td>1 358.4</td>
</tr>
<tr>
<td>Translation of cash in foreign subsidiaries</td>
<td>(80.8)</td>
<td>30.9</td>
</tr>
<tr>
<td>Net cash and cash equivalents at end of year</td>
<td>1 319.6</td>
<td>1 469.4</td>
</tr>
</tbody>
</table>

Performance review
Operational review Metals

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

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

South Africa Performance

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

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

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

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

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

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

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

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

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

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

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

Outlook

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

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

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

Rest of Africa Performance

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

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

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

Outlook

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

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

Plastics

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

**South Africa**

**Performance**

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

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

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

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

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

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

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

**Rest of Africa**

**Performance**

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

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

**Outlook**

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

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

**Outlook**

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

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

### Paper

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

### Rest of Africa Performance

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

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

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

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

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

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

### Outlook

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Ensuring compliance and high standards of corporate governance and ethics

Nampak, as the group’s ultimate shareholder, is involved in the decision-making of its subsidiaries on material issues. A delegation of authority and reserved matters framework is consistently applied to ensure it remains relevant and aligned with essential group requirements and appropriate minimum corporate governance standards.

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

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

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

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

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

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

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

Key focus areas

- Our operational and financial performance, specifically considering the continuing impact of COVID-19 on our markets and supply chains
- Balance sheet and liquidity management
- Business and portfolio optimisation together with tight overhead and capital expenditure control
- Ethical conduct, compliance and board effectiveness
- People, safety, skills and transformation
- Ensuring long-term sustainability

Governance and remuneration
Our governance structures as at 30 September 2021

Shareholders

Our board of directors

Board committees

- Audit and risk committee
- Nominations and remuneration committee
- Social, ethics and transformation committee

Key

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

PM Surgey M I
N Khan F I
KW Mzondeki F I
CD Raphiri M I
SP Ridley M I
LJ Sennelo F I
GR Fullerton (CFO) M
EE Smuts (CEO) M

Chief executive officer

Group executive committee

Our governance structures as at 30 September 2021

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

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

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

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

The roles and functions of the chairman and the CEO are described in the board charter available on our website at www.nampak.com.
Adding and preserving value through good corporate governance continued

Diversity at Board level contributes towards a sustainable and competitive advantage

Policy on the promotion of broader diversity

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

Tenure, independence and succession

All non-executive directors are considered to be independent.

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

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

Board committees

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

Governance and remuneration

Gender diversity (%)

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<thead>
<tr>
<th>Year</th>
<th>Race diversity (%)</th>
<th>Gender diversity (%)</th>
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<td>50</td>
<td>38</td>
</tr>
<tr>
<td>2020</td>
<td>Target</td>
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Race diversity (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Race diversity (%)</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>2020</td>
<td>50</td>
<td>50</td>
</tr>
</tbody>
</table>

Tenure (%)

<table>
<thead>
<tr>
<th>Tenure</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 2 years</td>
<td>33</td>
</tr>
<tr>
<td>3 – 6 years</td>
<td>33</td>
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<tr>
<td>7 – 9 years</td>
<td>33</td>
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</table>

Independence (%)

<table>
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<tr>
<td>Independent non-executive directors</td>
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</tr>
<tr>
<td>Executive directors</td>
<td>25</td>
</tr>
</tbody>
</table>

Audit and risk committee

Mandate
A statutory committee constituted in terms of the Companies Act and oversees:
- The quality and integrity of Nampak’s integrated and financial reporting.
- The qualification, independence and effectiveness of the internal and external audit functions.
- The adequacy and effectiveness of internal controls, risk management, information technology and governance.
- External audit — oversee the process and ensure that financial systems, processes and controls operate effectively.
- Financial performance, specifically considering the ongoing impact of COVID-19 on the business.
- Balance sheet and liquidity management.
- External audit — oversee the process of mandatory audit firm rotation.
- Combined assurance, internal control and risk management — oversee the further refinement of the coordination, integration and alignment of assurance activities.

Nominations and remuneration committee

Mandate
Ensures that the Group remunerates its directors and employees fairly, responsibly and transparently.
- Assists with the composition of the board and its committees, succession planning and the appointment of directors.
- Manages the performance of the board, the board committees and directors.

Social, ethics and transformation committee

Mandate
Performs the role of a social and ethics committee as required in terms of the Companies Act.
- Assists with ensuring that the appropriate strategies, policies and processes are in place in order to drive transformation and the continued development and sustainability of an ethical culture within the group.

Key matters dealt with and focus areas for 2022

- Ensuring fair, responsible and effective reward plans aligned with industry benchmarking and remuneration policy — continue to engage with our shareholders on our remuneration policy and implementation report and ensuring the appropriateness of our reward practices.
- Reviewing short-term and long-term incentive plan targets and design principles to ensure effective applicability.
- Composition, attraction, retention and succession practices at board and executive level remain key focus areas.

Key matters dealt with and focus areas for 2022

- Ensuring effective and transparent financial reporting.
- Financial management, key audit matters and significant areas of judgement — the committee will continue to set materiality levels and ensure that financial systems, processes and controls operate effectively.
- Financial performance, specifically considering the ongoing impact of COVID-19 on the business.
- Balance sheet and liquidity management.
- External audit — oversee the process of mandatory audit firm rotation.
- Combined assurance, internal control and risk management — oversee the further refinement of the coordination, integration and alignment of assurance activities.

Key matters dealt with and focus areas for 2022

- Continued focus on transformation — with an emphasis on recruitment and skills development. Nampak’s level 2 B-BBEE contributor status was maintained during the year.
- Ensuring processes are in place to promote an ethical, fair and caring culture.
- Ensuring sustainability, while being mindful of the group’s impact on the environment.
- Promoting the health and safety of employees across the various business operations.

Key matters dealt with and focus areas for 2022

- Refer to the AFS for the audit and risk committee report
- Refer to the remuneration report on pages 79 and 81 for details of directors’ remuneration and other relevant remuneration information
- Refer to page 83 for the social, ethics and transformation committee report

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

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

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

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

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

Mandates and focus areas of our board committees

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

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

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

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

Performance

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

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

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

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

Peter Surgy (65)
Chairman
Qualifications: BA LLB
Appointment date: 29 July 2009

Mr Surgy was managing director of Plascon and chief executive officer of Barboordi Coatings from 1993 to 2003. From 1995 to 2008 he was a director of Barboordi Ltd. He has previously been a director of Control Instruments (Pty) Ltd and NCS Reax (Pty) Ltd, where he also served on the remuneration and audit committees. He served as a trustee for 14 years on The President’s Award – The Duke of Edinburgh’s International Award. He is currently chairman of Eazi Access Rentale (Pty) Ltd, chairman of Autoinvestments (Pty) Ltd (Ethos Fund VI Companies) and a director and shareholder of Earth Pristiotic Industrial (Pty) Ltd.

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

Erik Smuts (51)
Chief Executive Officer
Qualifications: B Com, B Compt (Hons), CTA, CA(SA), ACMA (CIMA), GEDP (GBS), CIPM (APICS), AMP (Harvard)
Appointment date: 6 January 2020

Mr Smuts took over as Chief Executive Officer on 6 January 2020. He has over 24 years of experience in the manufacturing and packaging industry, having worked at Nampak for more than two decades. He was appointed Group Executive of Business in 2016. He is also a director of Packaging SA NPC. Mr Smuts participated in the Advanced Management Programme at the Harvard Business School and the Global Executive Development Programme at the Institute of Business Science.

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

Kholeka Mzondeki (54)
Independent Non-executive Director
Qualifications: FCAA (UK), BCom, Dip Investment Management
Appointment date: 1 September 2019

Ms Mzondeki currently leads a portfolio career, sitting on several JSE listed company boards as an independent non-executive director and oversees people management. She has been a non-executive director with extensive experience in senior finance executive roles of Financial Director and Chief Financial Officer. She has fulfilled FD and CFO roles in 3M and previously sat on the Audit Committee of the United Nations World Food Programme.

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

Kheiro Khan
(52)
Independent Non-executive Director
Qualifications: B Com, B Compt (Hons), CTA, CA(SA)
Appointment date: 1 August 2020

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

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

Simon Ridley (65)
Independent Non-executive Director
Qualifications: B Com, Dip Acc (post graduate), CA(SA)
Appointment date: 1 March 2019

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

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

Leaseo Sennelo (64)
Independent Non-executive Director
Qualifications: B Compt, B Com (Hons) Accounting, Higher Dip (Auditing), CA(SA), BEd AMX Board Leadership
Appointment date: 22 November 2019

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

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

Glenn Fullerton (5A)
Chief Financial Officer
Qualifications: B Compt, B Compt (Hons), CTA, CA(SA)
Appointment date: 1 September 2015

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

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

Nearaye Khan (52)
Independent Non-executive Director
Qualifications: B Com, B Compt (Hons), CA(SA)
Appointment date: 1 August 2020

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

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

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

Kholeka Mzondeki (54)
Independent Non-executive Director
Qualifications: FCAA (UK), BCom, Dip Investment Management
Appointment date: 1 September 2019

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

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

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Appointment date: 1 March 2019

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

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Independent Non-executive Director
Qualifications: FCAA (UK), BCom, Dip Investment Management
Appointment date: 1 September 2019

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

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

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

Erik Smuts (51)
Chief Executive Officer
Qualifications: B Com, B Com (Hons), CTA, CA(SA), ACMA (CIMA), GEDP (GIBS), CPIM (APICS), AMP (Harvard)

Glenn Fullerton (54)
Chief Financial Officer
Qualifications: B Compt, B Compt (Hons), CTA, CA(SA)

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

Christiaan Burmeister (57)
Group Executive: DivFood and Research and Development
Qualifications: BAcc, BCom (Hons), CA(SA), AMP (Harvard)

Lynne Kidd (61)
Group Executive: Human Capital
Qualifications: BA (Hons) Industrial Psychology

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

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

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

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 separate non-binding advisory vote by shareholders.

SECTION 3

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

Shareholder engagement

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

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

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

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

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

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

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

Overview of the year

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

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

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

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

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

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

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

Activities undertaken in 2021

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

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

Achievement of objectives

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

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

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

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

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

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

Changes for 2022
The incentive structures will be reviewed and the appropriateness of the EIP evaluated for continuance into 2023.

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

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

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

CD Raphiri
Chairman of the nominations and remuneration committee
Bryanston
3 December 2021

SECTION 2: Remuneration policy
The remuneration policy is approved by the Board and forms part of the overall remuneration philosophy. In line with King IV™, we set out below the detailed forward-looking remuneration policy applicable to the executive management and on a high-level, for other employees.

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

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

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

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

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

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

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

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

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

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

Overview

<table>
<thead>
<tr>
<th>Guaranteed pay</th>
<th>Variable pay</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EIP</strong></td>
<td><strong>STI</strong></td>
</tr>
<tr>
<td><strong>Basic salary</strong></td>
<td><strong>Annual incentive</strong></td>
</tr>
<tr>
<td><strong>Benefits</strong></td>
<td></td>
</tr>
<tr>
<td>Description</td>
<td>Cash pay and benefits</td>
</tr>
<tr>
<td>Eligibility</td>
<td>All employees</td>
</tr>
<tr>
<td>Period of delivery</td>
<td>Monthly payments</td>
</tr>
</tbody>
</table>

Overview
Remuneration report continued

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

The components

Basic salary and benefits

<table>
<thead>
<tr>
<th>Basic salary</th>
<th>Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Designed to attract and retain executives and employees with appropriate competence and experience levels and diversity of skills and views to deliver sustainable profitability for the benefit of all stakeholders.</td>
<td>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.</td>
</tr>
</tbody>
</table>

Remuneration principles

Managerial employees receive guaranteed packages, while other employees receive basic salaries, shift allowances, overtime and benefits on a build-up basis. Market-related guaranteed packages or cash salaries tailored to the role of the employee, influenced by market conditions, company performance, internal equity and individual performance.

Description

Employees in all jurisdictions have access to retirement funding and insured benefits arrangements in line with local regulations. Expatiate 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.

Eligibility

All employees

External surveys

The Deloitte SA Executive Guide. The Deloitte National Remuneration Guide. REMchannel®

Competitiveness of offer

Benchmarked using survey data from external advisers, annually and for new appointments. Target level for guaranteed packages for executive directors and group executives is clustered around the median. Target level for guaranteed packages and basic salaries of the levels below executive directors and group executives is clustered around the median for competent levels of performance. Entry to top performance ranges between 80% to 120% of the median. Top performers, those employees key to future succession and for positions where we have scarce skill risks would be positioned higher in the range. Levels of pay and benefits for shop floor employees are higher than the agreed sector wage levels and engagement to review this position has commenced with Labour. New appointments are made at rates which are aligned to the industry sector levels.

Performance metrics

Individual performance, contribution and future growth potential are considered.

Performance period

Annual review

Governance requirement

Set out in contracts of employment. Set out in group policies.

Variable pay

Short-term incentive plan

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

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

Executive incentive plan

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

| Participants | Permanent employees are eligible to participate however the EIP is primarily used for the CEO, CFO and other executives that are critical in the execution of our turnaround strategy. |
| Calculation of Executive Incentive (cash and deferred portions) | The EIP represents all variable pay elements and is calculated in accordance with the following formula: Executive Incentive = Total Guaranteed Pay × On-target Percentage × Balanced Scorecard Modifier. |
| Combined on-target percentage | Given that the EIP comprises the combined short- and long-term variable pay offering for the participants, after benchmarking performed by PwC, the following allocation levels will be applied in 2022 to each participant’s total guaranteed pay (TGP) to determine the executive incentive: CEO: 190% (2021: 215%), CFO: 170% (2021: 191%), Group executives: 155% (2021: 174%). |
| Balanced Scorecard Modifier | The balanced scorecard for the 2022 financial year which will form the basis of determining the Balanced Scorecard Modifier, has been set out below, aligning the performance measures to the strategy. The Balanced Scorecard Modifier will be determined based on the outcomes of the Balanced Scorecard. Threshold and on-target levels are set for all performance measures. Stretch performance of up to 150% of the on-target percentage may be attained through the achievement of stretch targets. |
| Performance period | Achievement against the Balanced Scorecard will be assessed over a one-year performance period. Specific milestone-based goals could be measured at milestone dates. The deferred portion is subject to share price fluctuations over the deferral period. |
| Delivery of the executive incentive | 50% of the Executive Incentive will be paid in cash annually after the expiry of the performance period, i.e. year one (this is referred to as the deferred incentive). The deferred incentive will be structured as forfeitable shares, meaning participants will be the owners of the shares, but the shares will be subject to forfeiture (until vesting) and disposal restrictions (until the expiry of the holding period, where applicable). The payment of the annual incentive and settlement of the deferred incentive will be subject to the satisfaction of a free cash flow condition. In the event that the free cash flow condition is not met at the time of intended payment or settlement, payment and settlement will be deferred until the condition is met. |
| Vesting period for the deferred incentive | Vesting will occur in equal tranches in year two and three respectively. |
| Holding period | Each tranche of the deferred incentive that vests will be subject to a post vesting holding period, if the executive has not achieved the applicable minimum shareholding requirement at the date of vesting. The duration of the holding period will be the shorter of meeting the minimum shareholding requirements and a period of two years. |
| Settlement of deferred incentive | The delivery of shares will be through a market purchase of shares and there will be no dilutionary impact on shareholders. The settlement will be subject to the satisfaction of a free cash flow condition. |
| Vesting modifier | A once-off downwards vesting modifier may be applied, at the discretion of the committee, at the first vesting date (year 2) where an erosion of value of the earnings of the core business has occurred which can be attributed to the performance of the group executives. |

**Remuneration report continued**

**Term of employment**

The provisions relating to the termination of employment create a distinction between fault terminations and no-fault terminations.

**Fault**

Fault terminations will forfeit the annual incentive if they terminate their service before the end of the performance period i.e. year one.

Where fault termination occurs after the performance period, a portion of the deferred incentive will be forfeited, depending on whether such termination takes place during the first vesting period i.e. until the end of year two (100% of deferred incentive forfeited) or second vesting period i.e. until the end of year three (50% of deferred incentive forfeited). There will be no forfeitures for fault terminations which occur after the end of the second vesting period but during a holding period, however they will remain subject to the holding period until expiry thereof.

**No-fault**

No fault terminations will forfeit the annual and deferred incentive if they terminate their services within the first six months of the performance period.

No-fault terminations during the second six months of the performance period will receive the annual incentive but the deferred incentive will be forfeited in full.

Where no-fault termination occurs after the performance period i.e. after the end of year one, the annual incentive will be paid in full, and a portion of the deferred incentive will vest, depending on whether such termination takes place during the first vesting period (50% of deferred incentive will vest) or second vesting period (100% of deferred incentive will vest).

Where no-fault terminations occur after the end of the second vesting period but during the holding period, the vested shares will be released on the date of termination.

**Change of control**

In the event of a Change of Control, where the EIP is terminated, unless the committee determines otherwise, the provisions listed under no-fault termination will apply.

Where the change of control is pursuant to a transaction, and the EIP continues, with the participants’ rights being accommodated on a fair and reasonable basis, the provisions listed under no-fault termination will not apply unless the participant’s employment is terminated for whatever reason, other than a fault termination, within 12 months following the change of control date, in which case the EIP will be settled as per the no-fault termination provisions.

**Malus and clawback**

The EIP will be subject to malus and clawback (further details are included on page 76).

**Balanced scorecard**

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

<table>
<thead>
<tr>
<th>Measures</th>
<th>Alignment to strategy</th>
<th>Reduce risk</th>
<th>Grow profits</th>
<th>Strengthen capital structure</th>
<th>Simplification</th>
<th>Innovation</th>
<th>Operational/functional measures</th>
<th>Capital structure optimisation</th>
<th>ESG measures</th>
<th>Safety metrics</th>
<th>Environmental metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profitability measures</td>
<td>EBITDA for banking covenant purposes</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Performance measures</td>
<td>HEPS</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Funding measures</td>
<td>Covenant ratio compliance</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Operating/financial measures</td>
<td>Debt reduction — aligned to lender agreements</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Capital structure optimisation</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>ESG measures</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

Strategic imperative linked to employment equity targets.

The total incentive earned up to on-target achievement may be subject to a discount of up to 7.5%.
Pay for performance and remuneration mix
The mix of guaranteed pay and variable pay, split into the annual cash incentive and the deferred incentive delivered as forfeitable shares under the new EIP, is depicted under various performance scenarios below.

<table>
<thead>
<tr>
<th>Contractual terms and payments on termination of employment</th>
<th>The CEO, CFO and group executives have indefinite service contracts with notice periods of three months. The service contracts do not contain any other provisions relating to payments due on termination of employment, for whatsoever reason, or following a change of control of the company. In the event of a change of control, share allocations will be dealt with in terms of the rules of the relevant share plans.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum shareholding requirement policy</td>
<td>The EIP is designed to facilitate executive ownership of Nampak shares. To formalise the holding of Nampak shares by executives, a formal minimum shareholding requirement policy has been developed, in terms of which executives will be required to build personal holdings in Nampak shares to a minimum threshold level. Executives have five years from date of introduction of the policy (1 October 2020) or appointment into an affected role to achieve the required holdings. Unencumbered shares acquired by own funds as well as vested shares acquired under the EIP or any previous Nampak long-term incentive plan will count towards the executive’s shareholding based on the cost at acquisition. The current minimum shareholding requirements are: CEO: 200% of TGP Other executive directors: 150% of TGP Group executives: 100% of TGP</td>
</tr>
<tr>
<td>Malus and clawback policy</td>
<td>In line with market practice, the incentive remuneration will be subject to malus and clawback, in the event of a trigger event occurring. The provisions are formalised in a Malus and Clawback Policy. The trigger events include but are not limited to: a material misstatement of the financial results resulting in an adjustment in the audited consolidated accounts of the company or the audited accounts of any member of the group; the fact that any information used to determine the quantum of an incentive was based on error, or inaccurate or misleading information; action or conduct of a participant which, in the reasonable opinion of the board, amounts to serious misconduct or gross negligence; events or behaviour of a participant, or the existence of events attributable to a participant, which led to the censure of the company or a member of the group, by a regulatory authority or have had a significant detrimental impact on the reputation of the company. Malus (pre-payment/pre-vesting) Unpaid or unvested incentive remuneration will be subject to malus provisions. This means the incentive remuneration may be reduced or forfeited if a trigger event arises. Clawback (post-payment/post-vesting) Incentive remuneration will also be subject to clawback if a trigger event arises as described above. Where a trigger event has occurred, the repayment of the pre-tax cash value of the paid or settled incentive remuneration will become due. To the extent a holding period is applicable to the deferred shares under the EIP, the shares would be subject to forfeiture. Incentive remuneration is subject to Clawback for a three-year period post payment or vesting date, as applicable.</td>
</tr>
<tr>
<td>Non-executive directors remuneration</td>
<td>The non-executive directors do not have contracts of employment with the company and are appointed by rotation in terms of our memorandum of incorporation. The committee recommends the non-executive fee structures annually after obtaining benchmarks from the Deloitte non-executive director report. Comparisons are made against the median for companies in size class to Nampak, and the benchmark used to recommend non-executive director remuneration to shareholders is the JSE top 100 listed companies as it remains relevant to attract and retain the correct caliber of director during the turnaround phase. Total policy fees are calculated using the number of scheduled meetings for the year. Actual fees paid may differ due to unplanned additional meetings, owing to the current variability and business requirements. Consideration is given to any changes in the level of complexity of the roles as well as meeting requirements in the business when assessing the fee recommendations. These recommendations are then considered by the committee, excluding recommendations of their own fees, and the board, before being submitted to shareholders for approval by way of a special resolution in terms of the Companies Act requirements.</td>
</tr>
<tr>
<td>Governance and remuneration Non-binding advisory shareholder votes</td>
<td>Shareholders are encouraged to provide feedback and contributions regarding their position on the various voting requirements. We therefore invite shareholders wishing to engage with the chairman of the nominations and remuneration committee to do so via email at <a href="mailto:corporategovernance@nampak.com">corporategovernance@nampak.com</a>. The company’s non-executive directors are paid based on their role and policy is applied using the following principles: Non-executive directors’ fees are paid for board membership and committee participation. The fees are paid every two months, in arrears. Non-executive directors do not receive incentive bonus payments, nor do they participate in any of the executive share plans. Fees disclosed are exclusive of value-added tax (VAT). Non-executive directors are reimbursed for travel expenses, where necessary. Fees in respect of the 2021 year consisted of a base fee and a fee based on meeting attendance. Differentiated fees were set for sub-committee chairpersons and sub-committee members. After considering recommendations from management and the committee, the board has proposed that the current fee structure of a base fee and fees for meeting attendance remain in place for 2022 and that the fees for board participation be increased by 4.5%. Fees in respect of sub-committee participation will remain the same as in 2021. The chairman fee remains a single fee. The proposed fees for 2022 are set out on page 88 of the integrated report.</td>
</tr>
</tbody>
</table>
Remuneration report continued

SECTION 3: Implementation report

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

AGM voting results

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

<table>
<thead>
<tr>
<th>Percentage vote in favour</th>
<th>Required percentage</th>
<th>Feb 2021</th>
<th>Feb 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remuneration policy and Framework report</td>
<td>75% non-binding</td>
<td>89.56</td>
<td>96.44</td>
</tr>
<tr>
<td>Implementation report</td>
<td>75% non-binding</td>
<td>89.52</td>
<td>96.19</td>
</tr>
<tr>
<td>Non-executive directors’ fees and committee membership fees</td>
<td>75% binding</td>
<td>97.34</td>
<td>98.59</td>
</tr>
</tbody>
</table>

Deviations from policy

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

Contractual terms and payments on termination of employment

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

Fair and responsible remuneration

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

<table>
<thead>
<tr>
<th>Grouping</th>
<th>Average increase (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive directors (1 October 2020)</td>
<td>4.1</td>
</tr>
<tr>
<td>Senior executives (1 October 2020)</td>
<td>4.1</td>
</tr>
<tr>
<td>Managers and supervisors (1 January 2021)</td>
<td>3.8</td>
</tr>
<tr>
<td>Bargaining unit employees (1 July 2021)</td>
<td>0%</td>
</tr>
</tbody>
</table>

The averages tabulated above do not include guaranteed package movements for promotions or market alignement adjustments.

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

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

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

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

EIP performance assessment

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

<table>
<thead>
<tr>
<th>Measures</th>
<th>Alignment to strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Covenant compliance measures</td>
<td>Achieved</td>
</tr>
<tr>
<td>Financial performance improvement actions</td>
<td>Achieved</td>
</tr>
<tr>
<td>Development new business</td>
<td>Achieved</td>
</tr>
</tbody>
</table>

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

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

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

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

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

1. 40% based on improvement in headline earnings per share (HEPS) for continuing operations, vesting on a straight-line basis between threshold of cumulative CPI + 3% and target of cumulative CPI + 15%
2. 30% based on improvement in TSR on an absolute basis, vesting on a straight-line basis between threshold of cumulative CPI + 3% and target of cumulative CPI + 15%
3. 30% based on return on net assets (RONA) targets with vesting of 40% for a RONA of 11.5%, 70% for 12%, 80% for 12.5%, 90% for 13% and 100% for 13.5%

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

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

The single total figure of remuneration
Remuneration 2021

Governance and remuneration

Key
- Covenant compliance
- Financial performance
- Operational performance
Governance and remuneration

Remuneration 2020

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Basic salary</th>
<th>Company contribution to retirement</th>
<th>Guaranteed retirement package</th>
<th>Value of other benefits1</th>
<th>Termination</th>
<th>STI1</th>
<th>LTI1</th>
<th>Total single figure remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive directors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EE Smuts2</td>
<td>6 497 351</td>
<td>48 279</td>
<td>6 545 630</td>
<td>16 203</td>
<td>—</td>
<td>2 097 254</td>
<td>1 415 700</td>
<td>10 074 787</td>
</tr>
<tr>
<td>GR Fullerton</td>
<td>5 332 236</td>
<td>44 794</td>
<td>5 577 020</td>
<td>15 121</td>
<td>—</td>
<td>1 781 844</td>
<td>7 373 985</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>12 029 577</td>
<td>93 073</td>
<td>12 122 650</td>
<td>31 324</td>
<td>—</td>
<td>3 879 098</td>
<td>17 448 772</td>
<td></td>
</tr>
<tr>
<td>Resigned during the year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AM de Ruiter3</td>
<td>2 195 488</td>
<td>18 027</td>
<td>2 213 515</td>
<td>5 649</td>
<td>244 492</td>
<td>—</td>
<td>2 463 656</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>14 225 065</td>
<td>111 100</td>
<td>14 336 165</td>
<td>36 973</td>
<td>244 492</td>
<td>3 879 098</td>
<td>19 912 428</td>
<td></td>
</tr>
<tr>
<td>Group executives</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C Burmester</td>
<td>2 913 265</td>
<td>76 310</td>
<td>3 029 555</td>
<td>8 003</td>
<td>—</td>
<td>779 594</td>
<td>521 390</td>
<td>3 338 542</td>
</tr>
<tr>
<td>CB Farndell7</td>
<td>1 470 859</td>
<td>307 527</td>
<td>1 578 386</td>
<td>4 141</td>
<td>—</td>
<td>690 452</td>
<td>2 372 979</td>
<td></td>
</tr>
<tr>
<td>LD Kidd</td>
<td>3 133 125</td>
<td>82 461</td>
<td>3 215 586</td>
<td>8 648</td>
<td>—</td>
<td>1 120 592</td>
<td>4 344 826</td>
<td></td>
</tr>
<tr>
<td>RG Morris4</td>
<td>3 182 735</td>
<td>25 262</td>
<td>3 207 997</td>
<td>8 812</td>
<td>5 487 318</td>
<td>1 111 638</td>
<td>9 815 765</td>
<td></td>
</tr>
<tr>
<td>H Nel5</td>
<td>2 279 543</td>
<td>15 944</td>
<td>2 295 487</td>
<td>5 281</td>
<td>—</td>
<td>1 035 707</td>
<td>3 336 475</td>
<td></td>
</tr>
<tr>
<td>LD Kidd</td>
<td>3 133 125</td>
<td>82 461</td>
<td>3 215 586</td>
<td>8 648</td>
<td>—</td>
<td>1 120 592</td>
<td>4 344 826</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>17 614 700</td>
<td>344 117</td>
<td>17 958 817</td>
<td>47 133</td>
<td>5 487 318</td>
<td>6 774 658</td>
<td>671 390</td>
<td>30 939 316</td>
</tr>
</tbody>
</table>

1 Other benefits refer to group personal accident cover.
2 STI disclosed is based on performance during the 2020 financial year, but actual STI payments will be made in December 2020.
3 LTI disclosed is the award of matching shares under the DBP in December 2019. Values are calculated using market value at purchase date. The performance conditions aligned to the PSP were not achieved. None of the December 2017 awards will vest.
4 EE Smuts was appointed CEO with effect from 6 January 2020.
5 AM de Ruiter resigned with effect from 5 January 2020. Termination pay comprises leave pay of R244 492.
6 RG Morris was retrenched with effect from 31 July 2020. Termination pay comprises leave pay of R566 641, notice pay of R990 250, severance pay of R3 430 427 and executive retirement gratuity of R500 000.
7 CB Farndell and Q Swart were appointed to the group executive committee with effect from 1 March 2020.
8 H Nel was appointed to the group executive committee with effect from 1 February 2020.

Non-executive directors’ remuneration 2021/2020

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Directors fees</th>
<th>Audit and risk</th>
<th>Nomination and remuneration</th>
<th>Social, ethics and transformation</th>
<th>Total fees 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>E Ikazoboh</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>164 832</td>
<td>164 832</td>
</tr>
<tr>
<td>J John</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>32 642</td>
<td>32 642</td>
</tr>
<tr>
<td>N Makhari</td>
<td>280 350</td>
<td>—</td>
<td>—</td>
<td>280 350</td>
<td>280 350</td>
</tr>
<tr>
<td>N Khan</td>
<td>327 400</td>
<td>258 500</td>
<td>585 900</td>
<td>98 550</td>
<td>585 950</td>
</tr>
<tr>
<td>KW Mzondeni</td>
<td>327 400</td>
<td>258 500</td>
<td>585 900</td>
<td>573 800</td>
<td>531 552</td>
</tr>
<tr>
<td>CD Raphiri</td>
<td>327 400</td>
<td>261 300</td>
<td>765 700</td>
<td>705 985</td>
<td>705 985</td>
</tr>
<tr>
<td>SP Ridley</td>
<td>327 400</td>
<td>515 700</td>
<td>782 000</td>
<td>782 000</td>
<td>782 000</td>
</tr>
<tr>
<td>L Servello</td>
<td>327 400</td>
<td>258 500</td>
<td>683 300</td>
<td>501 485</td>
<td>501 485</td>
</tr>
<tr>
<td>PW Surgy</td>
<td>1 575 000</td>
<td>1 800 000</td>
<td>3 375 000</td>
<td>1 415 700</td>
<td>3 375 000</td>
</tr>
<tr>
<td>Total</td>
<td>3 212 000</td>
<td>1 291 200</td>
<td>398 300</td>
<td>2 592 092</td>
<td>4 835 456</td>
</tr>
</tbody>
</table>

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

Minimum shareholding requirement (MSR) compliance

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

Share disclosure tables

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

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

Governance and remuneration

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

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

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

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

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

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

<table>
<thead>
<tr>
<th></th>
<th>Black</th>
<th>Black Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-executive directors</td>
<td>67</td>
<td>50</td>
</tr>
<tr>
<td>Executive directors</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Group executives</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Senior management</td>
<td>38</td>
<td>10</td>
</tr>
<tr>
<td>Middle management</td>
<td>53</td>
<td>24</td>
</tr>
<tr>
<td>Junior management</td>
<td>74</td>
<td>28</td>
</tr>
<tr>
<td>Semi-skilled</td>
<td>93</td>
<td>16</td>
</tr>
<tr>
<td>Unskilled</td>
<td>99</td>
<td>32</td>
</tr>
</tbody>
</table>

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

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

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

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

Nampak provided temporary employment to 10 young people in 2021 as part of its ongoing commitment to the YES4Youth initiative to which it contributed over R6m in 2021, bringing its total investment in this programme since inception to more than R20m.

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

Health and safety
Health and safety is of top priority for Nampak and safety is one of our values. Safety audits are regularly conducted. Some sites have achieved safety certifications. Performance is monitored against safety tolerance levels. The long-term injury frequency rate (LTIFR) in 2021 improved to 0.27 compared to the tolerance level of 0.3. The table below shows the LTIFR statistics over the past five years:

<table>
<thead>
<tr>
<th>Year</th>
<th>LTIFR</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>0.41</td>
</tr>
<tr>
<td>2018</td>
<td>0.27</td>
</tr>
<tr>
<td>2019</td>
<td>0.34</td>
</tr>
<tr>
<td>2020</td>
<td>0.36</td>
</tr>
<tr>
<td>2021</td>
<td>0.27</td>
</tr>
</tbody>
</table>

Individual incentive bonus payments are linked to safety targets.

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

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

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

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

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

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

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

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

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

The committee exercises ongoing oversight over the management of calls received.
Social, ethics and transformation report continued

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

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reports received</td>
<td>49</td>
<td>31</td>
<td>48</td>
</tr>
<tr>
<td>Disciplinary hearings</td>
<td>4</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Dismissals</td>
<td>2</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Forensic reviews</td>
<td>29</td>
<td>26</td>
<td>32</td>
</tr>
<tr>
<td>Disciplinary hearings</td>
<td>7</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Dismissals</td>
<td>7</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

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

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

Consumer and customer relationships

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

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

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

CD Raphiri
Chairman
Social, ethics and transformation committee
3 December 2021

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

Shareholders’ diary at 30 September 2021

Annual general meeting
Wednesday, 16 February 2022

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

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

Dividend
Ordinary
Final dividend for the year ended 30 September 2021
No dividend being paid

Interim dividend for the half-year ending 31 March 2022
To be paid in July 2022, if payable

Preference
6.5% and 6% cumulative preference dividends
Payable twice per annum during February and August
Notice of annual general meeting

Nampak Limited
("Nampak" or "the Company")
Incorporated in the Republic of South Africa
Registration number: 1968/008070/06
Share code: NPK
ISIN: ZAE000071676

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

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

The holders of Nampak Limited shares (“the shareholders”) and any persons who are not shareholders but who are entitled to exercise any voting rights in relation to the resolutions to be proposed at the meeting as at the record date of Friday, 3 December 2021, (collectively the “holders” or “you”), are entitled to participate in and vote electronically at the annual general meeting in person or by proxy/ies.

The board of directors of Nampak Limited ("the Board") has determined, in accordance with section 59 of the Companies Act, No. 71 of 2008 ("the Companies Act"), that the record date for persons to be recorded as entitled to receive this notice is Friday, 3 December 2021.

3.1 Ordinary resolution number 1 — re-election of SP Ridley
"Resolve that SP Ridley be and is hereby re-elected as a director of the Company."

3.2 Ordinary resolution number 2 — re-election of LJ Sennelo
"Resolve that LJ Sennelo be and is hereby re-elected as a director of the Company."

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

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

4. Ordinary resolution number 3 — appointment of external auditors
A new external audit firm must be appointed by no later than 2023 in line with the Independent Regulatory Board for Auditors’ rule on mandatory audit firm rotation. The audit and risk committee has commenced with a process to ensure that a new firm is appointed by such time. In the meantime, the audit and risk committee has concluded that the appointment of Deloitte & Touche will comply with the requirements of the Companies Act and the Regulations, and accordingly nominates Deloitte & Touche for re-appointment as external auditor of the Company.

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

"Resolve that Deloitte & Touche be and is hereby appointed as the Company’s independent external auditor until the end of the next annual general meeting and therefore, the holders are required to:

Resolutions

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

3. Election of retiring directors
The holders are required to vote on the election, by way of a separate vote, for the following directors who are required to retire as directors of the Company in terms of clause 291 of the MOI, and who are eligible and available for re-election, and therefore the holders are required to:

Further information

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

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

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

5.1 Ordinary resolution number 4 — appointment of N Khan
"Resolve that N Khan be and is hereby elected as a member of the audit and risk committee of the Company to hold office until the end of the next annual general meeting."

5.2 Ordinary resolution number 5 — appointment of KW Mzondeki
"Resolve that KW Mzondeki be and is hereby elected as a member of the audit and risk committee of the Company to hold office until the end of the next annual general meeting."

5.3 Ordinary resolution number 6 — appointment of SP Ridley
"Resolve that SP Ridley be and is hereby elected as a member of the audit and risk committee of the Company, subject to him being elected as director in terms of ordinary resolution number 1 to hold office until the end of the next annual general meeting."

5.4 Ordinary resolution number 7 — appointment of LJ Sennelo
"Resolve that LJ Sennelo be and is hereby elected as a member of the audit and risk committee of the Company, subject to her being elected as director in terms of ordinary resolution number 2 to hold office until the end of the next annual general meeting."

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

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

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

* Sections 94(4) and 94(5) of the Companies Act read with Regulation 42.
Notice of annual general meeting continued

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

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

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

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

Reason and effect of special resolution number 1
In terms of section 65(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 2 (two) years, and only if this is not prohibited in terms of the MOI. The proposed remuneration payable to non-executive directors is based on best practice and aimed at ensuring fair and competitive remuneration. It is important for the Company to attract and retain directors with the relevant experience and skills to effectively lead the Company.

9. Financial assistance
Taking into consideration that:

(i) 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;
(ii) 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 inter-company loans or Company guarantees in favour of third parties such as financial institutions, service providers and other counterparties (in respect of the provision or banking facilities, structured financing transactions, the refinancing or restructuring of existing financing transactions, new funding arrangements, acquisition transactions, project financing or debt capital transactions);

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

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

The holders are required to:

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

(i) such financial assistance must relate to transactions or intended transactions, including transactions related to any share schemes for employees of the Nampak Group or for the purposes of or in connection with a black economic empowerment transaction;
(ii) the Board, when authorising any such financial assistance, determines: (a) the recipient or recipients of such financial assistance; (b) the form, nature and extent of such financial assistance and (c) the terms and conditions under which such financial assistance is provided;
(iii) the Board may not authorise the Company to provide any financial assistance pursuant to this special resolution unless the Board, before making any such financial assistance available, has satisfied itself that immediately after providing the financial assistance, the Company will satisfy the solvency and liquidity test as contemplated in the Companies Act and that the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company and meet all those requirements of section 45 of the Companies Act which it is required to meet in order to authorise the Company to provide such financial assistance."

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

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

9.2 Special resolution number 3 — Financial assistance in terms of section 45 of the Companies Act to directors or prescribed officers of the Company or of a related or inter-related company in connection with Nampak’s existing share schemes
"Authorise, to the extent required in terms of section 45 of the Companies Act, the Board, as in its discretion deems fit, but subject to compliance with the requirements of the MOI, the Companies Act and the Listings Requirements applicable to the Company, to grant authority to the Company to provide at any time and from time to time during the period of 2 (two) years commencing on the date of this special resolution, any direct or indirect financial assistance ("Financial assistance") which the Board, in its discretion, determines to such amount as determined from time to time in 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) 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."

Proposed fees

<table>
<thead>
<tr>
<th>Board/Committee</th>
<th>Per annum</th>
<th>Fee per meeting for attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-executive chairman</td>
<td>1 525 000</td>
<td>n/a</td>
</tr>
<tr>
<td>Non-executive director</td>
<td>224 050</td>
<td>23 600</td>
</tr>
<tr>
<td>Audit and risk committee chairman</td>
<td>177 300</td>
<td>42 300</td>
</tr>
<tr>
<td>Audit and risk committee member</td>
<td>105 700</td>
<td>19 100</td>
</tr>
<tr>
<td>Chairman of other Board committees</td>
<td>176 300</td>
<td>17 000</td>
</tr>
<tr>
<td>Member of other Board committees</td>
<td>87 500</td>
<td>9 900</td>
</tr>
</tbody>
</table>

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

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

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

(i) such financial assistance is provided only in terms of the provisions and for the sole purpose of Nampak’s existing share schemes;
(ii) the Board, when authorising any such financial assistance, determines: (a) the recipient or recipients of such financial assistance; (b) the form, nature and extent of such financial assistance and (c) the terms and conditions under which such financial assistance is provided; and
(iii) the Board may not authorise the Company to provide any financial assistance pursuant to this special resolution unless the Board, before making any such financial assistance available, has satisfied itself that immediately after providing the financial assistance, the Company will satisfy the solvency and liquidity test as contemplated in the Companies Act and that the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company and meet all those requirements of section 45 of the Companies Act which it is required to meet in order to authorise the Company to provide such financial assistance. 8

Reason for and effect of special resolution number 3

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

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

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

“Authorise, to the extent required in terms of section 44 of the Companies Act, the Board, as it in its discretion deems fit, but subject to compliance with the requirements of the MOI, the Companies Act and the Listings Requirements applicable to the Company, to grant authority to the Company to provide at any time and from time to time during the period of 2 (two) years commencing on the date of this special resolution, any direct or indirect financial assistance by way of a loan, guarantee, 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 to or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company, provided that:

(i) such financial assistance must be in connection with Nampak’s existing share schemes or a black economic empowerment transaction;
(ii) the Board (or any person or persons to whom the Board has delegated the power to approve recipients of the financial assistance) from time to time determines: (a) the recipient or recipients of such financial assistance; (b) the form, nature and extent of such financial assistance and (c) the terms and conditions under which such financial assistance is provided; and
(iii) the Board may not authorise the Company to provide any financial assistance pursuant to this special resolution unless the Board, before making any such financial assistance available, has satisfied itself that immediately after providing the financial assistance, the Company will satisfy the solvency and liquidity test as contemplated in the Companies Act and that the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company and meets all those requirements of section 44 of the Companies Act which it is required to meet in order to authorise the Company to provide such financial assistance. 9

Reason for and effect of special resolution number 4

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

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

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

The holders are requested to:

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

(i) the number of shares acquired in any one financial year shall not exceed 10% (ten per cent) of the shares in issue in the applicable class at the date on which this resolution is passed;
(ii) a decision by the Board involving the repurchase of more than 5% (five per cent) of the issued shares of any class will be subject to the requirements of sections 114 and 115 of the Companies Act;
(iii) no voting rights attached to the Company’s shares repurchased by a subsidiary of the Company may be exercised while shares are held by that subsidiary, whilst it remains a subsidiary of the Company;
(iv) this authority shall lapse on the earlier of the date of the next annual general meeting of the Company or the date 15 (fifteen) months after the date on which this special resolution is passed;
(v) any repurchase may not be made at a price greater than 10% (ten per cent) above the weighted average of the market value of the shares for the 5 (five) business days immediately preceding the date on which the repurchase transaction is effected;
(vi) the repurchase of shares may not be effected during a prohibited period, unless such repurchase is done in accordance with the Listings Requirements;
(vii) the repurchase must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited);
(viii) such details as may be required in terms of the Listings Requirements are announced when the Company or its subsidiaries have repurchased an aggregate of 3% (three per cent) of shares in issue at the time the authority is given;
(ix) at any point in time, the Company may only appoint one agent to effect any repurchase(s) on its behalf;
(x) the Board, by resolution, has authorised the repurchase and acknowledged that it has applied the solvency and liquidity test and reasonably concluded that the Company and its subsidiaries will satisfy the solvency and liquidity test immediately after the repurchase and subject to the Board reconsidering the solvency and liquidity test at the time of any repurchase and that since the test was performed there have been no material changes to the solvency position of the group; and
(xi) the general authority granted to the Board may be varied or revoked, by special resolution, at any time prior to the next annual general meeting of the Company.”

Reason and effect of special resolution number 5

In terms of paragraph 5.72(c) of the Listings Requirements, a special resolution is required to approve a general repurchase by the Company of its securities. In terms of the Companies Act, the Board must make a determination to acquire its shares only if it reasonably appears that the Company will satisfy the solvency and liquidity test immediately after completing the proposed acquisition.

The reason and effect for this special resolution is to grant the Company a general authority to allow it or any of its subsidiaries, if the Board of the Company deems it appropriate in the interests of the Company, to acquire, through purchase on the JSE, ordinary shares up to a maximum of 10% (ten per cent) issued by the Company subject to the restrictions contained in the above special resolution.

This general authority to acquire the Company’s shares replaces the general authority granted at the annual general meeting of the Company held on 11 February 2021.

Statement of intent

This authority will only be used if the circumstances are appropriate and ordinary shares will be purchased on the JSE.

The directors, after considering the effect of such general repurchase, are of the opinion that if such repurchase is implemented:

(i) the Company and its subsidiaries will be able to pay their debts in the ordinary course of business for a period of 12 (twelve) months after the date of this notice;
(ii) recognised and measured in accordance with the accounting policies used in the latest audited annual group financial statements, the assets of the Company and that of its subsidiaries will exceed the liabilities of the Company and its subsidiaries for a period of 12 (twelve) months after the date of this notice;
(iii) the ordinary capital and reserves of the Company and its subsidiaries will be adequate for the purposes of the business of the Company and its subsidiaries for the period of 12 (twelve) months after the date of this notice;
(iv) the working capital of the Company and its subsidiaries will be adequate for the purposes of the business of the Company and its subsidiaries for the period of 12 (twelve) months after the date of this notice; and
(v) a resolution being passed by the Board that it authorised the repurchase of shares, that the Company and its subsidiaries have passed the solvency and liquidity test and that since the test was performed there have been no material changes to the financial position of the Company.

Further information
Notice of annual general meeting continued

For the purpose of considering special resolution number 5 and in compliance with paragraph 11.26 of the Listings Requirements, the following general information is included in the annual financial statements and integrated report:

(i) Directors and management (pages 62 to 65 of the integrated report);
(ii) Major shareholders as at 30 September 2021 (page 102 of the annual financial statements);
(iii) There have been no material changes in the financial or trading position of the Company between the date of publication of the financial results for the financial year ended 30 September 2021 and the date of this notice;
(iv) Directors’ interests in securities (page 19 of the annual financial statements);
(v) Share capital of the Company as at 30 September 2021 (pages 16 and 88 of the annual financial statements); and
(vi) The Company is not party to any material litigation nor is it aware of any pending material litigation to which it may become a party.

The directors whose names appear on pages 62 and 63 of the integrated report, collectively and individually accept full responsibility for the accuracy of the information relating to this special resolution and certify that, to the best of their knowledge and belief, there are no other facts that have been omitted which would make any statement false or misleading, and that they have made all reasonable enquiries to ascertain such facts and that this special resolution contains all information required by law and the Listings Requirements.

11. Special resolution number 6 — Company acquiring the Company’s shares from a director or prescribed officer

The holders are requested to:

“Resolve that, when any general repurchase by the Company of its shares takes place in accordance with special resolution number 4, the Board is authorised to approve the purchase by the Company of its issued shares from a director and/or prescribed officer of the Company, and/or a person related to any of them when a general repurchase by the Company of the Company’s shares takes place in accordance with special resolution number 5.

Section 48(8)(a) of the Companies Act provides, amongst others, that a decision by the Board to acquire shares of the Company from a director or prescribed officer of the Company, or a person related to a director or prescribed officer of the Company, must be approved by a special resolution of the shareholders of the Company. When a general repurchase by the Company of its shares takes place in accordance with special resolution number 5, the Company may inadvertently acquire shares from a director and/or a prescribed officer of the Company, and/or a person related to a director or prescribed officer of the Company and such repurchase must, in terms of the Companies Act, be approved by a special resolution of the shareholders.

In terms of the Companies Act, the Board must make a determination for the Company to acquire securities issued by the Company only if it reasonably appears that the Company will have sufficient solvency and liquidity test immediately after completing the proposed acquisition.

The Board has no specific intention of acquiring shares from a director and/or a prescribed officer of the Company, and/or any person related to them. The authority is intended to provide for instances where shares are inadvertently acquired from directors and/or prescribed officers and/or persons related to any of them during the execution of a general share repurchase programme in accordance with the authority provided for in special resolution number 5 above.

By order of the Board
I H Van Lochem
Company secretary
20 December 2021
Nampak Limited
Nampak House
Hampton Office Park
20 Georgian Crescent East
Bryanston, Sandton, 2191
Republic of South Africa

Reason and effect of special resolution number 6

This resolution is proposed in order to enable the Board, from the date of passing of this special resolution until the date of the next annual general meeting of the Company, (such resolution not to be valid for a period greater than 15 (fifteen) months from the date of the passing of this special resolution number 5), to approve the acquisition by the Company of its shares from a director and/or a prescribed officer of the Company, and/or a person related to any of them when a general repurchase by the Company of the Company’s shares takes place in accordance with special resolution number 5.

Notes to the notice of annual general meeting

Registration, identification, voting and proxies

1. The annual general meeting will be conducted virtually, giving shareholders the opportunity to attend and participate in the annual general meeting using a compatible smartphone, tablet or computer. Shareholders who wish to attend the annual general meeting can access an online registration portal to register for electronic participation in the annual general meeting (“the Online Portal”) by following the link: https://meetnow.global/ZA (or type it into your browser). You will need the latest versions of Chrome, Safari, Edge or Firefox. Please ensure that your browser is compatible.

2. Registration:
   a. Shareholders are requested, for administration purposes, to register on the Online Portal by following the link: https://meetnow.global/ZA by no later than 14:00 on Monday, 14 February 2022.
   b. Shareholders may, however, still register via the Online Portal to participate in, and/or vote electronically at the annual general meeting after this date provided that such shareholders have verified their right to attend and register prior to exercising any rights at the annual general meeting.
   c. In terms of section 63(1) of the Act, any person attending or participating in a meeting of shareholders must present reasonably satisfactory identification and the person presenting at the annual general meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as shareholder or as proxy for a shareholder) has been reasonably verified. The following documents will be required to be uploaded via the Online Portal as part of the registration process:
      (i) Proof of identity (i.e. identity document, driver’s licence or passport);
      (ii) Authority if acting in a representative capacity; and
      (iii) In the case of dematerialised shareholders without “own-name” registration who wish to attend and vote at the annual general meeting, the necessary letter of representation from your CSDP or stockbroker. Please refer to note 6 below for further details regarding the letter of representation.

3. Following successful registration, the transfer secretary will provide you with a link to access the meeting, as well as an invitation code to connect electronically to the annual general meeting by no later than 12 hours before the annual general meeting starts.

4. Although voting will be permitted by way of electronic communication, shareholders are encouraged to submit votes by proxy before the annual general meeting.

5. Shareholders connecting to the annual general meeting electronically will be able to participate in the general meeting. Shareholders present in person, by proxy or by authorised representative shall, have one vote each and, on a poll, have one vote in respect of each share held. It is intended that voting will be conducted electronically by way of a poll.

6. Dematerialised shareholders without “own-name” registration who wish to participate electronically at the annual general meeting will require their CSDP or broker to provide them with the necessary letter of representation in accordance with the relevant custody agreement. Dematerialised shareholders without “own-name” registration who do not wish to attend the annual general meeting but wish to be represented at the annual general meeting must advise their CSDP or broker of their voting instructions. Such shareholders should contact their CSDP or broker with regard to the cut-off time for their voting instructions.

7. Certificated shareholders and dematerialised shareholders with “own-name” registration who are unable to participate at the annual general meeting and who wish to be represented at the annual general meeting, must complete and return the attached proxy form in accordance with the instructions contained in Notes to form of proxy hereunder.

8. In compliance with the provisions of section 58(8) (b)(ii) of the Companies Act, a summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Companies Act, is set out below:

   (i) A shareholder entitled to attend and vote at the annual general meeting may appoint one or more individuals, who need not be shareholders of the Company, concurrently as proxies and may appoint more than one proxy to attend, participate in and exercise voting rights attached to different securities held by such shareholder.
Notes to the notice of annual general meeting continued

(ii) A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid until the end of the meeting.

(iii) A proxy may delegate the proxy’s authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.

(iv) The appointment of a proxy is suspended at any time, and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.

(v) The appointment of a proxy is revocable by the shareholder in question cancelling it in writing and delivering a copy of the revocation instrument to the proxy and to the Company before the proxy exercises any rights of the shareholder at the annual general meeting on Wednesday, 16 February 2022 at 14:00 or any adjournment thereof. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy’s authority to act on behalf of the shareholder as of the later of:

(a) the date stated in the revocation instrument, if any; and
(b) the date on which the revocation instrument is delivered to the Company as required in the first sentence of this paragraph.

(vi) If the instrument appointing the proxy has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the MOI to be delivered by the Company to the shareholder, must be delivered by the Company to:

(a) the shareholder or
(b) the proxy, if the shareholder has:

(i) directed the Company to do so in writing and
(ii) paid any reasonable fee charged by the Company for doing so.

Attention is also drawn to the notes to the form of proxy. The completion of a form of proxy does not preclude any shareholder from attending the annual general meeting.

9. The Company does not accept responsibility and will not be liable for any failure on the part of the broker, CSD Participant, banker, attorney, accountant or other appropriate professional advisor of any holder of dematerialised securities to notify the holder thereof of the contents of this document.

10. The cost of electronic participation in the annual general meeting is for the expense of the shareholder (“Participant”) and will be charged separately by the Participant’s own service provider. The electronic communication services are provided by third parties and neither the Company nor its service providers can be held liable for any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else. Neither the Company nor any of its service providers can be held accountable, and Participants in the annual general meeting will have no claim against the Company, whether for consequential damages or otherwise, arising from the use of the electronic services or any defect in it or from total or partial failure of the electronic services and connections linking the Participant via the electronic services to the annual general meeting such as insufficient airtime or data, internet connectivity, internet bandwidth and/or power outages.

11. If you have disposed of all of your Nampak securities, this document should be handed to the purchaser of such securities or to the broker, CSDP, banker, attorney, accountant or other person through whom the disposal was effected.

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

Form of proxy

For the 54th annual general meeting

Nampak Limited
("Nampak" or "the Company")
Incorporated in the Republic of South Africa
Registration number: 1968/000707/06
Share code: NPK
ISIN: ZAE000071676

Shareholders are advised that the Company has appointed Computershare Investor Services (Pty) Ltd as its proxy solicitation agent. If you are a Nampak shareholder entitled to attend and vote at the annual general meeting you can appoint a proxy to attend, participate in, speak and vote in your stead. You must complete and return this form of proxy, in accordance with the instructions contained herein, to Computershare Investor Services (Pty) Ltd, to be received by them on or before 14:00 on Monday, 14 February 2022 or alternatively the form of proxy can be handed in before the relevant resolution on which the proxy is to vote, is considered at the annual general meeting. This proxy form is for use by certificated shareholders and dematerialised shareholders with “own-name” registration as at the record date for the annual general meeting. If you are a Nampak shareholder and have dematerialised your share certificate through a CSDP (and have not selected “own-name” registration in the sub-register maintained by a CSDP), do not complete this form of proxy but instruct your CSDP to issue you with the necessary letter of representation to attend the annual general meeting, as you do not wish to attend, provide your CSDP with your voting instructions in terms of your custody agreement entered into with them.

(Vin) ________________
(First 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): __________________________
(Del) ________________
(Individual name)
1. to act on behalf of me/us to another person (delete as appropriate). This form of proxy will lapse and cease to be of force and effect immediately after the annual general meeting of the Company to be held at virtually on 16 February 2022 at 14:00 or any adjournment(s) thereof, unless it is revoked earlier.

Signed at __________________________ on ________

Signature ________________
Notes to form of proxy

1. Each holder entitled to attend and vote at the meeting is entitled to appoint one or more proxies (none of whom need be a shareholder of the Company) to attend, participate in, speak and vote or abstain from voting in the place of that holder at the meeting.

2. A holder may insert the name of a proxy, or alternative proxies of the holder’s choice in the space provided, with or without deleting the words “the chairman of the meeting”. Any such deletion must be initialled by the holder. The person whose name appears first on this form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.

3. A holder’s instructions to the proxy must be indicated by the insertion of an “X” or the insertion of the relevant percentage of voting rights exercisable by that holder in the appropriate space provided. If you fail to comply with the above, you would be deemed to have authorised the proxy to vote or abstain from voting at the meeting, as he/she deems fit, in respect of all the holder’s voting rights exercisable thereat, but where the proxy is the chairman, failure to comply will be deemed to authorise the proxy to vote in favour of the resolution.

4. A holder or his/her proxy is not obliged to use all the voting rights exercisable by the holder or by his/her proxy, but the total of the voting rights cast and in respect whereof abstention is recorded, may not exceed the total of the voting rights exercisable by the holder or by his/her proxy.

5. A holder’s authorisation to the proxy, including the chairman of the meeting, to vote on his/her behalf, shall be deemed to include the authority to vote on procedural matters at the meeting.

6. The completion and lodging of this form of proxy will not preclude the holder from attending, participating in, and voting in person at the meeting to the exclusion of any proxy appointed in terms hereof, should such holder wish to do so.

7. In case of joint holders, the vote of the most senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders, for which purpose seniority will be determined by the order in which the names appear on the Company’s register of shareholders in respect of the joint holding.

8. Proxy appointments must be in writing, dated and signed by the holder. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy. Without limiting the generality hereof, the Company will accept a valid identity document, a valid driver’s licence or a valid passport as satisfactory identification.

9. Any alteration or correction to this form of proxy must be initialled by the signatory/ies.

10. A holder may revoke the proxy appointment by canceling it in writing and delivering a copy of the revocation instrument to the proxy/ies and to the Company, to be received before the proxy exercises any rights of the holder at the annual general meeting on Wednesday, 16 February 2022 at 14:00 or adjournment thereof.

11. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy’s/proxies’ authority to act on behalf of the shareholder as of the later of (i) the date stated in the revocation instrument, if any; or (ii) the date on which the revocation instrument was delivered as required in note 10 above.

12. Proxy forms should be lodged with, or mailed to Computershare Investor Services Proprietary Limited (Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 or Private Bag X9000, Saxonwold, 2123) or emailed to proxy@computershare.co.za to be received by no later than 14:00 on Monday 14 February 2022 (or 48 hours before any adjournment of the annual general meeting, which date, if necessary, will be notified on SENS and in the press). Proxy forms may be submitted after this time via email to proxy@computershare.co.za at any time prior to the proxy exercising any rights of the shareholder at the annual general meeting, subject to the transfer secretary verifying the proxy form and proof of identification before shareholder rights are exercised at the annual general meeting (or any adjournment thereof).

13. Please note that the reason why holders are asked to send in their form of proxy before the meeting is because the scrutineers must consider each proxy to determine whether it is validly given and whether the voting rights have been correctly inserted. Significant delays could be caused at the annual general meeting if these checks have to be carried out by the scrutineers while the annual general meeting is in progress.

Glossary

B-BBEE
Broad-based black economic empowerment

CAGR
Compound annual growth rate

Capex
Capital expenditure

CDP
Formerly Carbon Disclosure Project

COVID-19
Novel coronavirus

CSD
Carbonated soft drinks

DBP
Deferred bonus plan

DRC
Democratic Republic of the Congo

EBITDA
Earnings before interest, taxation, depreciation and amortisation

EPS
Earnings per share

ESG
Environmental, social and governance issues

FMCG
Fast-moving consumer goods

GDP
Gross domestic product

GEC
Group executive committee

GHG
Greenhouse gas

GRI
Global Reporting Initiative

HDPE
High-density polyethylene

HEPS
Headline earnings per share

IFRS
International Financial Reporting Standards

IIRC
International Integrated Reporting Council

IOM
Isle of Man

IMS
Information Management Services

ISO
International Organisation for Standardisation

IT
Information technology

Just transition
This refers to social interventions to secure workers’ rights and livelihoods when economies are shifting production to combat climate change.

KPI
Key performance indicator

LTI
Long-term incentive

LTIFR
Last-time injury frequency rate: the rate of occurrence of workplace incidents that result in an employee’s inability to work the next full work shift; the number of such injuries that occur within a given period relative to the total number of hours worked in the same accounting period.

MTI
Medium-term incentive

NAFEX
Nigerian Autonomous Foreign Exchange Rate

NIL
Nampak International Limited

OHSAS
Occupational Health and Safety Assessment Series

PET
Polyethylene terephthalate

POPIA
Protection of Personal Information Act

PRMA
Post-retirement medical aid

PRO
Producer responsibility organisations

PSP
Performance share plan

R&D
Research and development

RBZ
Reserve Bank of Zimbabwe

HDPE
Recycled HDPE

ROE
Return on equity

RONA
Return on net assets

rPET
Recycled polyethylene terephthalate

SAP
Share appreciation plan

SDG
United Nations’ Sustainable Development Goals

SKU
Stock-keeping unit

STI
Short-term incentive

UHT
Ultra-high temperature milk

VPN
Virtual private network
Corporate information

Business address and registered office
Nampak House
Hampton Office Park
20 Georgian Crescent East
Bryanston, 2191, South Africa
PO Box 69983, Bryanston, 2021
T +27 719 6300
www.nampak.com

Auditors
Deloitte & Touche
5 Magwa Crescent
Waterfall City, 2090 South Africa
Private Bag X6, Woodmead, 2052
South Africa

Company secretary
Ilse van Lochem
T +27 11 719 6327
E Ilse.vanlochem@nampak.com

Sponsor
UBS South Africa (Pty) Ltd
144 Oxford Road
8th Floor South Wing
Melrose, Johannesburg, 2196, South Africa
PO Box 522194, Saxonwold, Rosebank, 2196
T +27 11 322 7000
F +27 11 784 8280

Share registrar
Computershare Investor Services (Pty) Ltd
Rosebank Towers
15 Biermann Avenue, Rosebank, 2196
Private Bag X9000, Saxonwold, 2132
T +27 11 370 3000
F +27 11 688 5200

Shareholder hotline
T +27 11 373 0033
Smart number +27 80 000 6497
F +27 11 688 5217
E web.queries@computershare.co.za

Investor relations
Nondyebo Mqulwana
T +27 11 719 6326
E Nondyebo.mqulwana@nampak.com