



Nampak
packaging excellence



**Integrated
Report
2020**



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About our report

Navigation

The following icons provide links to additional information:



This icon gives you references to supporting information throughout the report.



This icon tells you where you can find more information on our website: www.nampak.com

These icons are for our material issues, each of which was impacted by the novel coronavirus pandemic (COVID-19), details appear on **page 14**.



Our capital structure and financial covenants



Macroeconomic environment



Liquidity restrictions in the Rest of Africa



People – safety, skills and transformation



Uncertain regulatory and policy environment

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



Scan this QR code with your mobile device for quick access to the report.

www.nampak.com/Investors/Financial-Information

Our integrated report is our primary communication to all stakeholders. It is prepared in line with the International <IR> Framework of the International Integrated Reporting Council (IIRC) and is aimed at assisting stakeholders make an informed appraisal of our performance and prospects.

Our report is prepared by senior managers under the supervision of the chief financial officer together with contributions from external consultants. Executive management and non-executive directors are interviewed to provide their input into various sections of the report. The report is then presented to the audit and risk committee for its review and recommendation to the board for final approval.

In addition to the integrated report, we publish audited annual financial statements (AFS), as well as comprehensive sustainability and remuneration reports.

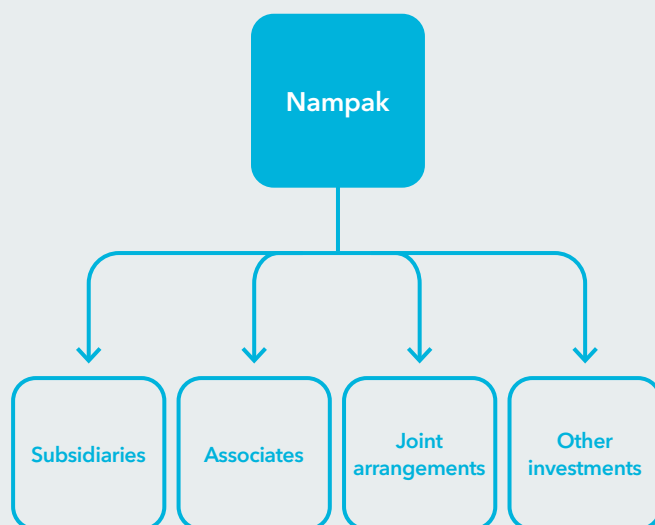


All are available on our website www.nampak.com

Scope and boundary

Reporting boundary for the integrated report (risks, opportunities and outcomes)

Financial reporting entity
(control and significant influence)



Shareholders and funders | Employees | Trade unions | Customers | Suppliers | Industry bodies | Government and regulators | Communities and civil society

Reporting frameworks

Financial information

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

Non-financial information

We use local and international standards and guidelines to compile non-financial information including:

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

Our integrated report is complemented by consolidated AFS, a corporate governance report, a remuneration report, a social, ethics and transformation report and a sustainability report.



All are available on our website www.nampak.com

Reporting period

This report covers the period from 1 October 2019 to 30 September 2020. Significant events, if any, after year-end and before the approval date of this report, are also included.

Operating businesses

We report on our operations by packaging substrate – metals, plastic and paper – and by geography – South Africa and Rest of Africa.

All significant items are reported on a comparable basis.

Significant changes during the reporting period

- › Disposal of the Glass division effective 28 February 2020
- › Disposal of Cartons Nigeria effective 31 December 2019
- › Disposal of Nampak Plastics Europe effective 13 December 2019

Materiality

We apply the principle of materiality in assessing the information to include in our integrated report and only report on those items that have or may have a significant impact on our ability to deliver on our strategy, create stakeholder value and contribute to the future sustainability of the group. The determination of materiality is informed by key stakeholder material matters, dealt with on page 14, and the availability of and impact on the **six capitals** (page 12) over three 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.

Internal control and assurance

Nampak assesses risks based on those material issues that could hamper the performance against the six capitals, details of which are on page 12.

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 2020 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 our opinion, the 2020 integrated report addresses all material issues, fairly represents Nampak's performance, and is presented in accordance with the framework of the IIRC and King IV™*.

Peter Surgey

Chairman

Erik Smuts

Chief executive officer

Glenn Fullerton

Chief financial officer

Signed on behalf of the board

30 November 2020

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This is Nampak

Nampak is one of Africa’s foremost packaging companies, supplying a broad range of customers, including some of the world’s most well-known brands and **largest FMCG companies**. In South Africa and Angola, we are the market leader in the manufacture of **beverage cans**. In Nigeria, our aluminium beverage cans comprise around half the market.

We have substantial positions in other metal and plastic packaging in South Africa and other parts of the continent and are the only producer of rectangular food cans and aluminium monobloc aerosol cans in our home market. We are a major manufacturer of paper packaging – including liquid cartons – in several African countries.



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

Choose **CANS**

Our world-class R&D facility assists our factories in achieving operational excellence and helps our customers develop more environmentally friendly packaging and provides them with reliable and innovative packaging best suited to their products. Most of our products are recyclable. We use increasing amounts of recycled material in our production processes and continue to reduce the weight of our products.

In 2019 we marked 50 years as a listed company. In 2021 we will celebrate Nampak R&D’s 75th anniversary.

In the past few years, we have worked to simplify Nampak and focus on fewer substrates and geographies, selling a number of businesses, including the Tissue, Folding Cartons and Labels, Corrugated, Flexible and Sacks divisions in South Africa. We also disposed of Nampak Glass, Nampak Plastics Europe and our Cartons Nigeria business in 2020.

Our vision

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

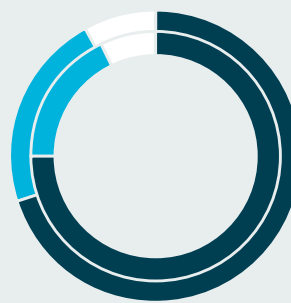
Our mission and purpose

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

Our values

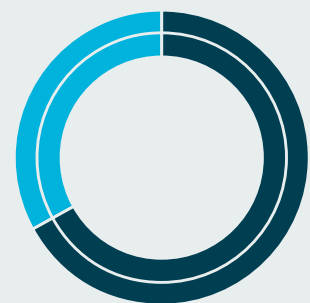
	
Safety	Excellence
	
Responsibility	Teamwork
	
Integrity	

Revenue by substrate %



	Outer ring	2020
	Inner ring	2019
■ Metals	70	75
■ Plastics	22	18
■ Paper	08	07

Revenue by geography %



	Outer ring	2020
	Inner ring	2019
■ South Africa	67	67
■ Rest of Africa	33	33

Our material issues, all of which were affected by COVID-19

				
Our capital structure and financial covenants	Macroeconomic environment	Liquidity restrictions in the Rest of Africa	People – safety, skills and transformation	Uncertain regulatory and policy environment

South Africa

01 Corporate office and R&D

18
Operations

3 139
Employees

Metals, Plastics, Paper

Isle of Man

Trading office

13
Employees

Rest of Africa

02 Angola	03 Botswana	04 eSwatini	05 Ethiopia	06 Kenya
1 Operations	2 Operations	1 Operations	1 Operations	2 Operations
127 Employees	20 Employees	8 Employees	10 Employees	107 Employees
Metals	Metals, Plastics	Plastics	Plastics	Metals, Paper
07 Malawi	08 Nigeria	09 Tanzania	10 Zambia	11 Zimbabwe
1 Operations	2 Operations	1 Operations	2 Operations	3 Operations
38 Employees	400 Employees	0* Employees	106 Employees	487 Employees
Paper	Metals, Plastics	Metals	Metals, Plastics, Paper	Metals, Plastics, Paper

*No permanent employees

Our operations

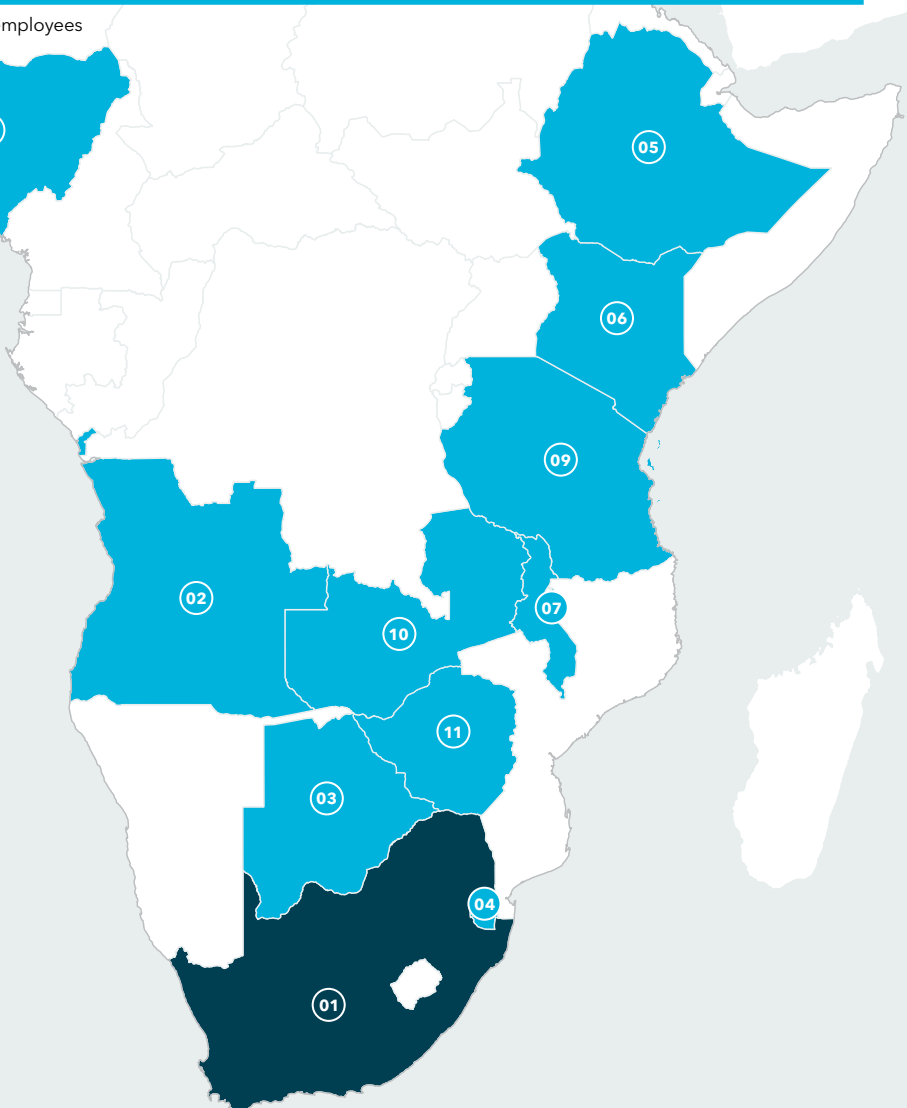
34
Manufacturing operations (2019: 39)

11
Countries (2019: 11)

4 455
Employees (2019: 5 061)

Key

- Operations
- Employees
- Metals
- Plastics
- Paper



Our operating context

The environment in which we operate impacts the development of our strategy, as well as our ability to deliver on it and, in so doing, create and preserve value. It affects our risks and shapes our opportunities. It is clearly linked to the material issues we identify (page 14). How we respond to our operating context is key to our sustainable profitability (page 8).

Within the packaging sector, in our markets the most notable trends in 2020 were:

Shifts in the competitive landscape

What is happening:

Competition remains intense in South Africa, following the entrance of new beverage can manufacturers and the **increased capacity** of many food can manufacturers and plastics processors. In a market depressed by COVID-19, **aggressive pricing** was evident.

Consolidation of customers has been a feature across our markets. Large multinationals are looking to consolidate their suppliers.

Since the COVID-19 lockdowns in the Americas and Europe, **demand for products for home consumption** has grown sharply. This is particularly true for beer packaged in aluminium beverage cans. Demand has outstripped domestic supply, supporting orders from foreign beverage can manufacturers.

Our actions:

Our focus on **operational excellence** supports our efforts to defend market share by maintaining **first-rate customer service** and product **reliability**.

Bevcan South Africa defended its strong market share, renewing a substantial supply agreement.

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 different sizes the market demands. In the year we **secured export orders** for beverage cans amid a temporary global capacity shortage.

Relevant SDGs



6

▶ Risks can be found on pg 18

Material issues



Growing environmental pressure on packaging

What is happening:

Across the world, there is **heightened awareness of plastic pollution**, particularly the huge floating islands of plastics in the ocean. Although nearly half the mass of these is fishing nets, these unsightly islands have encouraged people to do more to prevent single-use plastics from being thoughtlessly discarded.

In South Africa, packaging makes up **6% of the waste sent to landfill** and packaging represents **8% of the energy required** to produce and deliver products. Packaging is **part of a solution to resource conservation**, particularly in a country where 30% of all food produced is lost or wasted while 12m people go to bed hungry.

Packaging reduces food waste going to landfill and also reduces the waste of resources used in production: 60% of South Africa's water is used for irrigation. The energy used to produce wasted food every year could power Johannesburg for four months.

By optimising the food supply chain, **packaging – if handled properly after use – is part of the solution.** There is a place for plastics which are **increasingly lightweight and recyclable.**

Our actions:

We offer **environmentally friendly packaging:**

- ▶ **aluminium beverage cans** are infinitely recyclable, lightweight and are valuable to informal recyclers
- ▶ **paper cartons**, whose GHG emissions are half those of PET and HDPE bottles, and in the case of the 1 litre carton, 87% of whose content is from renewable resources, mostly trees, which absorb CO₂

Our **world-class R&D facility** helps our customers develop packaging with a reduced environmental impact. In 2020 we signed the South African Plastics Pact. By light-weighting our PET bottles we have saved thousands of tonnes of raw materials as well as the fuel required to transport them. More than 50% of South Africa's PET bottles are recycled. Ultimately, we must all use and collect packaging responsibly. We must reduce, re-use and recycle. Package design must be **lightweight and re-usable**, used packaging should be **separated at source** and collection **rates must increase.**

We must close the loop by **increasing the percentage of recycled content** in end products. We all have a role in ensuring an effective circular economy and Nampak is playing its part.

Relevant SDGs



Material issues



7

▶ Risks can be found on pg 18

COVID-19

What is happening:

The spread of the highly contagious novel coronavirus **impacted lives and livelihoods** across the world.

In our markets, **stringent lockdown restrictions** meant many employees initially had to stay away from the office as well as from some of our production facilities.

The restrictions also included a **ban on alcohol sales and social events** in South Africa and a sharp contraction in economic activity and a fall in **disposable income** everywhere that Nampak operates.

Angolan **border closures prevented exports** of filled beverage cans from our customers to the Democratic Republic of Congo.

Demand for our products declined, hurting revenue and profitability.

Our actions:

We rapidly implemented **new safety protocols** to limit COVID-19 infections at our facilities and offices. By doing this, we were able to return to production swiftly when lockdown restrictions eased.

291 Nampak people became infected with COVID-19, and sadly two died. 289 recovered.

Although many of our factories were designated as essential services, we sharply scaled back production as demand declined. However, we managed to **maintain effective operational performance** with minimal interruption and a reliable supply of products to customers.

We deployed technology and support to enable most office employees to **work from home**.

We had to **impair** our beverage can businesses in Nigeria and Angola and our Rigid Plastics and DivFood businesses in South Africa.

Relevant SDG



Material issues



Risk number



► Risks can be found on pg 18

Changing consumer habits requiring constant innovation

What is happening:

Consumer buying habits are changing; packaging is increasingly considered as important as its contents. In more developed markets, consumers are **cost conscious and environmentally aware**. Consumers want packaging that offers value for money - bulk and smaller packs - and are gradually more interested in packaging that is recyclable, returnable, re-usable, bio-based or biodegradable. In our Rest of Africa markets, consumers are mostly focused on packaging that is cost effective.

Brand owners need packaging that preserves the contents safely, extends shelf life, offers convenience, is lighter, reduces waste and builds brand loyalty. Demand for **tamper-evident and easy-opening packaging** is growing. The EU has made tethered caps obligatory from 2024. Similar measures are likely in other countries. **Private label brands** are growing.

More beer is sold in **larger beverage cans**, while soft drinks with high sugar content are moving into **smaller cans**. **Energy drinks** continue to gain ground.

Growth in demand for beverage cans and for rigid plastic packaging exceeds global **GDP growth**. Despite pressure on plastic, PET bottles are more affordable than aluminium cans. Growth in the sales of UHT milk in cartons exceeds that of fresh milk.

Our actions:

Nampak R&D ensures that we make **lighter-weight products** without compromising on functionality. We now supply packaging for **wine and water in aluminium beverage cans and beverage cartons**.

Our products are **recyclable**. Our water bottles are up to 50% rPET, our juice bottles up to 40% rPET and our plastic closures are also recyclable. We are an active member of industry bodies that **promote responsible use of packaging**.

Our liquid cartons are recyclable, renewable and selected brands now showcase biodegradable closures.

Our thermal processing specialists assist customers in ensuring a **safe time and temperature combination** for packaging food.

DivFood is the only local manufacturer of **rectangular food cans**. Our Plastic water bottle closures have tamper-proof systems.

Bevcan supplies **500ml beer cans** in South Africa, is considering introducing these in Nigeria, and also makes a variety of **slender and slimline** can sizes for CSDs and energy drinks. We offer **cartons in which to package extended-life milk**.

Relevant SDGs



Material issues



Risk number



► Risks can be found on pg 18

Our strategic focus

Nampak’s strategy is formulated to create value for our stakeholders by delivering sustainable profitability. This refers not only to growing Nampak’s earnings, but also to securing the group’s sustainability more broadly by creating value for all our stakeholders in the short, medium and long term. By defining what value means to us, we align to a company purpose: we all understand what is required of us.

When developing our strategy, we consider the availability of and our impact on the six capitals, aiming to maximise positive outcomes and minimise negative ones. In a dynamic operating environment (see page 06), the board continually reviews our strategy. This follows a process which includes divisional strategy updates and refinement by the group executive. We test the robustness of our strategy against both the risks and opportunities in our markets (see page 18), considering the material issues we have identified. We measure progress on our strategy through the delivery by management of key performance indicators (KPIs) linked to remuneration (see page 70).

In 2020 we updated our strategy, to align the group to changing market conditions. The strategy is focused on **reducing risk and growing profits**.

How we rate our performance

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



1 Strengthen capital structure

What this means to us

- Deleverage
- Reduce currency risk
- Create capacity for growth
- Improve cash generation

How we did in 2020

- Reduced dollar-denominated debt by US\$123m
- Reduced net debt (excluding lease liabilities) by 13% to R4.9bn
- Improved the mix of debt, with US dollar debt representing 66% (75% in 2019)
- Revised funding package
- Zimbabwe operations continued to self-fund their operational and capital requirements
- Generated cash is reinvested into operations and equipment to limit exposure to currency fluctuations
- Transferred R2.4bn from Angola and Nigeria

Link to executive KPIs

- Liquidity, cash transfers and balance sheet optimisation in Rest of Africa
- Conclusion of sale of Cartons Nigeria
- Reduce currency risk in Zimbabwe

Relevant risk and material issue

- 1
- 2



2 Simplification

What this means to us

Rationalise portfolio – business, products and operations
Reduce operational complexity
Reduce reliance on commodity-dependent economies

How we did in 2020

Disposed of Glass division, Cartons Nigeria, Nampak Plastics Europe and intermediate bulk containers business
Implemented major DivFood and Plastics restructuring
Restructured Nampak Tanzania and Kenya Metals

Link to executive KPIs

Product and portfolio assessment
Conclusion of sale of Cartons Nigeria and Glass
Simplify reporting and year-end process
Streamline retirement funds

Relevant risk and material issue

1 2 3 4



3 Optimisation

What this means to us

Process innovation
Review product offering and terms
Improve operational efficiency
Drive sustainability

How we did in 2020

Leveraged Nampak R&D capabilities to improve manufacturing performance
Rationalised Tanzanian product lines
Reduced operating costs through COVID-19 related salary sacrifices, a capital expenditure freeze, improved working capital management and asset disposals
Reduced employee numbers in DivFood Vanderbijlpark by 151, Bevcan Angola by 150, Tanzania by 74, Zimbabwe by 46, Bevcan Springs by 38 and Nigeria DivFood by 37
Continued to focus on operational excellence
Consolidated some Plastics operations
Commenced digitisation journey for human capital
Leveraged Nampak R&D capabilities to ensure greater content of post-consumer recyclables in our packaging materials
Signed South African Plastics Pact
Engaged with trade unions at the Nampak National Consultative Forum

Link to executive KPIs

Digitisation and automation of administrative processes
Commercial strategy to retain customers
Reduction in fixed costs
Improve operational efficiencies
Key restructuring and business improvement projects
Skills development structures for succession planning
Relationship building
Governance, legal, forensic auditing and secretarial training
Implementation of POPIA compliance framework
Safety – LTIFR tolerance level of 0.35
Achievement of employment equity targets

Relevant risk and material issue

4 5 7 10



4 Innovation and growth

What this means to us

Geographical diversification
Exploit niche market segments
Product/service offering innovation

How we did in 2020

Reduced volumes and profitability due to COVID-19
Secured two material contracts to supply beverage can bodies to large new export customers
Established joint venture deal with Elopak on liquid cartons growth in sub-Saharan Africa
Regained volumes from dairy destroyed in fire
Bevcan SA and Bevcan Nigeria each renewed a large supply agreement for three years

Link to executive KPIs

Joint venture with Elopak and market expansion in Rest of Africa
Marketing strategy to increase volume share
Margin expansion

Relevant risk and material issue

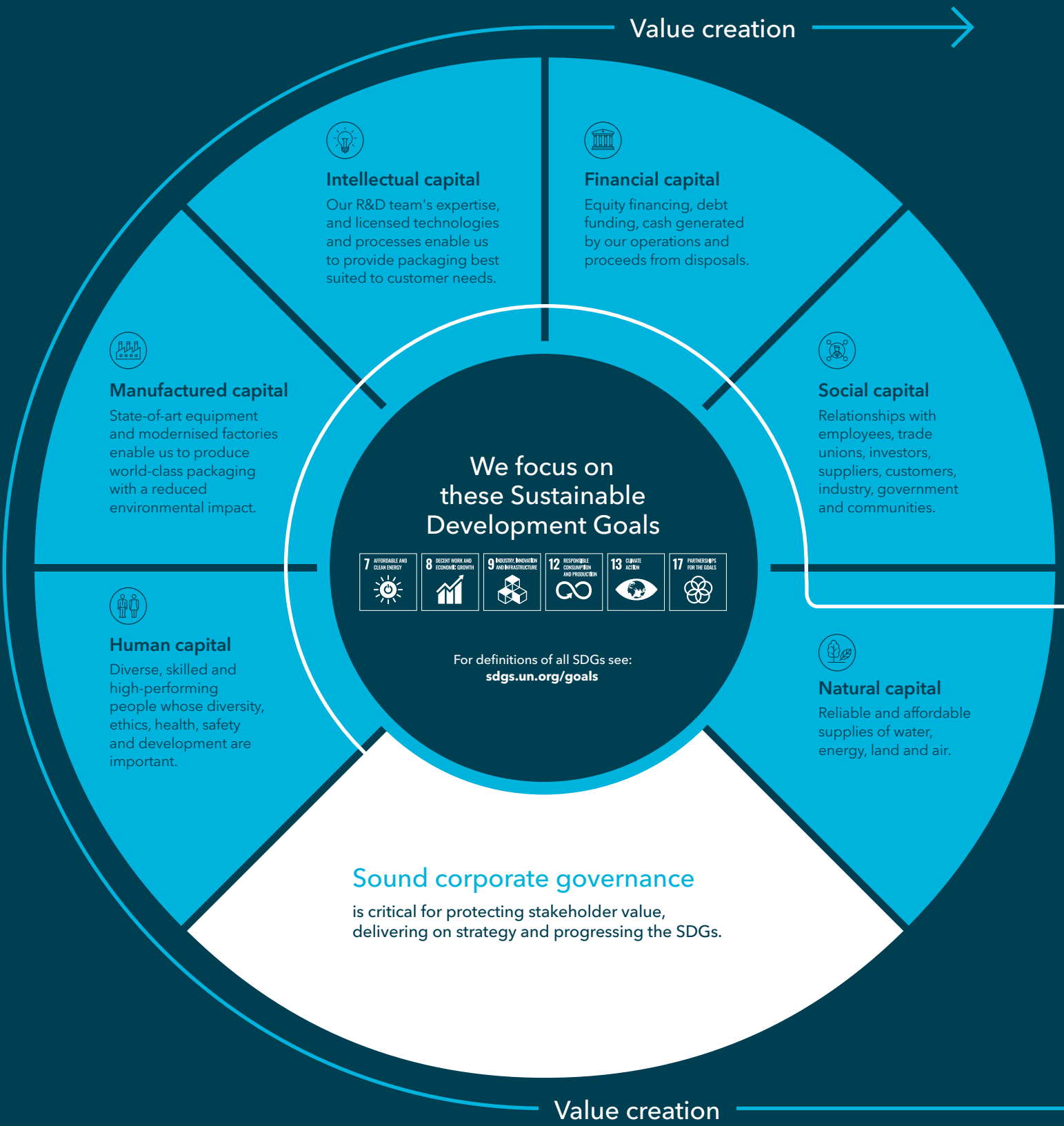
2 4 6



Working to create and preserve value

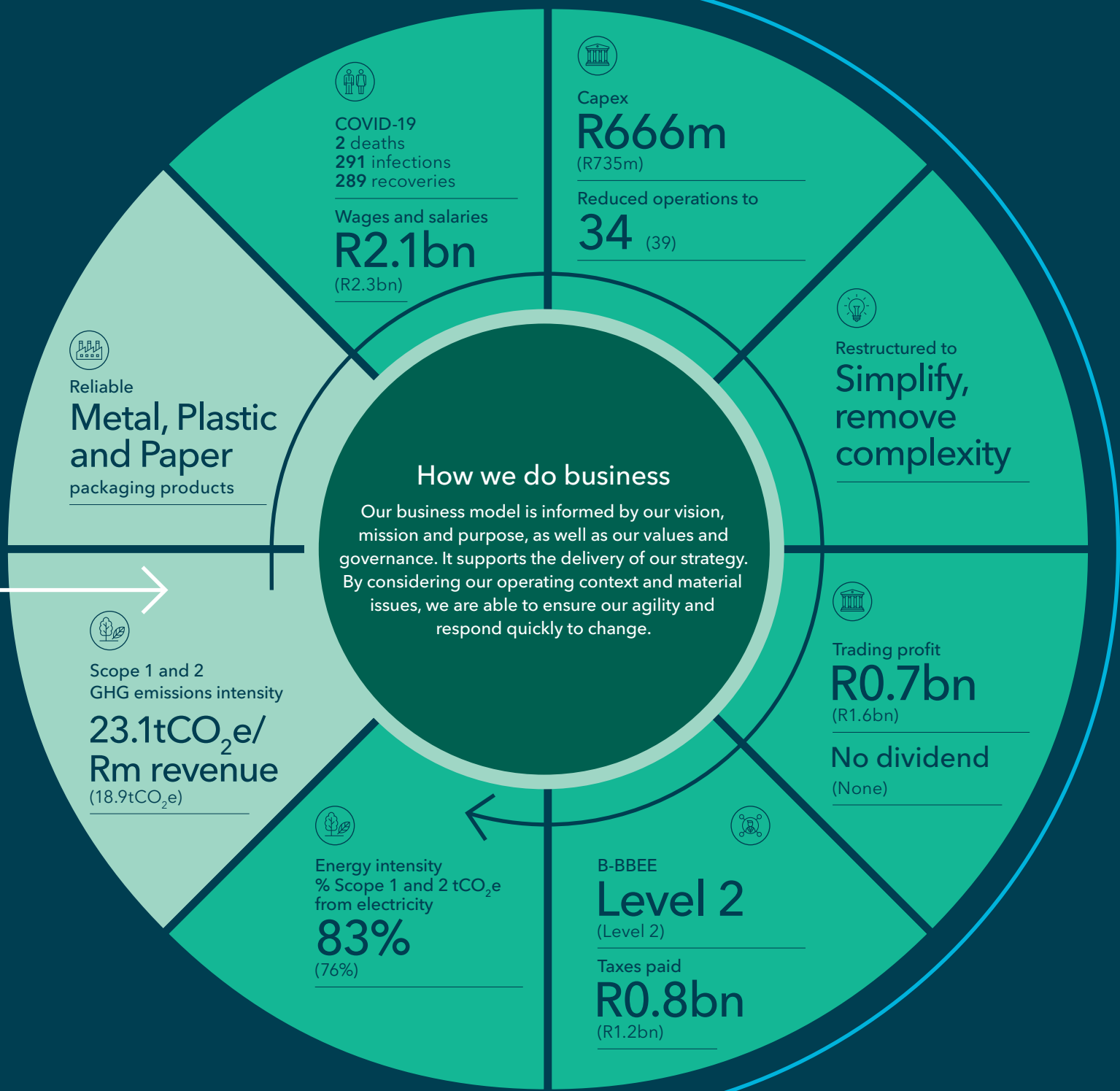
Key

- **Inputs** - the resources on which we depend
- **Outputs** - our products as well as our emissions
- **Outcomes** - the consequences of our business activities



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 namely human, manufactured, intellectual, financial, social and natural capital. We transform these stocks of capital through our business model. In so doing, we aim to deliver on our strategy and advance some of the UN's Sustainable Development Goals.







Value creation



Value creation

Sustaining value and our trade-offs

Six capitals

	Key inputs	Key outcomes and outputs													
 <p>Human capital</p>	Diverse board Experienced leadership 4 455 employees (5 061) 159 apprenticeships (195) 18 bursaries (30)	<p>Outcomes</p> Lost-time injury frequency rate of 0.36 (0.34) Paid R2.1bn in wages and salaries (R2.3bn) Reported 291 COVID-19 infections, 289 recoveries Tragically lost two employees to the virus Employed 17 graduate development candidates (21)													
 <p>Social capital</p>	Positive employee relations Trust-based customer relations Beneficial engagements with government and tax authorities Clear communications with investors Established community upliftment projects Contributor to YES4Youth programme	<p>Outcomes</p> Paid taxes of R0.8bn (R1.2bn) Reported economic value-added of R1.6bn (R4.2bn) Committed R3.0m in social investment (R5.4m) Maintained B-BBEE contributor status at Level 2 Maintained black management numbers at 64% (64%) Renewed two substantial Bevcan contracts with multinational customers Secured two material Bevcan export contracts													
 <p>Natural capital</p>	Water used (Mℓ): 936 (1 177) Area under roof (m ²) 748 392 (857 062) Energy used (GJ) 1 475 360 (1 963 944)	<p>Outputs</p> Scope 1 and 2 GHG emissions intensity 23.10 tCO ₂ e/Rm revenue (19.05) Energy intensity (% Scope 1 and 2 tCO ₂ e from electricity) 83% (76%)	<p>Outcomes</p> Post-consumer recycling rates in South Africa* <table border="1"> <thead> <tr> <th></th> <th>2019</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td>Metal collection</td> <td>79%</td> <td>79%</td> </tr> <tr> <td>Plastic packaging collection</td> <td>42%</td> <td>45%</td> </tr> <tr> <td>CDP climate change score</td> <td>B</td> <td>A-</td> </tr> </tbody> </table>		2019	2018	Metal collection	79%	79%	Plastic packaging collection	42%	45%	CDP climate change score	B	A-
	2019	2018													
Metal collection	79%	79%													
Plastic packaging collection	42%	45%													
CDP climate change score	B	A-													
 <p>Financial capital</p>	Market capitalisation R621m (R6.5bn) Total equity R4.2bn (R8.2bn) Net working capital R2.5bn (R2.7bn) Net debt (excluding lease liabilities) R4.9bn (R5.6bn) Funding facilities	<p>Outcomes</p> Trading profit R0.7bn (R1.6bn) Cash generated from operations R1.1bn (R1.1bn) Return on net assets 5.5% (11.3%) Remained cash positive despite impact of COVID-19	<p>Outcomes</p> Net gearing 115% (excluding lease liabilities) (68%) Headline loss per share for continuing operations 78 cents (54 cents earnings). Headline loss per share for total operations 88 cents (19 cents loss)												
 <p>Manufactured capital</p>	Property, plant and equipment R5.9bn (R7.2bn) Production facilities: 18 in South Africa (22); 16 in Rest of Africa (17) R&D facility Polymer resin* 41 000 tonnes (44 000)	<p>Outputs[†]</p> Aluminium beverage cans, tinplate food cans, aluminium aerosol cans and a range of other metal cans and closures Plastic bottles, closures, tubes, crates and drums Liquid beverage cartons, folding cartons, corrugated boxes and paper sacks	<p>Outcomes</p> Capital expenditure <ul style="list-style-type: none"> › expansion R125m (R218m) › replacement R541m (R517m) Depreciation and amortisation R537m (R518m) Net impairment of assets R1.8bn (R0.9bn)												
 <p>Intellectual capital</p>	Experience, skills and competencies of employees established over many years 18 scientists, one engineer, seven technologists, two technicians and two business information researchers at our R&D facility An R&D commitment of R36m a year Technical association and agreements with several global packaging companies	<p>Outcomes</p> Manufacture of more convenient products with improved performance Improved customer relationships Light-weighting of plastic and metal packaging Established new joint venture with Elopak for gable-top cartons for filling with both fresh and aseptic products Restructuring of DivFood to remove complexity and costs and to consolidate operations closer to raw material supply and customers in Western Cape													

Numbers in brackets refer to 2019 * Aluminium and tinplate usage not disclosed for competitive reasons
 * Recycling Association's reporting periods † For competitive reasons we do not disclose the quantities of products manufactured

We work to create and preserve value across the six capitals and limit instances where value is diminished through our activities. It follows that when making decisions on how to manage our business, we consider the trade-offs between capitals, aiming to maximise positive outputs and outcomes and limit negative impacts.

Key actions	Trade-offs
<p>Acted swiftly to implement safety measures to mitigate impact of COVID-19</p> <p>Salary sacrifices ranging from 15% to 30% over three months by all employees and fee sacrifices by the board</p> <p>Improved the Board's gender diversity</p>	<p>Cost-cutting measures negatively impacted employee morale and social capital, however these benefited financial capital. Intellectual capital was supported by employees working from home during COVID-19.</p>
<p>Maintained strong relations with customers, underscored by reliable supply</p> <p>Engaged investors and funders, provided regular trading updates</p> <p>Supported various enterprise development initiatives</p> <p>Financially supported partner schools</p>	<p>Ongoing investment in social capital reduced financial capital in the short term. However, it helped create a stronger environment for operations and investments, so has a positive long-term impact on all the capitals.</p>
<p>Actively promoted recycling of post-consumer packaging</p> <p>Increased percentage of recycled material in production processes</p> <p>Worked closely with industry associations on initiatives to reduce, re-use and recycle</p> <p>Reduced weight of packaging products without compromising on functionality</p>	<p>Impacted negatively on natural capital through our emissions and waste, and by using non-renewable resources. But by converting natural capital into value-added products, we boosted the stocks of the other capitals. By using recovered waste in our production processes, we reduced the negative impacts on natural capital.</p>
<p>Reduced working capital and repaid \$123m in debt, using proceeds of disposal of Glass and Cartons Nigeria as well as other resources</p> <p>Reduced share of dollar-denominated debt to 65% from 75%</p> <p>Transferred R2.4bn from Nigeria and Angola and R9m from Zimbabwe</p> <p>Negotiated a relaxation of debt covenants with lenders</p>	<p>A constrained balance sheet impacted all the capitals. The suspension of dividends in recent years affected social capital but was to the benefit of financial capital. Human and manufactured capital felt the impact of cost-saving measures, which supported financial capital.</p>
<p>Although many of our factories were designated as essential services, we sharply scaled back production during COVID-19 as demand for many of our products declined due to lower disposable income, the alcohol ban in South Africa and restrictions on social events. Border closures affected Angolan exports to the DRC</p> <p>Effectively responded to impact of COVID-19 with no material shutdown of operations</p> <p>Disposed of Glass division, Cartons Nigeria and Nampak Plastics Europe</p> <p>Re-tooled one beverage can production line to secure large export contract</p>	<p>Lower production had an adverse impact on our financial and social capital, but was of benefit to natural capital as less packaging was produced.</p>
<p>Updated our strategy to align with current market conditions</p> <p>Deployed technology and support to enable most employees to work from home</p> <p>Moved quickly to take advantage of increased export demand for beverage cans by re-tooling one production line</p> <p>Continued to review our portfolio and capital and funding structures</p>	<p>Our investment in intellectual capital reduced our financial capital in the short term but will increase the stocks of human, manufactured, financial, social and natural capital in the longer term.</p> <p>Our reset strategy is designed to conserve financial capital, but could negatively impact social, as well as human capital, in the Rest of Africa.</p>

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. The most noticeable impact of these issues in the short term is on the group's share price, which lost more than 90% of its value in 2020. The most material feature of the year for Nampak and the world was the spread of the novel coronavirus (COVID-19). Instead of defining this as a material issue on its own at Nampak, here we show how COVID-19 impacted each of our material issues:

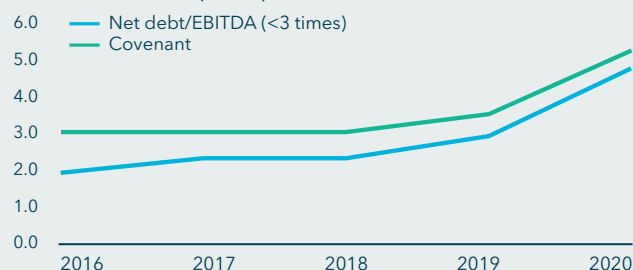


Our capital structure and financial covenants

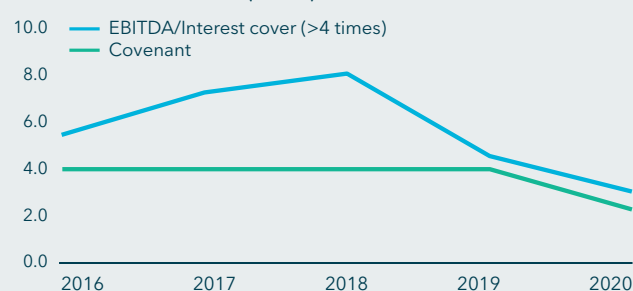
The capital structure of the company was not sustainable before the impact of COVID-19. A number of initiatives to deleverage the balance sheet and exit non-core businesses came to fruition in the year, supporting a reduction in US dollar debt. However, COVID-19 and the weaker rand adversely impacted trading results, the translation of debt levels, and Nampak's performance against credit facilities' covenant terms. Any breach of these covenants leads to 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.

Implications for value

EBITDA:Net debt (times)



EBITDA:Interest cover (times)



Our response

Completed sale of Glass division and Cartons Nigeria, applying proceeds and other resources to reduce dollar debt by US\$123m. After year-end, we further reduced dollar debt by US\$60m

Reduced share of US dollar-denominated debt to 66% from 75%

Disposed of Nampak Plastics Europe and associated negative cash impact including defined pension fund liability

Improved working capital management and reduced operating costs and capex

Performed a portfolio assessment; identified potential assets for sale, in order to reduce net interest-bearing debt by at least R1bn

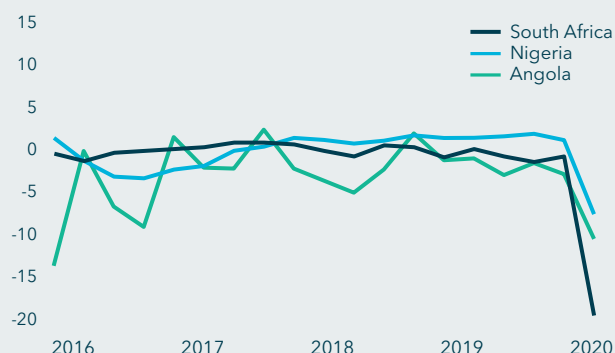
Secured covenant relaxations from lenders for September 2020 and the remainder of 2021, but returning to the normal covenants by September 2021. Mandatory repayment of R1bn of debt by 30 September 2021



Macroeconomic environment

COVID-19 lockdowns across our markets resulted in a sharp contraction in economic activity and a rise in unemployment and poverty. South Africa's already-weak economy moved into deep recession, with a contraction of about 8% forecast for calendar 2020. A steep drop in travel sent oil prices lower, hurting oil-dependent economies. Nigeria is expected to contract by more than 3%, and Angola by 4-5%. With hyperinflation in Zimbabwe the crisis was exacerbated by the pandemic, and its economy is expected to contract by 5-10%. Kenya also experienced many environmental headwinds. However, increased home consumption in new export markets presented an opportunity for Bevcan to meet some of this demand.

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



Implications for value

Drop in consumer disposable income limits demand for discretionary spending items, especially in Angola where wage inflation lags currency depreciation

Limited economic activity and long recovery anticipated as uncertainty remains on timing of end to COVID-19

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

Pressure on Nampak's revenue and earnings

Our response

Reacted swiftly to reduced Angolan demand by reducing fixed cost and headcount

Implemented significant restructuring at DivFood and Plastics divisions in South Africa and Tanzania to rebase fixed cost structure

Secured two significant contracts to supply beverage cans to large new export customers

Established Cartons joint venture with Elopak to grow gable-top cartons market in sub-Saharan Africa



Liquidity restrictions in the Rest of Africa

COVID-19 exacerbated the scarcity of foreign currency across our markets. Despite reduced availability in Nigeria, Nampak maintained good liquidity in most of the Rest of Africa operations as well as healthy cash transfers. In Angola, the kwanza depreciated. Zimbabwe continued to face severe liquidity restrictions and recorded a sharp fall in the value of its currency in a hyperinflationary economy.

Angola forex sales (US\$bn)



Implications for value

Cash balances in Angola, Nigeria and Zimbabwe of R691m reduced from R1.3bn

Transferred R1.1bn from Angola, R1.3bn from Nigeria and R9m from Zimbabwe

Forex losses of R0.4bn from R2.2bn

Our response

Shielded Nampak's Angolan cash through 92% hedging of US dollar-linked kwanza bonds; limited hedge available in Nigeria

Serviced Zimbabwe market demand to extent that foreign currency for raw materials could be sourced

Ensured Zimbabwe operations self-funded their operational and capital requirements



Uncertain regulatory and policy environment

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 2020, COVID-19 lockdown regulations hit Nampak hard; most significant were the ban on alcohol sales and restrictions on social events in South Africa, as well as border closures in Angola.

Implications for value

Unpredictable policy changes make planning difficult

Lower production during lockdown impacted revenue and profitability

Penalties for any regulatory non-compliance could harm our licence to operate

Demand for in-country production supports our Rest of Africa operations

Despite there being no local supply in South Africa, tinplate incurs a 10% duty. This gives an advantage to imported filled tinplate food cans, which already benefit from significant economies of scale

Our response

Participated in industry-wide engagement with government on all regulations and tinplate duties

Encouraged by pragmatic South African government decision to allow waste management plans to be industry led

Swiftly implemented COVID-19 protocols, enabling rapid return to production when lockdown restrictions eased

Focused on building resilience to withstand requirements of greater regulatory burden

COVID-19



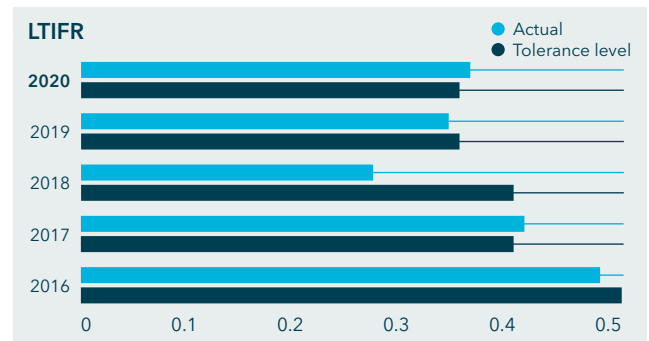
COVID-19



People – safety, skills and transformation

Ensuring the safety of our people is critical, and this was heightened in the time of COVID-19. Sadly, two employees died from the virus.

Our overall safety performance ebbed, with an LTIFR of 0.36 after 2019's 0.34. We continued to contend with a shortage of skills, developing internal competencies for specific production processes. We maintained our level 2 B-BBEE contributor status.



Implications for value

Safe operations enhance employee morale, business performance and 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 South Africa; without it, this is at risk

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

Our response

Delivered policies and procedures to ensure COVID-19 risks were managed to create a healthy environment and to meet legislative requirements, limiting infections to 291 and facilitating an extended work-from-home programme for 90% of office staff

Employees made salary sacrifices of between 15% and 30% over three months in support of group sustainability

Non-executive directors reduced fees charged to Nampak by 30% for three months

Reviewed all staff establishments, structures and remuneration benchmarks

Engaged with labour 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

Stakeholders who help us create value

We depend on eight stakeholder groups to create value. Here we give the key issues impacting each group and our actions to address them. In general we have good relationships with our stakeholders and give the links to our material issues, as well as our risks and opportunities.

Shareholders and funders

Key issues

US\$ denominated debt
Debt levels and covenants
Transfer of funds from Angola, Nigeria and Zimbabwe
Strategy and performance
Communication

Our actions

Negotiated a relaxation of debt covenants
Transferred R2.4bn from Angola and Nigeria
Disposed of Glass division, Nampak Plastics Europe and Cartons Nigeria
Held virtual meetings with investors, participated in three investor conferences

Material issues and risks



Employees

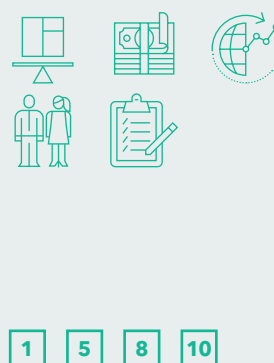
Key issues

Impact of COVID-19 on the business
Health and safety in the workplace including COVID-19 safety
Preservation of jobs
Disposals, restructuring and retrenchments
Ongoing skills development

Our actions

Agreed salary sacrifices to protect cashflow during lockdown
Reported LTIFR of 0.36 from 0.34 in 2019
Facilitated UIF TERS payments to employees during COVID-19
Implemented various measures to mitigate spread of COVID-19
Timeous and regular communication with employees on the group's strategy and restructuring
Trained 235 employees across all levels

Material issues and risks



Trade unions

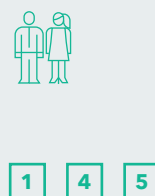
Key issues

Relationship between unions and business
Restructuring of Nampak
Addressing youth unemployment
Wage negotiations

Our actions

Successfully completed wage negotiations
Continued to involve unions in need to restructure business
Fortified our long-standing good partnerships with workers
Further supported the YES4Youth employment programme

Material issues and risks



Customers

Key issues

Retention of key customers amid increased competition
Loss of significant food can customer
Beverage can competition
Developing new customers in new markets
Expiry of some key contracts




Our actions

Ensured high level of customer service and trust during pandemic lockdown
Reduced cost structure to become more competitive
Negotiated contracts for the export of beverage cans
Renewed key contracts in South Africa




Material issues and risks



Suppliers

Key issues	Our actions	Material issues and risks
<p>No local production of tinplate</p> <p>B-BBEE procurement targets</p> <p>Unreliable supply of electricity</p> <p>Consistent supply of quality raw materials</p>	<p>Procured imported supplies of tinplate, but these incurred a 10% duty</p> <p>Increased purchases from accredited B-BBEE suppliers</p> <p>Operated diesel generators at significant cost</p>	<p></p> <p></p> <p></p>

Industry bodies

Key issues	Our actions	Material issues and risks
<p>Waste management</p> <p>Public pressure on use of plastic packaging</p> <p>Carbon tax implementation</p> <p>Interrupted manufacturing as a result of COVID-19</p>	<p>Secured industry-led waste management plan from government</p> <p>Continued with long-established recycling initiatives</p> <p>Endeavoured to continue supporting small-scale waste collectors during COVID-19</p>	<p></p> <p></p> <p></p>

Government and regulators

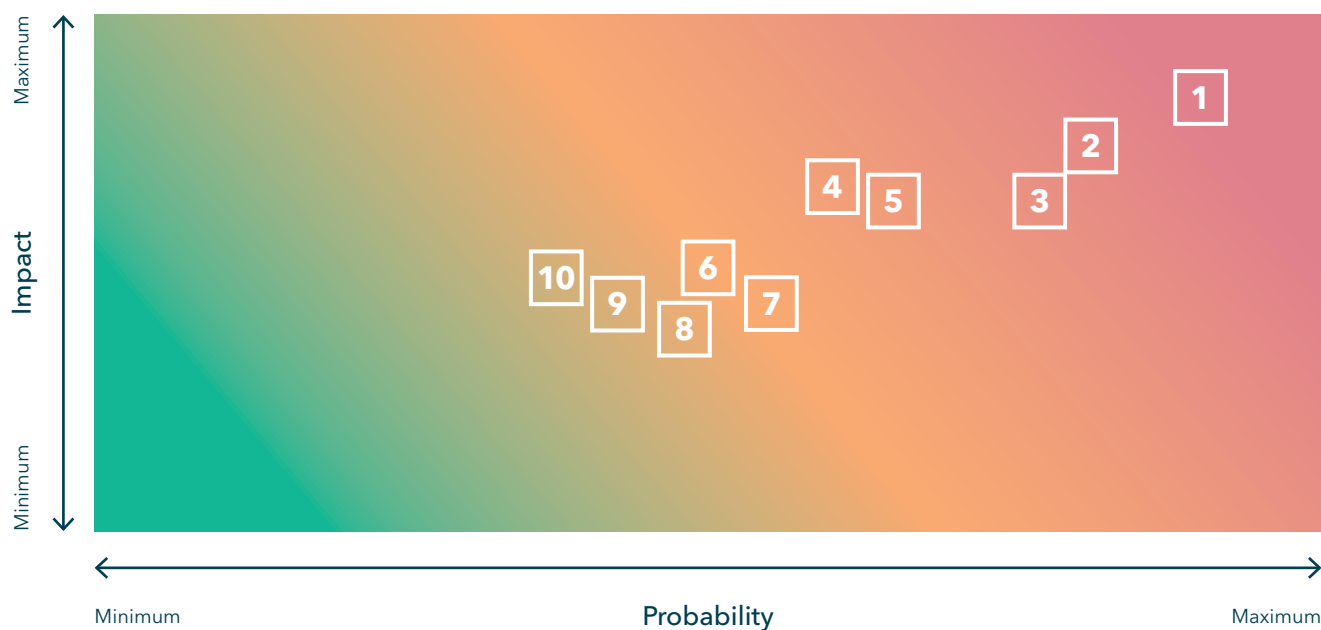
Key issues	Our actions	Material issues and risks
<p>Special COVID-19-related lockdown restrictions</p> <p>Compliance with good governance and regulatory requirements</p> <p>Sound relations with local authorities</p>	<p>Proactively engaged with government and complied with COVID-19 lockdown regulations</p> <p>Maintained comprehensive governance policies and practices</p> <p>Complied with JSE regulations and statutory authorities</p> <p>Engaged constructively with municipalities</p>	<p></p> <p></p> <p></p> <p></p>

Communities and civil society

Key issues	Our actions	Material issues and risks
<p>Supporting the communities in which we operate, especially during COVID-19</p> <p>Fewer funds available for community projects due to COVID-19</p> <p>Secondary and tertiary education</p>	<p>Donated plastic drums for bulk hand sanitisers</p> <p>Contributed R3.0m to social investment</p> <p>Invested R3.9m in bursaries</p> <p>Provided temporary employment to the YES4Youth programme</p>	<p></p> <p></p> <p></p> <p></p>

Our top risks

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



Principal risk (2019 ▶ 2020)






- ▶	1	Group liquidity, gearing and financial covenants (COVID-19 impact)
1 ▶	2	Dependence on foreign exchange liquidity and currency movements in key Rest of Africa markets
3 ▶	3	Challenging macroeconomic and political conditions in our key markets
2 ▶	4	Operational underperformance of certain operations
7 ▶	5	Inadequate diversity, people development, talent attraction/retention, skills shortage and COVID-19 staffing impact
4 ▶	6	Customers diversifying their supplier base
5 ▶	7	Increased public pressure on plastic packaging
6 ▶	8	Uncontrollable increases to legacy defined benefit liabilities
8 ▶	9	Uncertain regulatory and policy environment
9 ▶	10	Potential to fall prey to cyber crime

*Based on residual risk





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. Nampak participates in the CDP (formerly Carbon Disclosure Project). Information Management Services (IMS) is a standing agenda item for the audit and risk committee. Ultimate responsibility for IMS governance rests with the board. In order to support the board in the execution of its responsibilities, information management and key technology risks remain a key focus area for the audit and risk committee.

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

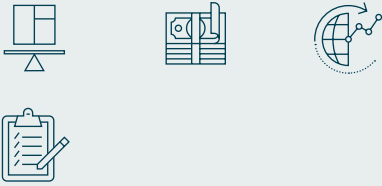
Impact if not managed	How we did in 2020	Value created from our mitigation strategies
<p>COVID-19 lockdown regulations restricted free trade of certain products, impacting Nampak's revenue, profitability and performance against credit facilities' covenant terms</p> <p>Breach of these covenants trigger negative consequences in terms of ongoing liquidity, access to credit, cost of capital, ability to fund capital expenditure plans, share price valuation and, ultimately, the risk of Nampak requiring recapitalisation</p>	<p>Reduced US dollar-denominated debt by US\$123m from proceeds of sales of Glass and Cartons Nigeria</p> <p>Disposed of Nampak Plastics Europe and associated negative cash impact including defined pension fund liability</p> <p>Focused management of working capital and operational cost reduction and managing disrupted supply chains from affected territories and to affected customers during lockdown</p> <p>Reduced capital investment, including halting installation of Nigeria food can line and conversion to aluminium of second beverage can line in Angola</p> <p>Renegotiated relaxation of covenant terms through to September 2021</p>	<p>Maintained positive cashflow throughout lockdown period because of firm focus on cash flow management</p> <p>Close management of capital expenditure and improvements in liquidity delivered an improved balance sheet</p> <p>The group's liquidity position remains strong but with strict renegotiated covenant terms</p> <p>Positive leverage effect when demand returns from cost optimisation programmes</p>
Looking forward	Opportunities for value	Material issues
<p>Strengthened balance sheet due to repayment of US dollar debt</p> <p>Negotiated relaxation of covenant terms</p> <p>Ongoing tight control of operating cash requirements and capital expenditure</p> <p>Focus on cost reduction and de-gearing activities, including potential restructuring and rationalisation of group business portfolio opportunities</p>	<p>Enhanced focus on optimisation and cost structures, most of which took place before COVID-19 spread</p> <p>Together with ongoing efforts during lockdown, this should deliver enhanced returns in 2021 and beyond</p>	    

2 Dependence on foreign exchange liquidity and currency movements in key Rest of Africa markets

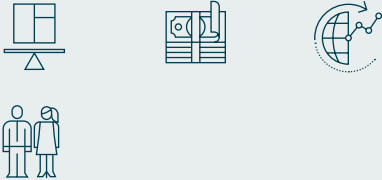
Impact if not managed	How we did in 2020	Value created from our mitigation strategies
<p>High volatility in translated rand value of earnings from the Rest of Africa impacts our financial performance</p> <p>A lack of market liquidity holds up the repatriation of cash and places constraints on the purchase of imported raw materials and our ability to invest behind growth opportunities</p> <p>Exposed to forex risks which erodes operating profit</p>	<p>Reduced US dollar- denominated debt by US\$123m</p> <p>Continued Nigerian liquidity provided by NAFEX market</p> <p>Angolan liquidity remained stable</p> <p>We transferred R2.4bn from Angola and Nigeria and R9m from Zimbabwe</p> <p>Secured US dollar funding for raw materials from some customers in certain territories</p>	<p>In 2019 we secured US\$67m with the Reserve Bank of Zimbabwe for payment over the next three years with an initial two-year payment holiday. Expected credit loss ratio of 85% applied at 30 September 2019 given Zimbabwe's financial and economic situation</p>
Looking forward	Opportunities for value	Material issues
<p>Currency volatility will continue to have a bearing on financial results</p>	<p>We will reverse the expected credit loss provision applied at 2019 financial year-end once the RBZ honour the US\$67m agreement</p>	   

Our top risks continued


3 Challenging macroeconomic and political conditions in our key markets

Impact if not managed	How we did in 2020	Value created from our mitigation strategies
<p>The impact of COVID-19 on the economies in which we operate, low economic growth in South Africa and high inflation rates in key markets in the Rest of Africa results in reduced consumer demand which translates into lower volumes and revenue and pressure on profit margins. It also limits opportunities for growth</p>	<p>Angola volumes impacted by wage inflation lagging currency depreciation</p> <p>Reduced sales of beverage cans and cartons and certain rigid plastics because of alcohol sales ban during South African lockdown</p> <p>Continued to grow Nigeria beverage can volumes</p> <p>Ensured that Zimbabwe operations were self-funded with no additional funding from group since April 2018</p>	<p>Ongoing drive to deliver improved operating efficiencies and cash fixed cost reductions</p> <p>Operations geared to meet any increased capacity requirements</p> <p>Potential protection from currency devaluation through hyperinflationary cycle in Zimbabwe from US\$67m hedge with RBZ</p> <p>Cession of US\$67m RBZ agreement to NIL</p>
Looking forward	Opportunities for value	Material issues
<p>Business and consumer confidence in South Africa are likely to remain weak in the short to medium term</p> <p>Economic activity in Nigeria, though muted, supported a strong performance which is expected to continue</p> <p>Angola is showing signs of slow recovery</p>	<p>Well positioned to take advantage of organic growth in our markets</p> <p>Long-term fundamentals for packaging growth in key African markets remains intact</p> <p>Our market positions are strong with more than 60% of customer base consisting of large multinationals with global brands and strong credit ratings</p>	


4 Operational underperformance at certain operations

Impact if not managed	How we did in 2020	Value created from our mitigation strategies
<p>This can result in job losses, impairment of assets and harm the group's sustainable profitability</p>	<p>Completed the sale of Glass, Cartons Nigeria, Nampak Plastics Europe and Plastics' intermediate bulk container business</p> <p>Ensured Bevcan Nigeria operation performed well and Plastics South Africa operational turnaround gained traction</p> <p>Turnaround in performance in Tanzania and Zambia</p> <p>Swift reduction in employee numbers in Angola</p>	<p>Continued drive to extract value from newer technologies and ensure readiness for higher volumes</p> <p>Applied improved maintenance practices to limit downtime</p> <p>Consistent engagement with customers to streamline our product mix, reducing complexity and providing opportunities to review cash fixed costs</p>
Looking forward	Opportunities for value	Material issues
<p>Incremental improvements from various manufacturing projects are anticipated</p>	<p>We have established capacity to ramp up production to meet increases in customer demand</p> <p>Group restructuring initiatives to reduce complexity, limit non-value-add activities and reduce cash fixed costs</p>	

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


Impact if not managed	How we did in 2020	Value created from our mitigation strategies
<p>Without transforming to a more equitable society, the sustainability of our market in South Africa may be in jeopardy</p> <p>A poor B-BBEE rating could impact the revenue and profitability of the South African operations</p> <p>Insufficient skills could impact on operational effectiveness and our ability to deliver on strategy</p> <p>COVID-19 impact on staff health and availability reduces ability of business to operate effectively and disrupts supply chain</p>	<p>Applied COVID-19 staff health protection practices throughout group and maintained effective operational performance</p> <p>Maintained B-BBEE level 2 rating</p> <p>Retained B-BBEE as component of management STI</p> <p>Maintained management graduate and apprenticeship development programmes as well as various technical skills and safety programmes</p> <p>Continued to participate in YES4Youth job creation programme</p>	<p>Our aligned skills development initiatives result in improved productivity and faster problem solving</p> <p>Besides protecting employees from injuries, good safety practices result in reduced downtime, cost savings and improved productivity</p> <p>COVID-19 protocols enabled the business to operate as permitted while considering employee health</p> <p>Provided technology platform for staff to work from home</p>
Looking forward	Opportunities for value	Material issues
<p>B-BBEE steering committee mandated to prioritise plans for maintaining rating</p> <p>Training and development outcomes evaluated annually and aligned to business requirements</p> <p>Application of COVID-19 protocols as demanded by the pandemic situation</p>	<p>Depth of diverse qualified succession pool as well as opportunities for personal growth underpin sustainable profitability</p>	

6 Customers diversifying their supplier base

Impact if not managed	How we did in 2020	Value created from our mitigation strategies
<p>Certain customers wish to limit their supply risks by appointing more than one supplier of primary packaging.</p>	<p>Ensured overall customer portfolio remained relatively stable within the impacts of lockdowns and business disposals</p>	<p>Footprint of factories which affords customers better security of supply</p> <p>Value-added services provided by Nampak R&D</p> <p>OTIF part of operational performance targets</p> <p>Extended two major supply contracts</p> <p>Secured two significant export contracts</p>
Looking forward	Opportunities for value	Material issues
<p>Continued emphasis on price, safety, quality, reliability, good governance and on-time delivery</p>	<p>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</p>	

Our top risks continued






7 Increased public pressure on plastic packaging

Impact if not managed	How we did in 2020	Value created from our mitigation strategies
Bad publicity and strong public reaction to plastic packaging waste could negatively impact demand	<p>Participated in industry initiatives to increase recycling</p> <p>Signed South African Plastic Industry Pact to promote recycling and re-use of plastic packaging</p> <p>South African recycling rates were negatively affected by lockdown</p> <p>Developed light-weighted plastic packaging opportunities</p> <p>Carried out consumer education on value and cost effectiveness of plastic packaging that extends shelf life and prevents product deterioration</p>	<p>Continued research and development of opportunities for light-weighting and use of more recycled material in primary plastic packaging</p> <p>Development of metal and paper products to extend offering in the liquid packaging sector</p> <p>Investment in rPET technology</p> <p>Introduced water in beverage cans and liquid cartons</p>
Looking forward	Opportunities for value	Material issues
<p>Ongoing engagement with other industry players on alternative solutions for plastic packaging waste that limit its impact on the environment</p> <p>Support growth of metal and paper alternatives</p>	<p>Opportunity to work with customers on alternative primary packaging solutions</p> <p>Greater public awareness of which plastics products are not recyclable. All of Nampak's products are recyclable</p>	


8 Uncontrollable increases to legacy defined benefit liabilities

Impact if not managed	How we did in 2020	Value created from our mitigation strategies
If cost increases associated with providing the benefits outstrip affordability, profits will be adversely affected	<p>Completed disposal of Nampak Plastics Europe with associated employee pension benefits liability</p> <p>Evaluated annuity market for further opportunities to provide annuities for retired employees in receipt of post-retirement medical benefits in South Africa</p> <p>Track and trace exercise resulted in R35m reduction in PRMA liability</p>	Steady reduction in the overall liability
Looking forward	Opportunities for value	Material issues
Medical inflation remains above increases in the consumer price index, placing upward and uncontrollable cost pressure on Nampak's remaining post-retirement medical liability	We will continue to consider and implement feasible buy-out and de-risking opportunities that are beneficial for all parties	

9 Uncertain regulatory and policy environment

Impact if not managed	How we did in 2020	Value created from our mitigation strategies
Changes in regulations affecting Nampak and our customers could negatively impact on demand or result in uncontrollable increases in cash fixed costs. The magnitude of changes to laws and regulations can be onerous and failure to comply can result in penalties and affect our licence to operate	Supported producer responsibility organisations under umbrella of Packaging SA in generation and submission of new extended producer responsibility waste plans to government Undertook GHG reporting and submission of pollution prevention plan and registration for payment of South African carbon tax	Section 18 Industry Waste Management Plans have been developed and submitted to the relevant authorities Continued focus on recycling initiatives across all substrates Ongoing energy reduction management and initiatives
Looking forward	Opportunities for value	Material issues
Ongoing engagement and alignment with government and other stakeholders on post-consumer packaging waste recycling objectives	Good corporate governance principles, policies and practices will continue to protect sustainable profitability	    

10 Potential to fall prey to cyber crime

Impact if not managed	How we did in 2020	Value created from our mitigation strategies
Ransomware attacks could result in catastrophic loss of data and paralyse the business, rendering it unsustainable	Implemented additional VPN external penetration intrusion prevention for improved remote working security Managed vulnerability and patch management process Continued to benefit from Mimecast email filtering for malware Continued with IT system penetration, cyber footprint and cyber assessments Carried out disaster recovery tests Maintained appropriate controls through internal and external audit review Maintained appropriate insurance covers	Enabling remote working Ongoing employee awareness campaigns Consistent upgrading to protect against latest attacks Mimecast provision of email continuity in the event of an attack
Looking forward	Opportunities for value	Material issues
Protecting Nampak against cyber-crime is an enduring commitment Improving IT and security across all sites	Enhanced business continuity position for Nampak Reducing the risk of the severity of the impact in the event of a cyber-attack Improved security plans across Nampak	

Chairman's review

Despite widespread disruption to lives and livelihoods across Nampak's markets, the business was able to remain cash positive and to continue to supply value-added products to customers.

Peter Surgey
Chairman



COVID-19

2020 is a year most would rather forget with the scale of human suffering from COVID-19 and the knock-on effect of lockdown restrictions on economic activity across the world.

Nampak did not escape the impact, sadly losing two staff members to the virus and suffering a downturn in demand which challenged operations and adversely affected financial performance.

The management team must, however, be commended on its rapid and considered response to the challenge. At Nampak's 34 operations in 11 countries, infections were limited to 291. New safety protocols were rapidly deployed across all facilities, and those employees who could, adjusted swiftly and well to working from home.

Despite widespread disruption to lives and livelihoods across Nampak's markets, the business was able to remain cash positive and to continue to supply value-added products to customers.

Everyone at the company contributed, including all directors and employees who sacrificed part of their fees or salaries and trade unions who agreed to no wage increases for the employees they represent. These contributions did not go unnoticed and on behalf of the board I extend thanks to you all.

Performance

The capital structure of the company was not sustainable before the impact of COVID-19 and a number of earlier initiatives to deleverage the balance sheet and exit non-core businesses came to fruition, as between December 2019 and February 2020 the company finalised the disposal of Nampak Plastics Europe, Cartons Nigeria and the Glass division.

Nampak has become a smaller and more focused business. However, there is still a high level of complexity as it operates in 11 countries, many of which are dependent on commodities and therefore vulnerable to price changes and currency instability, as well as the availability of foreign exchange. The weakening of the South African rand from R15.17 to the dollar at the start of the year to R16.69 at end-September 2020 has also negatively impacted the group's gearing, even though many of the underlying businesses have been performing well.

The material issues on page 14 outline the macroeconomic challenges of Nampak's markets 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.

The only way forward is to continue to address the underlying performance of the business where necessary and strengthen the group's capital structure.

Prospects

The company has lost 90% of its market value in the last 12 months: a shocking fact and dismal for all stakeholders. This, however, is not a reflection of the performance or underlying value of the company as the net asset value of Nampak is currently R4bn while the market capitalisation at a share price of 90c is just over R620m.

The Africa rising theme which the company followed in previous years was applauded at the time and rewarded with a strong share price. All of the moves into the Rest of Africa were well executed operationally and those businesses have been well run and continue to be so. What Nampak could not control were currency devaluations, inflation, as well as hyperinflation in particular territories, all of which negated operational performance.

The only way forward is to continue to address the underlying performance of the business where necessary and strengthen the group's capital structure.

The board has affirmed the strategy to simplify Nampak by exiting those businesses which do not - or cannot without additional capital - make an acceptable return. This will have the effect of realising immediate value which will be used to pay down existing debt. We are targeting a debt reduction of at least R1bn by September 2021 (see page 35).

The restructuring of the remaining business should also be complete by the end of 2021. This will ensure that the units in the remainder of the portfolio will be those that achieve acceptable returns above the weighted average cost of capital.

As the company has been cash positive through the COVID-19 period, Nampak anticipates that the restructuring benefits will result in improved cash flows and allow a further reduction in debt in 2022. Dependent upon there being no other significant future shocks, within two years, the business will have significantly reduced borrowing requirements with a sustainable capital structure.

Board

In the year, we said farewell to two non-executive directors - Emmanuel Ikazoboh and Ipeleng Mkhari. My thanks to them both for their valuable contribution to Nampak over the years. We welcome Lesego Sennelo and Nooraya Khan to their new roles.

Our CEO André de Ruyter left Nampak to run Eskom, where we all wish him well. André spent much of his time at Nampak in fixing mode and the last of the plans which he initiated will, as mentioned, be completed by the end of 2022. Erik Smuts has taken over seamlessly and has done well in an uncompromising environment.

While this board of directors is smaller (see page 58) and all directors have fewer than 18 months of service (except the chairman and chief financial officer), I am satisfied that we have a decent balance of the necessary skills and diversity which is delivering value to the organisation.

This is supported by a simpler structure following the reduction in the number of board committees in 2019 from six to three (see page 54). The committees function well and importantly, we have a strong audit and risk committee. The directors have worked closely with the executive team this year, and the board's support has been important and well received.

Members of Nampak's executive management have done an excellent job in navigating through 2020. With a strong operational focus, they have improved the performance of all businesses, which would have done even better had it not been for the impact of COVID-19.

The board is confident that management has the capabilities and determination to deliver on the agreed plans to improve performance. I thank all Nampak's stakeholders for their contribution in 2020, particularly the patience of shareholders. We look forward to much improved results in 2021 which should translate into an improved share price.



Peter Surgey

Chairman

Bryanston

30 November 2020

Chief executive officer's report

In 2020, a year of extraordinary global disruption, Nampak focused on managing factors within our control, and then charting a way forward to sustainably reduce risk and grow profits through a strategic reset.

Erik Smuts

Chief executive officer

I assumed the role as CEO on 6 January 2020. The economies of our markets were weak and pressure on consumers' disposable incomes was growing. Over the traditionally strong December season, demand in South Africa had been disappointing. This, along with net impairments of R3bn relating to Nigerian goodwill and assets in Angola, led to a steep fall in Nampak's interim earnings.

The COVID-19 pandemic, which started in China, spread to Europe and then to Africa, led to lockdown restrictions which included a ban on alcohol sales and social events in South Africa, and a sharp contraction in economic activity across all our markets. This resulted in further asset impairments of R1bn in our beverage can business in Angola, our Rigid Plastics and DivFood businesses in South Africa.

Designated as an essential services provider, most of our plants continued to operate and we remained a trusted partner to our customers. We prioritised employee health, introducing numerous measures to ensure this. Tragically, we lost two employees to the virus and again convey our sincere condolences to their families, friends and colleagues.

Our safety performance ebbed, with the lost-time injury frequency rate ticking up marginally to 0.36 after 2019's 0.34 against a maximum tolerance level of 0.35. We continue to prioritise safety as well as transformation and were pleased to have maintained our B-BBEE level 2 contributor status in the year.

Our financial results for the year were very disappointing as poor trading conditions in the first half and the impact of the pandemic in the second half of the year eroded profits. The group's revenue declined by 23% and operating profit before the net impact of the devaluation in Zimbabwe declined by >100%.

More pleasing was the success of the various measures that we implemented to conserve cash. As detailed in the CFO's report on page 28, despite cash generated from operations before working capital changes declining by more than R1bn from 2019, we managed to contract working capital aggressively, resulting in an overall increase in cash generated from operations and the group remaining cash positive for the full year.

Bevcan South Africa defended its strong market share, renewing a substantial supply agreement for another three years and securing sizeable export orders. Bevcan Nigeria also secured a larger allocation from the supply agreements of major customers, which should assist us to grow our overall market share.



In Angola, Bevcan's volumes halved as oil prices fell, the kwanza weakened, and the economy slipped further into recession. This was further exacerbated by the impact of COVID-19 lockdown regulations. We responded quickly by sharply reducing employee numbers and other costs in order to keep the business cash positive.

DivFood South Africa reported a significant loss, hurt by the impact of COVID-19 on revenue as well as by provisions for restructuring and retrenchment costs after losing a key customer in 2019. Significant restructuring is in progress to return this business to profitability for the 2021 financial year.

Our South African Plastics business reported a small trading loss after a very promising turnaround in the first half was negated by the impact of COVID-19 on demand. The alcohol ban and lower disposable incomes also put pressure on the Liquid Cartons business.

Our Rest of Africa Paper businesses increased their contribution to group profit, and sustained strong market positions as they worked to broaden their customer base.

The limited availability of foreign exchange remained a concern in Zimbabwe, Angola and Nigeria, however we continued not to provide new funding. These operations were able to trade up to the level that they could obtain the required foreign exchange, without placing additional pressure on our offshore balance sheet. At year-end, we had to make a significant, but highly unpredictable accounting adjustment to account for the effects of hyperinflation in Zimbabwe. This adversely impacted on results and placed our banking covenants under additional pressure.

Portfolio assessment

We performed a detailed portfolio assessment to analyse the potential impact of changes in the markets where we operate. For each business, the assessment considered our return on investment in terms of current profitability, growth potential and future capital requirements. We also assessed the complexity and risk of each operation and its likely impact on earnings and economic value-add (EVA).

In assessing the strategic fit of each business, the process highlighted those factors that are within management's control and those that are inherent to the type of business or countries where these businesses operate. Despite management's proven track record in executing greenfield investments and operating at world-class efficiencies in the Rest of Africa, the associated risks of currency devaluations and earnings uncertainty have dampened investor confidence in Nampak. Our updated strategy, detailed on page 08, addresses these risks.

Focusing on what we can control

In the absence of economic growth in 2020, we focused on further restructuring, optimisation and rationalisation. In addition to the disposals outlined by the chairman (see page 24), we made good progress in restructuring DivFood and Plastics by reducing employee numbers, exiting unprofitable SKUs and consolidating sites.

We worked to simplify our portfolio and consulted constructively with our employees to further reduce our total cost of employment, as demonstrated in the agreement with trade unions for organised labour to forgo an annual salary adjustment on 1 July 2020 and a commitment that no annual increases will be given to executives or managers in the next financial year. The actions we took to reduce working capital in order to compensate for the reduction in demand helped ensure that we traded on a cash positive basis throughout the lockdown.

With the balance sheet under pressure, we reduced our US dollar-denominated debt by US\$123m and negotiated

a relaxation of our covenants with lenders. This came with strict performance criteria, including a requirement to reduce net interest-bearing debt by at least R1bn before the end of September 2021, through the sale of assets, a capital raise, or a combination of both. As part of our portfolio assessment we identified certain assets for potential disposal and a structured disposal process is currently underway. For further details see the CFO's report on page 28.

Charting a way forward

These steps and considerations laid the foundation for our strategic reset. Given the disappointing performance of the economies of South Africa and those in our Rest of Africa portfolio, we had to rethink and change our strategy. We made the strategic decision not to expand further into the Rest of Africa until such time as we see better returns from our existing investments.

The main objectives of our new strategy are to **reduce risk** and **grow profits**. These objectives hinge on four strategic building blocks: a strengthened capital structure; simplification; optimisation; and innovation and growth (see page 08). Each is closely linked to specific key performance indicators in order to ensure improved alignment between shareholder value creation and executive remuneration (see page 67):

Reduce risk

1. As part of the covenant relaxation conditions and to reduce gearing, Nampak has committed to explore the sale of certain assets, which will assist us in reducing interest-bearing debt. An optimal capital structure supported by sustainable earnings will fulfil the objective of a **'strengthened capital structure'** and will build the capacity for future investments.
2. We aim to **'simplify'** both our business and product portfolios. By focusing on a more sustainable portfolio that satisfies customer needs and leverages market opportunities, we aim to avoid unnecessary complexity and earnings volatility.

Grow profits

3. Through **'optimisation'** of our products, services and processes, we aim to lower cost structure and enable even better operational performances, thereby creating improved value to our customers and all other stakeholders.
4. In the short term, through innovation of our products and processes, we have plans to exploit niche market segments in our existing portfolio without the need for significant new investments. Once we have created adequate capacity in our balance sheet, we will explore expanding into new geographical markets to diversify earnings and improve profitability, potentially also using underutilised assets in order to achieve the **'innovation and growth'** objective.

At Nampak, we pride ourselves in being there when our customers need us: *our products are part of consumers' everyday life*. This counts more than ever in these stressed times. In the year ahead, we will continue to prioritise the excellent customer service for which we are known and look forward to working closely with our many stakeholders to build a sustainable and profitable business. **Ultimately, we want to build trust through everything we do!**



Erik Smuts

Chief executive officer

Bryanston
30 November 2020

Chief financial officer's report

Management of the group's balance sheet and funding covenants in uncertain times has been our top priority

Glenn Fullerton
Chief financial officer



All commentary is based on continuing operations except where otherwise indicated.

Overview

The 2020 financial year was significantly impacted by the material adverse impacts of the COVID-19 pandemic which had a devastating effect on the global economy and society in general. The macroeconomic environment in the majority of the geographies in which the group operates was extremely challenging during the year with limited growth and in most cases negative growth, subdued consumer spending, foreign exchange volatility, increased unemployment and a local economy that was adversely impacted by Moody's downgrade of South Africa on 27 March 2020 to sub-investment grade.

As a consequence of COVID-19, the South African Government imposed stringent level 5 lockdown regulations with effect from 27 March 2020. The initial complete ban on the sale of alcohol-related products and the closure of the hospitality industry materially impacted demand for the group's products in the second half of the financial year. These lockdown restrictions were gradually lifted over the six months to 30 September 2020, partially alleviating the significant decline in demand. Other geographies in which the Nampak group operates were also adversely impacted by the pandemic with the oil-based economies of Nigeria and Angola being severely impacted.

Our response

The resilience of the group was tested during what was an extremely challenging year with the agility of the group's respective management teams evident in the proactive steps taken to date.

Since March 2020, the group has assessed the impact of the pandemic using a risk-based approach and took the required steps to address such risks. The process involved identifying key risk categories and designing and implementing mitigating controls and actions to protect the company and its stakeholders. Compliance with funding covenants was identified as the major risk during the period with significant steps taken to mitigate this risk. Other risks included the health and safety of our employees, the sustainability of revenue, the continuity of supply from our supply chain to our respective operations particularly those that are import dependent, the sustainability of our operations and the immediate and short-term liquidity requirement of the group.

Although many of our factories were designated as essential services, we sharply scaled back production due to the impacts of COVID-19 as demand for many of our products declined due to lower disposable incomes, the ban on the sale of alcohol for a period in South Africa and restrictions on social events. Demand in Angola was adversely impacted by the closure of Angolan ports, thereby limiting exports to the Democratic Republic of the Congo and Angolan wage inflation lagging currency devaluation.

Management of the group's balance sheet and funding covenants in these uncertain times has been the group's top financial priority. The group acted swiftly and implemented various processes to reduce its operating costs, limit its capital expenditure, proactively manage working capital levels in response to changing demand patterns, optimise cash flows in order to ensure compliance with revised funding covenants and ensure continued liquidity during the lockdown period and thereafter. The group implemented

Key financial features

Group funding covenants renegotiated with clear plan to reduce group debt by R1bn by 30 September 2021

Completed the disposals of Glass, Nampak Plastics Europe and Cartons Nigeria, raising net proceeds of R1.6bn

Revenue of R11.3bn down by 23%

EBITDA (based on trading profit) of R1.2bn, down by 40%

Operating loss of R19m before net impact of devaluation in Zimbabwe, down from R1.4bn operating profit in the prior year

Operating loss of R283m compared to operating profit of R402m in 2019

Loss for the year of R4.0bn (2019: R1.5bn) after asset and goodwill impairments of R4.0bn for total operations

Headline loss for the year for total operations of R565.4m (2019: headline loss R124.8m)

Headline loss of 77.6 cents per share from continuing operations (2019: headline earnings per share of 54.1 cents)

Headline loss of 87.7 cents per share for total operations (2019: headline loss of 19.4 cents per share)

Cash of R1.1bn generated from operations, under critically difficult circumstances

Return on net assets, return on invested capital and return on equity have been disappointing and remain significantly below the weighted average cost of capital

Chief financial officer's report continued

salary and wage sacrifices, managed other employee-related costs, suspended non-essential operating expenditure and adopted a cash conservation strategy with regard to its capital expenditure programme. Operating assets continue to be well maintained so as to ensure that the quality of the productive operating capacity is not compromised.

The disposals of Glass, Cartons Nigeria and Nampak Plastics Europe were concluded during the year with positive impacts on the group's financial position. The group successfully renegotiated its funding covenants to 30 September 2021. In addition, we addressed the group's funding mix utilising the proceeds from Glass and the Cartons Nigeria disposal proceeds to reduce dollar-denominated debt by \$123m during the year with a further R1bn being utilised from existing rand-denominated facilities to settle a further \$60m on 28 October 2020. This is in line with the group's strategy to reduce its dollar-based funding thereby mitigating the impact of rand-based volatility on the covenants at reporting dates.

New accounting standards

IFRS 16: Leases

With effect from 1 October 2019, the group has applied IFRS 16: Leases. IFRS 16 requires a lessee to recognise a right of use asset and lease obligations for all leases except for short-term leases, or leases of low value assets which may be treated similarly to operating leases under the current standard IAS 17 if the exceptions are applied. A lessee measures its lease obligation at the present value of future lease payments and recognises a right of use asset initially measured at the same amount as the lease obligation including costs directly related to entering into the lease. Right of use assets are subsequently treated in a similar way to other assets such as property, plant and equipment or intangible assets dependent on the nature of the underlying item. The effects of IFRS 16 on the results are as follows:

- › Increase in recognised assets and liabilities owing to the addition of the right of use asset and the corresponding lease liability on the balance sheet of R0.9bn and R1.4bn respectively;
- › Increase in earnings before interest, tax, depreciation and amortisation (EBITDA) of R196.2m due to the removal of the operating lease expense;
- › Decrease in earnings before interest and tax of R131.7m owing to the amortisation of the right to use asset;
- › Adjustment of R129.0m to the earnings before tax because of the finance costs relating to the finance lease liability;
- › A reduction in opening retained income amounting to R209.0m.

IFRIC 23: Uncertainty over income tax treatments

With effect from 1 October 2019, the group has applied IFRIC 23: Uncertainty Over Income Tax Treatments.

The interpretation addresses the determination of taxable profit/(loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- › whether tax treatments should be considered collectively;
- › assumptions for taxation authorities' examinations;
- › the determination of taxable profit/(loss), tax bases, unused tax losses, unused tax credits and tax rates; and
- › the effect of changes in facts and circumstances.

There was no material impact arising from the first-time adoption of IFRIC 23 as management had previously applied similar considerations when accounting for any uncertainties in its tax positions.

Earnings review

The group remained resilient during these challenging times despite significant pressure on its revenue and profitability, particularly in the second half of the year with the Metals operating segment being significantly impacted in both South Africa and Angola. Revenue declined by 23%. An operating loss of R19m is reported before the net impact of devaluation in Zimbabwe. Increased competition in the South African beverage can and food can markets, as well as a significant decline in demand in Angola due to wage inflation lagging the currency devaluation, placed profitability and consequently the group's covenants under extreme pressure. Bevcan Nigeria performed satisfactorily given challenging market conditions. DivFood reported a significant loss primarily due to the loss of a large food can contract during the prior year with no replacement volume in the current year.

The turnaround in Plastics is showing good improvements in profitability levels with this division now producing a positive EBITDA. Liquid Cartons was adversely impacted by the alcohol ban with adverse impacts on its profitability for the year. The Zimbabwe operations performed well under challenging conditions but unfortunately, these results were materially adversely affected by the required translation of the full year's results to rand at the significantly weaker year-end spot rate as opposed to the average rate in line with hyperinflation accounting standards. The disconnect between the movement between the spot rate at year-end and the hyperinflation rate adversely impacted the group's results with concomitant negative impacts on the covenants.

The Paper cluster performed pleasingly and reported an increase in profitability compared to the prior year when adjusting for the impacts of the Cartons Nigeria disposal.

The devaluation of the Zimbabwe dollar remained a feature of the results. The net impact of devaluation in Zimbabwe of R264m declined from R1.0bn in the prior year. The exchange loss on translation of Zimbabwe operations, net of a hyperinflation gain amounted to R593m (before adjusting for minority interest) and has been accounted for in other comprehensive income. The ZWL devalued from ZWL15.20 to the dollar at 30 September 2019 to ZWL81.44 at year-end and from parity to the rand at September 2019 to ZWL4.88 to the rand at year-end. Consequently, the results, net assets and cash flows were translated from ZWL into ZAR at a closing rate of 0.20. The highly unpredictable impacts of hyperinflation accounting adversely impacted the results for the year, placing our banking covenants under significant pressure. The limited availability of foreign exchange remained a concern in Zimbabwe. The group has however not provided further funding to our Zimbabwe operations since April 2018 with these operations being self-funding.

(Loss)/profit for the year

Rm	2020	2019
Revenue	11 278	14 642
Operating profit before items below	(19)	1 439
Net impact of devaluation in Zimbabwe	(264)	(1 037)
Net foreign exchange losses in Zimbabwe operations	(82)	(1 945)
Monetary adjustment for hyperinflation	(182)	832
Gain on recognition of Reserve Bank of Zimbabwe financial instrument	–	795
Expected credit loss provision on Reserve Bank of Zimbabwe financial instrument	–	(719)
Operating (loss)/profit	(283)	402
Net finance costs	(448)	(246)
Share of net loss from associates and joint ventures	1	(2)
(Loss)/profit before net impairment losses on goodwill, plant and equipment	(730)	154
Net impairment losses	(4 020)	(148)
(Loss)/profit before tax for continuing operations	(4 750)	6
Income tax benefit/(expense)	401	(396)
Loss for the year from continuing operations	(4 349)	(390)
Profit/(loss) for the year from discontinued operations	369	(1 124)
Loss for the year	(3 980)	(1 514)
EBITDA*	254	1 606
EBITDA**	1 219	2 043
EBITDA***	1 067.9	2 028.9
Headline (loss)/earnings		
– continuing operations	(500)	349
– total operation	(565)	(125)
Headline (loss)/earnings per share		
– continuing operations – cents	(78)	54
– total operations – cents	(88)	(19)
(Loss)/profit per share		
– continuing operations – cents	(595)	42
– total operations – cents	(538)	(132)

* Adjusted for impairments. ** Based on trading profit *** For covenant purposes for total operations

During the current year, a revocation agreement was entered into between Nampak International Limited (NIL) and Nampak Zimbabwe Limited (NZL) subsidiaries in terms of which NIL waived its rights under the recourse agreement. The result of this is that the recourse agreement between NIL and NZL's subsidiaries was cancelled in order for de-recognition of the financial asset and US dollar based liability to be recognised in the NZL books.

Net finance costs

Net finance costs of R448m in 2020 includes R129m interest paid related to the first-time capitalisation of leased assets and liabilities. Excluding these effects, finance costs increased by 5%. Net finance costs, however, increased by 30% when compared to R246m in the prior year. The increase was primarily due to reduced interest earned on US dollar linked kwanza bonds and the requirement to fund all imports into Angola with cash backed letters of credit as well as higher debt until 30 March 2020 when proceeds from the disposal of Glass was recorded.

The effective interest rate for the group for the year was 5.4%, slightly down from 2019's 6.0%.

Rm	2020	2019
Capital and other items		
Foreign exchange losses Rest of Africa	324	212
Loss/(profit) on disposal of businesses/property	141	(67)
Retrenchment and restructuring costs	135	44
Insurance proceeds on assets previously impaired	(83)	–
Cash repatriation and liquid bond disposal losses	–	48
Loss on restructuring loans	136	–
Other	48†	(119)*
Total	701	118

* Mainly onerous contract reversals.

† Mainly ineffective cash flow hedging losses

Foreign exchange losses

Abnormal forex losses originated from Angola and Nigeria where the currency continued to devalue and all letters of credit supporting imports are required to be cash backed resulting in cash positions being exposed to devaluation. In total, US\$19m (92%) remains hedged in US dollar-linked kwanza bonds.

The majority of these bonds will be mature in February 2021 and have proven 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 and naira devalued from 389.49 to 640.10 and from 362.04 to 381.75 to the US dollar respectively.

Chief financial officer's report continued

Loss/(profit) on disposal of businesses/property

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.

Retrenchment and restructuring costs

Primarily these costs relate to a restructuring programme at DivFood and to a lesser degree Bevcan South Africa as well as Plastics South Africa and various of the African operations as the businesses right size for volumes lost and the general requirement to reduce employee cost to align with revenue.

Insurance proceeds on assets previously impaired

This claim relates to the total loss of the in-house facility at a customer and relates to the settlement of the cost to replace assets previously impaired.

Loss on restructuring loans

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 is recorded at fair value and any difference from the extinguished liability is 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.

Other

During the year the DivFood business experienced a non-recurring loss related to the ineffectiveness of cash flow hedged forward exchange contracts amounting to R48.4m. The cause of the loss has been mitigated, while the import strategy of DivFood has been reviewed in order to optimise the efficiency of the hedging process going forward in order to ensure that similar instances of this nature do not recur.

Impairments, capital and other items

Impairments

Rm	2020	2019
Goodwill impairment	2 213	–
Asset Impairments	1 807	148
Metals	1 373	58
Rigids	423	87
Other	11	3
Net impairment losses	4 020	148

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

Bevcan Nigeria

While volumes in Nigeria have continued to grow, foreign exchange currency shortages have slowed economic growth, resulting in overcapacity in the medium term in a total market that is lower than previously anticipated. The impairment testing has taken into account expected lower future volumes, selling price adjustments in terms of newly negotiated contracts, a downward revision in the terminal growth rate and a higher weighted average cost of capital. An impairment of R2.176bn (US\$130.4m) was accordingly required and recorded as at March 2020. Post this impairment, the carrying value of goodwill attributed to Bevcan Nigeria is R1.7bn (US\$102.6m). Further assessment of the goodwill as at September resulted in no further impairment to goodwill.

DivFood South Africa

A further R37m of goodwill attributable to DivFood South Africa was impaired in light of the circumstances discussed below.

Asset impairments

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 2021 budget and strategic plans to 2025 and resulted in three areas of impairment.

Nampak Angola

Depressed consumer demand, as a consequence of the significant fall in the oil price, lagging wage inflation and changes in pricing dynamics in the Angolan market, necessitated an asset impairment of R858m (US\$51.4m) in Bevcan Angola as at 31 March 2020. In additional testing performed as at September 2020, the impacts of COVID-19 and other risk factors related to Angola resulted in an increase in the weighted average cost of capital and a lower terminal growth rate being applied in the test at September 2020. This resulted in a further impairment of US\$18.4m, bringing the total impairment for the year to US\$69.8m or the rand equivalent of R1.166bn.

DivFood and Plastics South Africa

In South Africa, the future cash flows of DivFood and Plastics were reassessed at the year-end based on updated forecasts. Despite the expected positive effects of various restructuring initiatives, lower expected cash flows and a higher weighted average cost of capital, asset impairments of R224m (including goodwill of R37m) and R424m were required respectively.

Operating (loss)/profit

The group reported an operating loss of R283m compared to an operating profit of R402m in the prior year primarily due to the significant reduction in revenue as a consequence of the effects of COVID-19 on consumer demand and weak markets.

Taxation

The group's effective tax rate is set out below:

%	2020	2019
Tax rate reconciliation		
Statutory tax rate	28.0	28.0
Government incentives	(2.9)	(0.6)
Tax rate differential, withholding and other foreign taxes	2.7	(7.7)
Prior year adjustments	(43.6)	(6.5)
Other	(22.0)	0.3
Effective tax rate – continuing operations before impairments and loss on disposal	6.2	13.5
Impairments and loss on disposal	5.6	–
Effective tax rate – continuing operations before Angola forex loss cap and normal loss	11.8	13.5
Angola losses not shielded during tax holiday	(2.4)	8.3
Angola forex losses capped at 7%	–	25.0
Effective tax rate – continuing operations before Zimbabwe impacts	9.4	46.8
Tax effect of Zimbabwe hyperinflation, exchange losses and loans receivable	(0.9)	6 441.7
Effective tax rate – continuing operations	8.5	6 488.5

The group's effective rate of 8.5% from continuing operations has benefited from the release of tax provisions no longer required and tax rates that are different from the South African tax rate. A number of impairments in the group and the continued losses made in Angola, for which there is no tax shield, increased the group's effective tax rate.

Loss for the year

The loss of R4.3bn and R4.0bn for the year from continuing and total operations respectively consists primarily of impairments of goodwill and assets of R4.0bn during the year. The net impairment losses are a non-cash flow item with no impact on the group's cash flows in the year but have materially reduced shareholders' equity and increased gearing. Total equity of R4.2bn has reduced from R8.2bn in the prior year primarily due to impairments.

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 which contains an upper limit of R250m before deductibles. 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

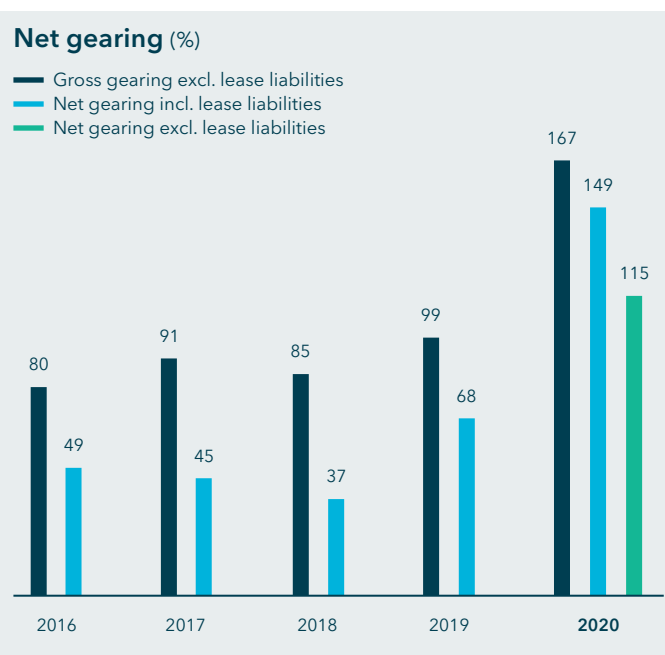
2020 was a year that was adversely impacted by COVID-19. The positive impacts of the proceeds on disposal of Glass, Nampak Plastics Europe and Cartons Nigeria were negated by the decline in group EBITDA. Significant reductions in economic activity and consequently demand resulted in lower profitability which placed the group's covenants under pressure. The weaker rand and material decline in

profitability in various of the group operations necessitated the renegotiation of the group's covenants with its funding partners. The reduction in profitability from the group's Angolan beverage can operation and the impacts of COVID-19 on other group operations are the main reasons for the group's reduced profitability and resultant requirements for the covenants to be renegotiated. The group's funding covenants were successfully renegotiated during September 2020 with relaxations that are designed to allow the group to trade in line with its budget for the 2021 financial year. The revised funding agreement requires the group to reduce net interest-bearing debt by R1bn by September 2021. This will be achieved through either the disposal of certain assets or the combination of asset disposals and a capital raise. During the 2021 financial year, funding covenants will be measured and reported on quarterly to the group's funders. The strategic fit and relative impact on EBITDA and net interest-bearing debt with regard to the potential disposal assets is being considered. Potential disposals will be prioritised in order to maximise the outcomes for the group. The current and future expected economic value-added contributions of the respective disposal assets will be taken into account in this process.

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. Significant progress was made in releasing cash from inventory and trade receivables during the year. This was however partially offset by a reduction in trade payables as procurement levels were adjusted downwards in line with lower demand that arose because of COVID-19.

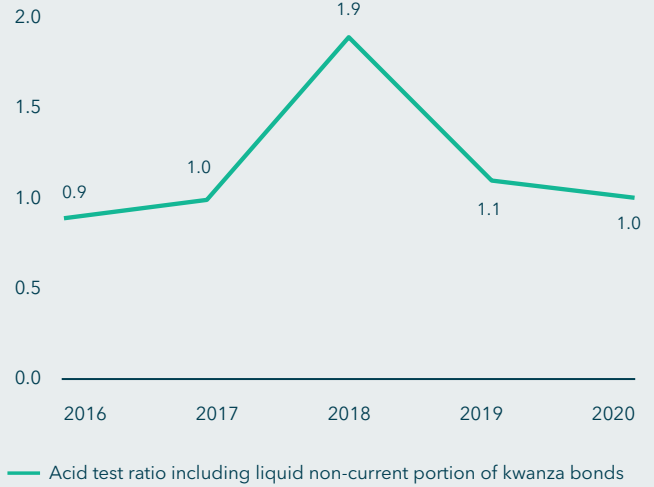
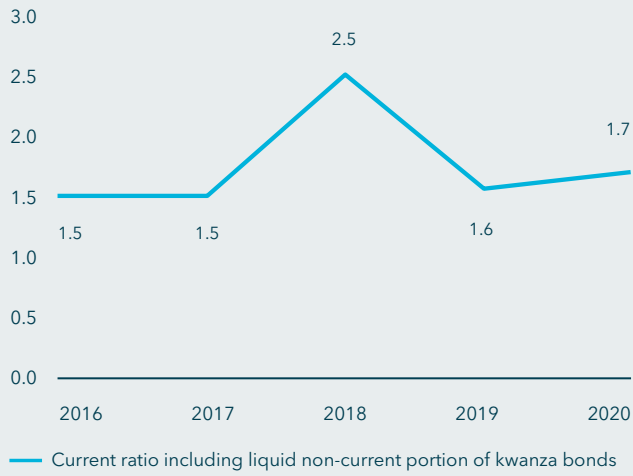
Net gearing

Due to the marked reduction in equity due to impairments and significantly reduced profitability on the back of COVID-19, as well as the inclusion of capitalised lease liabilities, net gearing increased to 149% and 115% excluding capitalised lease liabilities, compared to 68% in the prior year.

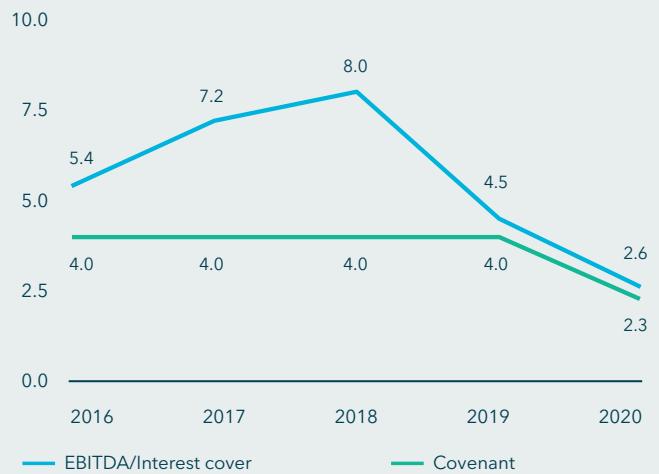
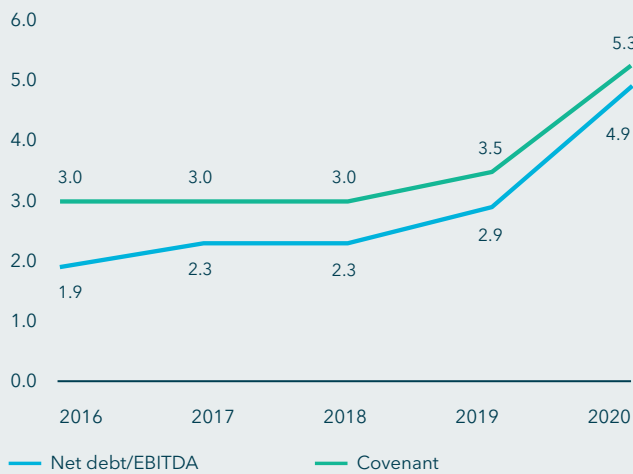


Chief financial officer's report continued

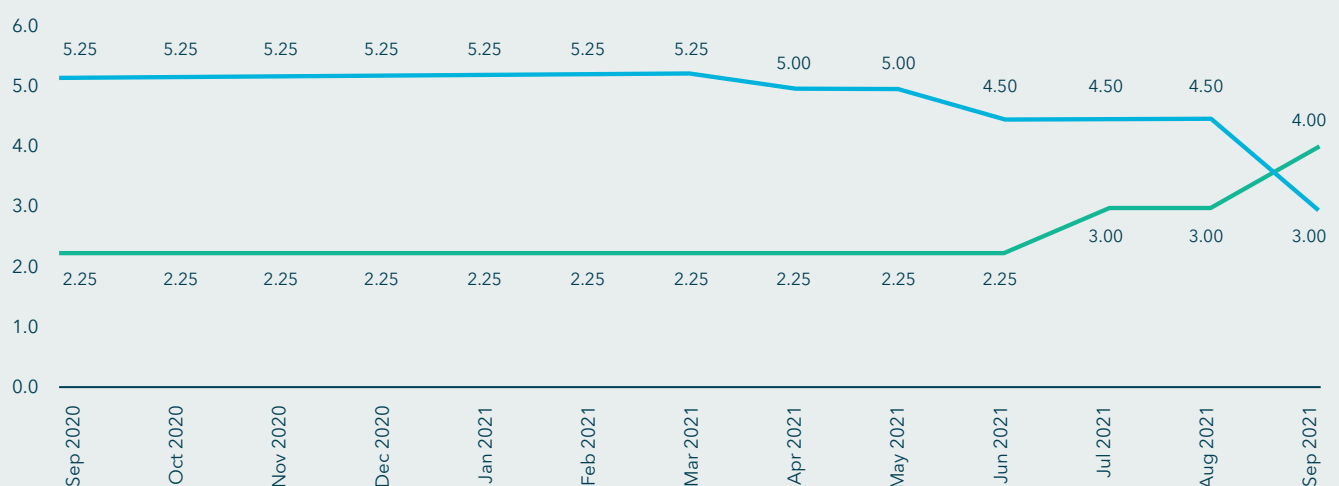
Short-term liquidity (times)



Covenants (times)



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



Covenants will be measured on a quarterly basis for the duration of 2021. The group is required to return to its historical covenant levels by 30 September 2021.

Short-term liquidity

Active management of working capital during a time of declining demand, coupled with the settlement of the US\$115m USPP funding that matured in May 2020 utilising an existing unutilised long-term banking facility, resulted in a significant improvement in the group's short-term liquidity.

Covenants

Funding covenants were significantly impacted by reduced profitability due to COVID-19. A weaker rand dollar exchange rate adversely impacted the translation of US dollar denominated debt. Active steps were taken to renegotiate the group's banking funding facilities with covenant relaxations as set out in the graph on the previous page.

Cash transfers from the Rest of Africa

Nigeria

Despite the tightening of foreign exchange liquidity as a result of a low oil price and the impacts of COVID-19, we were still able to transfer the equivalent of R1.3bn to settle the intra-group trading account and a portion of the loan debts of the Nigerian operations. We also managed to hedge a small portion of our funds through holding dollars instead of naira as permitted by Nigerian regulations. Comparatively year on year, given the sale of Cartons Nigeria, the transfer of funds exceeded expectations.

Angola

Foreign exchange liquidity in Angola was, as a result of the oil price and COVID-19, similarly impacted. Despite this, every opportunity that presented itself in terms of acquiring foreign exchange for transfer was utilised.

This can be seen in the decrease of the hedged balance position, represented by dollar indexed bonds held, which were liquidated as required to take advantage of foreign exchange availability.

The remaining bond balance on hand will be similarly used as and when foreign exchange becomes available. Year on year, the value of transfers was significantly lower due to the reduced trading result for Bevcan Angola with the consequent impact on cash availability, as well as the constrained liquidity position.

Zimbabwe

Throughout the past financial year and at present, the most significantly constrained foreign exchange environment in the Nampak Rest of Africa portfolio was Zimbabwe. The extent of transfers reflects direct transfers from customers to secure supplies for their own account and the balance is from allocations obtained at auction towards the back end of the financial year with the advent of the auction platform in June 2020. Consequently, any transfers made are to secure raw materials on a dollar-out, dollar-in basis.

Capital expenditure

Capital expenditure remains a key area for management to balance the reduction of cash compared to conserving the asset base at levels that do not compromise our ability to produce high quality products to 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. The most significant spend in 2020 related to Bevcan Angola amounting to R212.5m and related to the conversion of the tinplate line to aluminium. Excluding the Bevcan Angola capital expenditure, the 2020 spend on the remainder of the group reflects a significant decline on 2019.

Cash transfers from the Rest of Africa

Rm	Angola	Nigeria	Total	Zimbabwe	Total
30 September 2020					
Opening cash on hand – 30 September 2019	1 041	217	1 258	57	1 315
Cash on hand – 30 September 2020	335	294	629	62	691
Net cash movement – 2020	706	(77)	629	(5)	624
Hedged	307	84	391	–	391
Net unhedged cash	27	211	238	62	300
Cash transferred	1 099	1 255	2 354	9	2 363
Cash extraction rate (%)*	106	578	187	16	180
% of cash on hand hedged	92	29	62	0	57
30 September 2019					
Opening cash on hand – 30 September 2018	2 307	300	2 607	1 190	3 797
Cash on hand – 30 September 2019	1 041	217	1 258	57	1 315
Net cash movement – 2019	1 266	83	1 349	1 133	2 482
Hedged	742	–	742	–	742
Net unhedged cash	299	217	516	57	573
Cash transferred	1 747	1 458	3 205	43	3 248
Cash extraction rate (%)*	76	486	123	4	86
% of cash on hand hedged	71	0	59	0	56

* Cash extraction rate is extraction compared to cash on hand at the end of the previous period.

Chief financial officer's report continued

Cash flow and working capital

Cash generated from operations

Rm	2020	2019
Cash generated from operations before working capital changes	720	1 846
Net working capital changes	367	(705)
Decrease/(increase) in inventories	570	(384)
Decrease/(increase) in trade receivables and other current assets	590	(158)
Decrease in trade payables and other current liabilities	(793)	(163)
Cash generated from operations	1 087	1 141
Interest paid	(552)	(506)
Retirement benefits, contributions and settlements	(78)	(143)
Income tax paid	(42)	(228)
Cash generated from operations	415	264

Cash generated from operations before working capital changes declined by 61% primarily due to a significant reduction in profitability as a result of COVID-19 affecting most parts of the business but most significantly the South African operations. Working capital saw a significant turnaround due to the quick response by management to reducing inventory purchases as the effects of COVID-19 took hold and focused efforts to bring inventories to optimal levels. Trade receivables were well managed and are affected by the impact of the significant decline in revenue. This area of the business remains well managed.

There was a reduction in trade payable as operations are focusing on rightsizing ordering patterns given the change in demand patterns especially given the impact of COVID-19. Despite the impact of many dire events on the economies of the world and specifically South Africa and Angola, cash generated from operations only declined by 5%, supported by good working capital management.

Net cash interest costs increased by 9% primarily due to the effects of a weaker rand on the translation of the interest paid on dollar denominated debt.

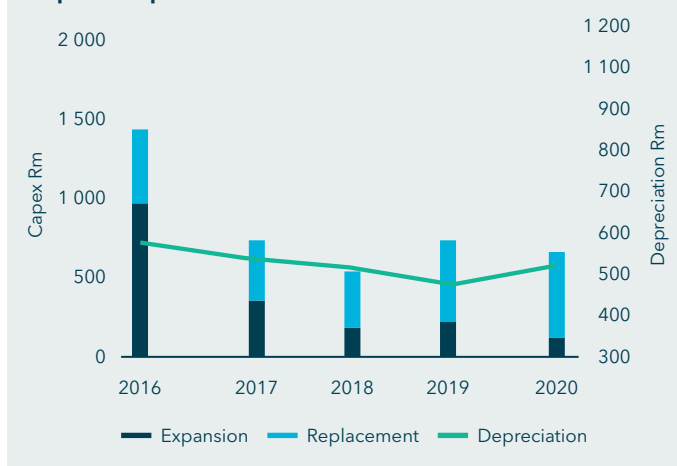
Cash tax payments during the year reduced mainly due to lower earnings.

Cash flows from operations of R415m increased by 57% compared to 2019 and benefited from the release of R367m cash from working capital, compared to a utilisation of R705m in the prior year. Cash flows benefited further from lower retirement benefit payments and reduced tax payments. This was a pleasing result for the group, with the group having remained cash positive.

Cash flow from investing activities

Rm	2020	2019
Capital expenditure	(666)	(735)
Replacement	(541)	(517)
Expansion	(125)	(218)
Disposal of property, plant, equipment and investments	52	145
Net proceeds on the disposal of businesses	1 568	–
Decrease in liquid bonds	457	1 469
Decrease/(increase) in other non-current financial assets	2	(46)
Cash flows from investing activities	1 413	833
Cash generated before financing activities	1 828	1 097
Cash and cash equivalents at end of year	1 400	1 358

Capital expenditure



Capital expenditure was well managed during the year but remains high due to the capital spent in Angola with 81% being represented by replacement expenditure up from 70% in the prior year. The capital assurance committee remains highly effective.

Cash flows were augmented by the inflow of R1.6bn primarily from the disposals of Nampak Glass and Cartons Nigeria as well as R0.5bn from maturing and disposal of US dollar-linked Angolan bonds. These bonds continue to be honoured in full and on-time and have proven to be highly effective hedges.

The R1.4bn net inflow from investing activities reflects the successful conclusion of the disposals during the year and further cash flows from the US dollar-linked kwanza bonds.

The group cash and cash equivalents at 30 September 2020 of R1.4bn marginally exceeded the prior year after settling borrowings of R1.8bn.

Overall the cash flows for the year were very pleasing given the trying times under which this was managed.

Going concern

Notes 1.2 and 1.3 to the group's full annual financial statements set out the group's going concern assessment. The board has assessed the group's consolidated budget for 2021, the resultant profitability levels, financial position and cash flows, taking into account the material factors in each of the geographies and substrates in which the group operates, the group's available funding facilities and potential assets for disposal and are of the view that the group has adequate access to liquidity for the foreseeable future.

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

Outlook

We continue to monitor the health of all our employees and the economic and financial impacts of COVID-19 on the group across all geographies in which we operate. The extent of future impacts of the pandemic, the speed of recovery in the various markets in which we operate and the possible impacts of any further lockdowns on the group remains difficult to predict with accuracy. A further ban on the sale of alcohol-related products and any complete or partial lockdown that impacts the hospitality industry could materially impact future demand and consequently profitability.

Our continued focus on the optimisation of our businesses through manufacturing efficiencies, reduced operating costs and leveraging our well capitalised manufacturing asset base coupled with working capital and capital expenditure management are core to the group's strategy in the ensuing year.

The group will continue to prudently allocate capital expenditure with lower capital expenditure levels expected in the future and the capital assurance committee continuing to fulfil its critical role of evaluating capital expenditure projects prior to expenditure being committed.

Forecasting will remain a key focus area particularly in times of uncertainty and where historic demand patterns have been significantly impacted by COVID-19.

Adequate funding has been secured to fund the group's planned activities. The stringent requirements of the revised funding agreements will need to be met and a reduction of R1bn in net interest-bearing debt effected by 30 September 2021. Corporate governance will remain a key focus area with the requisite structures and committees in place in this regard.

Dividend

The decision not to pay a dividend is aligned with the requirements of the group's recently renegotiated banking covenants and the group's stated objective of actively reducing net interest-bearing debt over the 2021 financial year.

Appreciation

2020 has been an extremely challenging year for the group that has required extraordinary dedication and commitment from our highly skilled and most professional finance, IT and administration teams. My sincere appreciation goes to my teams for their exceptional dedication and for their ability to adapt to changing market and working conditions that have required a significant portion of the financial year to be managed remotely.

I would like to thank the board, the group committees and our providers of funding for their continued support during what has been an extraordinary year that has challenged the group in many ways. The group's resilience has been tested with our team meeting the challenges admirably. We look forward to meeting the challenges of the 2021 financial year.

Glenn Fullerton

Chief financial officer

Bryanston

30 November 2020

Five-year financial review

Definitions

Treasury shares

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

Weighted average number of shares

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

Dividends declared/cash distributions per ordinary share

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

Trading profit

Operating profit adjusted for 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 assets

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

EBITDA

Operating profit before depreciation and amortisation.

EBITDA (debt covenants)

Trading profit before depreciation and amortisation adjusted for lease payments.

Net debt

Secured borrowings, lease liabilities and overdrafts, less bank balances and deposits, liquid bonds and other loan receivables.

Net debt (debt covenants)

Secured loans and overdrafts, less permissible cash and cash equivalents.

Net finance costs (debt covenants)

Finance income and costs, and capitalised finance costs.

Employee numbers used for calculations

Total number of employees adjusted for discontinued operations.

Market capitalisation

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

Return on equity

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

Return on net assets

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

Net asset turn

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

Return on invested capital

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

Current ratio

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

Acid-test ratio

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

Net debt to EBITDA (debt covenants)

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

EBITDA interest cover

$$\frac{\text{EBITDA}}{\text{Finance costs and finance income}}$$

EBITDA interest cover (debt covenants)

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

Gross gearing

$$\frac{\text{Loans and other borrowings, and overdrafts}}{\text{Total equity}}$$

Net gearing

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

Productivity per employee

$$\frac{\text{EBITDA}}{\text{Employee numbers used for calculations}}$$

Employment cost per employee

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

Earnings yield

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

Dividends/cash distributions yield

$$\frac{\text{Dividends/cash distributions per ordinary share}}{\text{Year-end market price per share}}$$

Price/earnings ratio

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

R million		2020	2019	2018	2017	2016
Statistics						
Earnings and dividend data						
Weighted number of ordinary shares in issue	'000	644 935	644 727	643 374	640 496	632 667
Headline earnings per share	cents	(87.7)	(19.4)	151.4	123.8	107.6
Continuing operations	cents	(77.6)	54.1	173.3	180.1	101.6
Discontinued operations	cents	(10.1)	(73.5)	(21.9)	(56.3)	6.0
Change over previous year (continuing operations)	%	(244)	(69)	(4)	77	(53)
Earnings per share	cents	(537.7)	(132.1)	76.0	36.6	254.5
Continuing operations	cents	(594.9)	42.2	176.7	176.5	251.2
Discontinued operations	cents	57.2	(174.3)	(100.7)	(139.8)	3.4
Change over previous year (continuing operations)	%	(1 509)	(76)	–	(30)	7
Financial data						
Return on equity						
Continuing operations	%	(55.1)	2.8	11.7	12.2	17.7
Continuing and discontinuing operations	%	(49.8)	(8.8)	5.0	2.5	17.9
Return on net assets						
Continuing operations	%	5.5	11.3	14.6	15.4	12.8
Continuing and discontinuing operations	%	5.6	9.6	12.5	12.3	11.2
Net asset turn						
Continuing operations	times	0.9	1.1	1.2	1.2	1.1
Continuing and discontinuing operations	times	0.9	1.1	1.2	1.2	1.1
Return on invested capital						
Continuing operations	%	4.4	7.9	9.9	10.2	8.4
Continuing and discontinuing operations	%	4.8	7.7	10.0	10.1	9.2
Current ratio	times	1.7	1.5	2.2	1.3	1.4
Current ratio (including non-current portion of liquid bonds)	times	1.7	1.6	2.5	1.5	1.5
Acid-test ratio	times	1.0	1.0	1.6	0.8	0.8
Acid-test ratio (including non-current portion of liquid bonds)	times	1.0	1.1	1.9	1.0	0.9
EBITDA interest cover – debt covenants	times	2.6	4.5	8.0	7.2	5.4
Effective rate of tax						
Continuing operations	%	8.5	6 488.5	10.3	19.4	13.0
Continuing and discontinuing operations	%	8.9	(21.5)	(19.8)	37.5	11.9
Net debt		6 282.2	5 598.4	3 929.8	4 351.8	4 625.3
Gross gearing	%	197.2	98.5	84.9	90.7	79.7
Net gearing	%	149.1	68.2	37.0	45.0	49.0
Net gearing – excluding lease liabilities	%	115.2	68.2	37.0	45.0	49.0
Net debt to EBITDA – debt covenants	times	4.9	2.9	2.3	2.3	1.9
Number ordinary shares in issue*	'000	645 081	644 730	644 723	640 620	639 884
Net asset value per ordinary share	cents	773	1 385	1 573	1 454	1 438
– Change over previous year	%	(44)	(12)	8	1	(1)
Employee data						
Permanent employees		4 454	5 766	6 082	6 420	6 678
Temporary employees		737	878	1 502	1 706	1 422
Total employees		5 192	6 644	7 584	8 126	8 100
Employee numbers used for calculations		5 192	5 865	6 676	7 353	7 328
Revenue per employee	R'000	2 172	2 497	2 391	2 171	2 127
Employment cost per employee	R'000	400	395	378	342	341
Productivity per employee	Index	8	13	23	24	40

* Net of Treasury shares.

Five-year financial review continued

R million	2020	2019	2018	2017	2016
Operating results					
	R million				
Continuing operations					
Revenue	11 277.9	14 642.4	15 963.3	15 965.8	15 585.9
Trading profit	682.1	1 557.7	1 968.4	1 988.3	1 732.6
(Loss)/profit after tax from continuing operations	(4 348.8)	(389.7)	1 216.7	1 251.5	1 457.0
Discontinued operations					
(Loss)/profit from discontinued operations	368.7	(1 123.9)	(647.6)	(895.5)	21.3
(Loss)/profit for the year	(3 980.1)	(1 513.6)	569.1	356.0	1 478.3
Attributable to:					
Equity holders of Nampak Limited	(3 467.6)	(851.6)	489.2	234.8	1 610.4
Non-controlling interests	(512.5)	(662.0)	79.9	121.2	(132.1)
Total	(3 980.1)	(1 513.6)	569.1	356.0	1 478.3
EBITDA (adjusted for net impairment losses)	749.8	1 286.0	2 241.7	2 460.2	3 434.9
Continuing operations	253.6	1 606.1	2 091.2	2 402.2	2 962.9
Discontinued operations	496.8	(320.1)	150.5	58.0	472.0
Statements of financial position					
	R million				
Total shareholders' funds	4 214.5	8 209.9	10 612.5	9 681.1	9 444.5
Retirement benefit obligation	775.5	923.9	1 478.4	1 558.0	1 855.7
Secured loans and other borrowings	5 755.2	6 132.8	8 023.1	6 007.2	6 202.1
Lease liabilities	1 291.2	–	–	–	–
Deferred tax and other non-current liabilities	257.2	546.1	266.7	359.3	267.1
Current liabilities	3 900.7	6 646.9	5 533.4	7 624.3	6 334.4
Total equity and liabilities	16 194.3	22 459.6	25 914.1	25 229.9	24 103.8
Property, plant and equipment	5 905.8	7 195.2	8 177.0	10 151.4	10 573.4
Right of use assets	880.7	–	–	–	–
Intangible assets	2 042.4	3 904.3	3 708.0	3 568.8	4 043.4
Other non-current financial assets and deferred tax	543.2	1 312.5	1 996.7	1 235.1	772.2
Current assets	6 822.2	10 047.6	12 032.4	10 274.6	8 714.8
Total assets	16 194.3	22 459.6	25 914.1	25 229.9	24 103.8

R million		2020	2019	2018	2017	2016
Cash flow						
	R million					
Cash generated from operations before working capital changes		728.8	1 846.7	2 272.2	2 395.1	2 264.0
Cash generated from operations		1 087.1	1 141.4	1 595.3	2 068.3	2 825.3
Cash generated from operating activities		414.7	263.5	821.1	1 390.6	1 366.1
Additions to property, plant, equipment and intangibles		(666.2)	(734.8)	(536.4)	(735.3)	(1 443.6)
Net increase/(decrease) in cash		11.1	532.8	1 983.5	(1 419.0)	3 545.0
Share performance						
Market price per share						
Highest	cents	1 110	1 617	1 930	2 361	2 820
Lowest	cents	60	833	1 288	1 551	1 635
Year-end	cents	90	949	1 534	1 760	1 944
Number of ordinary shares in issue	'000	689 812	689 812	689 812	689 404	688 668
Market capitalisation	R million	621	6 546	10 582	12 134	13 388
Volume of shares traded	'000	532 662	206 123	416 939	539 937	523 826
Value of shares traded	R million	1 742.2	2 519.0	6 656.3	9 814.4	9 520.0
Volume of shares traded as a percentage of total issued shares	%	77.2	29.9	60.4	78.3	76.1
Earnings yield	%	(75.5)	(2.0)	9.9	7.0	5.5
Price/earnings ratio	times	(1.3)	(49.0)	10.1	14.2	18.1
Exchange rates						
Rand/UK pound						
Average		20.68	18.30	17.61	16.96	21.07
Closing		21.55	18.65	18.43	18.17	17.80
Rand/Euro						
Average		18.19	16.18	15.58	14.78	16.43
Closing		19.56	16.54	16.41	15.98	15.42
Rand/US dollar						
Average		16.24	14.35	13.11	13.38	14.79
Closing		16.69	15.17	14.14	13.56	13.72
Naira/US dollar						
Average		375.15	361.55	360.61	321.90	229.60
Closing		381.75	362.04	362.79	358.99	315.00
Kwanza/US dollar						
Average		549.67	333.94	222.09	171.74	161.57
Closing		640.10	389.49	300.72	171.75	171.72
RTGS/US dollar						
Average		36.76	5.01	–	–	–
Closing		81.44	15.20	–	–	–

Summarised consolidated statement of comprehensive income

for the year ended 30 September 2020

R million	2020	2019*
Continuing operations		
Revenue	11 277.9	14 642.4
Raw materials and consumables used	(6 303.0)	(8 128.6)
Employee benefit expense	(2 078.2)	(2 316.1)
Depreciation and amortisation expense	(536.6)	(485.3)
Other operating expenses*	(2 475.5)	(2 402.7)
Other operating income	96.2	129.6
Operating (loss)/profit before items below	(19.2)	1 439.3
Net impact of devaluation in Zimbabwe	(263.8)	(1 037.3)
Net foreign exchange losses in Zimbabwe operations	(81.9)	(1 944.5)
Monetary adjustment for hyperinflation – Zimbabwe	(181.9)	831.5
Gain on recognition of Reserve Bank of Zimbabwe financial instrument	–	794.5
Expected credit loss provision on Reserve Bank of Zimbabwe financial instrument	–	(718.8)
Operating (loss)/profit	(283.0)	402.0
Finance costs	(524.1)	(376.2)
Finance income	76.5	129.9
Share of net profit/(loss) in associates and joint venture	0.5	(1.4)
(Loss)/profit before net impairment losses on goodwill, plant and equipment	(730.1)	154.3
Net impairment losses*	(4 020.2)	(148.2)
(Loss)/profit before tax	(4 750.3)	6.1
Income tax benefit/(expense)	401.5	(395.8)
Loss for the year from continuing operations	(4 348.8)	(389.7)
Discontinued operations		
Profit/(loss) for the year from discontinued operations	368.7	(1 123.9)
Loss for the year	(3 980.1)	(1 513.6)
Other comprehensive income/(loss) for the year, net of tax		
<i>Items that will not be reclassified to profit or loss</i>		
Net actuarial gain/(loss) from retirement benefit obligations	72.7	(14.7)
<i>Items that may be reclassified to profit or loss</i>		
Exchange difference on translation of foreign operations – excluding Zimbabwe operations	703.2	298.9
Exchange difference on hyperinflation and related effects – Zimbabwe operations	(592.7)	(1 012.1)
Fair value loss on liquid bonds	(9.9)	–
Gain/(loss) on cash flow hedges	11.3	(65.9)
Other comprehensive income/(loss) for the year, net of tax	184.6	(793.8)
Total comprehensive loss for the year	(3 795.5)	(2 307.4)
Loss attributable to:		
Owners of Nampak Limited	(3 467.6)	(851.6)
Non-controlling interest in subsidiaries	(512.5)	(662.0)
Total	(3 980.1)	(1 513.6)
Total comprehensive loss attributable to:		
Owners of Nampak Limited	(3 492.6)	(1 132.9)
Non-controlling interest in subsidiaries	(302.9)	(1 174.5)
Total	(3 795.5)	(2 307.4)
(Loss)/earnings per share		
Basic (cents per share)		
Continuing operations	(594.9)	42.2
Discontinued operations	57.2	(174.3)
Total	(537.7)	(132.1)
Diluted (cents per share)		
Continuing operations	(594.4)	42.0
Discontinued operations	57.2	(173.5)
Total	(537.2)	(131.5)

* Rerepresented to separately disclose net impairment losses for disclosure comparability and enhancement purposes. Operating expenses in the prior year were reduced as a result.

Summarised consolidated statement of financial position

for the year ended 30 September 2020

R million	2020	2019
Assets		
Non-current assets		
Property, plant, equipment and investment property	5 905.8	7 195.2
Right of use assets	880.7	–
Goodwill	1 877.9	3 734.9
Other intangible assets	164.5	169.4
Investments in associates and joint venture	14.9	21.0
Deferred tax assets	388.6	429.3
Liquid bonds and other loan receivables – non-current	139.7	862.2
	9 372.1	12 412.0
Current assets		
Inventories	2 815.9	3 388.5
Trade and other current receivables	1 980.6	2 628.8
Tax assets	45.5	133.3
Liquid bonds and other loan receivables – current	358.6	40.1
Bank balances and deposits	1 528.9	1 462.7
	6 729.5	7 653.4
Assets classified as held for sale	92.7	2 394.2
Total assets	16 194.3	22 459.6
Equity and liabilities		
Capital and reserves		
Share capital	35.5	35.5
Capital reserves	(227.6)	(76.1)
Other reserves	475.7	(86.3)
Retained earnings	4 701.3	9 059.2
Shareholders' equity	4 984.9	8 932.3
Non-controlling interest	(770.4)	(722.4)
Total equity	4 214.5	8 209.9
Non-current liabilities		
Loans – non-current	5 755.2	6 132.8
Lease liabilities – non-current	1 291.2	–
Retirement benefit obligation	775.5	923.9
Deferred tax liabilities	242.3	528.3
Other non-current liabilities	14.9	17.8
	8 079.1	7 602.8
Current liabilities		
Trade and other current payables	2 327.4	3 318.8
Provisions	275.4	332.9
Tax liabilities	34.9	14.5
Loans, lease liabilities and bank overdrafts	1 263.0	1 954.1
	3 900.7	5 620.3
Liabilities directly associated with assets classified as held for sale	–	1 026.6
Total equity and liabilities	16 194.3	22 459.6

Summarised consolidated statement of changes in equity

for the year ended 30 September 2020

R million	2020	2019
Opening balance	8 209.9	10 612.5
Adjustment to opening balance – adoption of new standards	(209.0)¹	(89.2) ²
Share-based payment expense	(13.6)	(5.9)
Net impact of Zimbabwe debt capitalised	155.8	–
Disposal of businesses ³	(153.0)	–
Disposal of liquid bonds ⁴	20.0	–
Total comprehensive loss for the year	(3 795.5)	(2 307.4)
Dividends paid	(0.1)	(0.1)
Closing balance	4 214.5	8 209.9
Comprising:		
Share capital	35.5	35.5
Capital reserves	(227.6)	(76.1)
Share premium	268.9	268.9
Treasury shares	(513.4)	(515.7)
Share-based payments reserve	16.9	170.7
Other reserves	475.7	(86.3)
Foreign currency translation reserve	1 113.8	1 368.9
Financial instruments hedging reserve	0.5	(10.8)
Recognised actuarial losses reserve	(602.5)	(1 427.4)
Other	(36.1)	(17.0)
Retained earnings	4 701.3	9 059.2
Shareholders' equity	4 984.9	8 932.3
Non-controlling interest	(770.4)	(722.4)
Total equity	4 214.5	8 209.9

1 IFRS 16: Leases.

2 IFRS 9: Financial instruments.

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

4 Cumulative fair value loss relating to liquid bonds measured at fair value through other comprehensive income recycled through profit/loss on disposal.

Summarised consolidated statement of cash flows

for the year ended 30 September 2020

R million	2020	2019
Cash flows from operating activities		
Cash generated from operations before working capital changes	720.1	1 846.7
Working capital changes	367.0	(705.3)
Cash generated from operations	1 087.1	1 141.4
Interest received	77.3	163.5
Interest paid	(629.7)	(669.9)
Retirement benefits, contributions and settlements	(77.9)	(143.2)
Income tax paid	(42.0)	(228.3)
Cash flows from operations	414.8	263.5
Dividends paid	(0.1)	(0.1)
Cash generated from operating activities	414.7	263.4
Cash flows from investing activities		
Capital expenditure	(666.2)	(734.8)
Replacement	(541.4)	(517.0)
Expansion	(124.8)	(217.8)
Disposal of property, plant, equipment and investments	51.8	144.8
Net proceeds on the disposal of businesses	1 568.3	–
Proceeds on disposal of liquid bonds	456.6	1 469.2
Decrease/(increase) in other non-current financial assets	2.5	(45.9)
Cash generated from investing activities	1 413.0	833.3
Net cash generated before financing activities	1 827.7	1 096.7
Cash flows from financing activities		
Non-current loans raised	2 388.4	294.2
Non-current loans repaid	(4 127.5)	(858.1)
Net current loans raised	1.5	–
Repayment of lease liabilities	(79.0)	–
Cash repaid in financing activities	(1 816.6)	(563.9)
Net increase in cash and cash equivalents	11.1	532.8
Net cash and cash equivalents at beginning of year	1 358.4	1 836.8
Translation of cash in foreign subsidiaries	30.9	(1 011.2)
Cash and cash equivalents at end of year	1 400.4	1 358.4

Operational review

Metals

Financial capital

Revenue

R7 853m

(2019: R10 943m)

Trading profit

R421m

(2019: R1 380m)

Trading margin

5.4%

(2019: 12.6%)

Human capital

Employees

2 649

(2019: 2 932)

LTIFR

0.28

(2019: 0.41)

Natural capital

Energy use

1 091 973GJ

(2019: 1 454 261GJ)

Energy intensity (Scope 1 and 2)
(tCO₂e/Rm revenue)

20.1

(2019: 17.1)

Management:

Christiaan Burmeister
Henk Nel
Quinton Swart



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

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

South Africa

Performance

Amid greatly reduced demand due to the restriction on the sale of alcohol products and lower consumer spending during the COVID-19 lockdown period, **Bevcan** defended its market share by renewing a substantial supply agreement with a multi-national customer for a further three years.

We reported an improved safety performance.

In the year we focused on maintaining excellent levels of customer service, reducing our costs which unfortunately included 38 retrenchments – as well as improving operational efficiencies.

Towards year-end, we secured a material contract to supply a new export customer. The bulk of these volumes will be delivered in the new financial year. This will boost the utilisation of our facilities.

In a depressed market, **DivFood** incurred a substantial loss in the year as COVID-19 impacted revenue. Metal closures were affected by the alcohol ban and tinplate aerosols, paint cans, monobloc aerosols and polish cans were initially classified as non-essential services. The business also incurred significant restructuring and retrenchment costs as it adjusted the cost base after losing a key customer in 2019. Costs were well controlled on an operational level, with a reduction in employment cost, as well as continued good work on sourcing material at competitive prices.

DivFood accounted for an impairment of R224m related to underutilised fixed assets that are held for sale and to a general impairment due to more conservative assumptions on volume growth as a result of COVID-19.

The November 2019 closure of the ArcelorMittal South Africa tinplate mill confirmed that the move towards the importation of this raw material was the correct approach. It is unfortunate that the general 10% import duty has not yet been reversed, as it negatively impacts the cost competitiveness of local tinplate packaging.

To adjust the business to lower volumes, we retrenched 110 people at our Vanderbijlpark plant and 12 at the Botswana factory. Further restructuring to relocate production capacity closer to our customers and plants in Cape Town and Durban is well under way. We made pleasing progress to adjust the supply chain to operate at substantially lower inventory levels and outstanding debtors improved on the prior year.

Outlook

At **Bevcan** the renewal of the large local supply agreement, as well as a new export contract, will support greater plant utilisation and revenue. We continue to prioritise the exceptional customer service on which our offering is based. We see growth momentum in the niche markets for water and wine in 250-300ml aluminium cans, however much will depend on a recovery in economic activity and consumers' disposable incomes.

DivFood will continue to restructure, further reducing our Vanderbijlpark facility's employee numbers and closing our two-piece can line in Rosslyn. The move of production capacity to the Western Cape, where some 65 jobs will be created, will take place from January to June 2021. The second phase of restructuring will bring DivFood back to sustainable profitability in 2021. Provision for the announced restructuring has been made in the 2020 accounts.

An assessment of future cash flows resulted in an impairment of R224m for DivFood inclusive of R37m of goodwill.

Rest of Africa

Performance

Bevcan in **Nigeria** performed well considering the tough operating environment, increased allocation and securing a multi-year supply agreement with a major customer. Although COVID-19 resulted in lower volumes during the lockdown period, demand recovered more quickly in this market than in any other Bevcan territory. The plant continued to operate at world-class levels of efficiency and safety. In Bevcan Nigeria goodwill amounting to R2.2bn (US\$130.4m) was impaired during the year as a result of a reduction in profit earnings during the 2020 financial year, a higher country risk profile that negatively affected discount rates as well as a more conservative view in terms of future earnings.

In **Angola**, Bevcan volumes more than halved as the economy slipped further into recession, the kwanza weakened, and oil prices fell. We reacted swiftly by reducing employee numbers by 150 as well as implementing additional cost control measures. COVID-19 travel restrictions halted our almost-complete project to convert our tinplate beverage can production line to one that manufactures aluminium cans. Impairments of US\$69.8m were incurred in respect of fixed assets, due to an overall weak Angolan economy and lower consumer spending which negatively affected earnings. A higher discount rate due to an increase in the country risk profile further added to the need for this impairment.

Despite increasing economic hardship and electricity supply problems in **Zimbabwe**, our operations performed very well, and profitability improved. In **Nigeria**, the weak economy and COVID-19 dampened demand for general metal packaging up to June 2020 thereafter we have seen volumes for powder cans in particular recovering strongly. In **Tanzania**, the business returned to profitability in the final quarter following a significant restructuring, involving retrenchments, and the rationalisation of product lines to focus on producing cans for motor oil. In addition to the impact of COVID-19, in **Kenya** demand was negatively affected by the damage to crops and livelihoods due to a locust invasion and other impacts of climate change. However, a reduction in overheads assisted in ensuring an overall stable financial performance.

Outlook

In **Angola**, we have secured a substantial export contract for the supply of cans to North America. This export contract will require the final work on the conversion of the line to aluminium to be completed during the first half 2021. This contract will increase utilisation while demand in Angola is still recovering from the impact of COVID-19.

In **Nigeria**, we will consider the introduction of larger beverage cans to meet market demand. The DivFood Nigeria business exited unprofitable product categories in 2020 and streamlined operations and is well positioned for 2021. We will maintain strict cost control to ensure the continued competitiveness of our businesses in the highly commoditised markets in which we operate in the Rest of Africa. In particular, we will continue to work to improve our overhead costs in **Kenya**. Across the continent, our well-maintained operations run by skilled personnel are poised to benefit from any uptick in demand.

Operational review

Plastics

Financial capital

Revenue

R2 479m

(2019: R2 645m)

Trading profit

R143m

(2019: R197m)

Trading margin

5.7%

(2019: 7.4%)

Human capital

Employees

1 185

(2019: 1 632)

LTIFR

0.50

(2019: 0.30)

Natural capital

Energy use

335 293GJ

(2019: 380 801GJ)

Energy intensity (Scope 1 and 2)
(tCO₂e/Rm revenue)

38.3

(2019: 29.5)

Nampak has 15 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

The impact of COVID-19 on current year sales and future cash flows, underutilised assets, restructuring initiatives and the sale of certain businesses led to an impairment of R424m for the division.

After a strong start to the year, Nampak Plastics was on track to return to profitability when COVID-19 lockdown regulations led to an abrupt decline in demand for the smaller **bottles** in which our customers pack water, juice and carbonated soft drinks.

With all social events on hold, and restaurants and office canteens shut, demand for individual serving size drinks plummeted. A ban on alcohol sales also disrupted demand for **plastic wine bottles**. Fewer cars on the road meant reduced demand for motor oil packaged in **HDPE bottles**. These factors also impacted **closure** volumes.

In April alone, our sales declined by a third. For the year as a whole, revenue decreased and we reported a small trading loss. However, this was a significant improvement from 2019's loss as various restructuring initiatives - including reduced employee costs - bore fruit. We closed our Petpak Epping factory as well as our George and East London warehouses.

With greater home consumption of bread during lockdown, demand for **crates** in which to transport bread increased. We also saw a rise in demand for 20 litre **drums** in which to transport hand sanitiser, however this did not make up for the reduced sales of drums for bulk alcohol exports to the Rest of Africa.

In support of our sustainability approach, in the year we signed the South African Plastics Pact. It aims to tackle the scourge of plastic waste and stimulate innovation and collaboration to create a circular economy. We continued to focus on ensuring that our products are designed for recycling and contain a greater percentage of post-consumer content. Our crates, for example, are made up of 85% recycled material.

Our **liquid cartons** business reported reduced volumes, negatively affected by the ban on sorghum beer sales and the impact of lower disposable incomes on demand for mageu and milk. We introduced a new unbleached board for these cartons, with improved appearance and functionality, supported by recyclability, renewability and Forest Stewardship Council accreditations. The business introduced a **biodegradable closure** on these cartons. Further product launches were hampered by COVID-19-related travel restrictions.

In the year, we disposed of our business that manufactures **intermediate bulk containers** in the drums business.

Outlook

We will continue to consolidate our Plastics sites, where it makes sense to, improving the competitiveness of our business. In 2021 we plan to close three sites, reducing our geographic footprint and consolidating capacity at our Isando factory, and moving a drum line from eSwatini to our Olifantsfontein site.

In KwaZulu-Natal, we expect to re-start production at a major dairy customer in the first quarter of the new financial year, after a fire in April 2019.

We expect the **liquid cartons** business to benefit greatly in the years ahead from the new joint venture with Elopak, to grow the market for gable-top cartons for both fresh and aseptic beverage applications in sub-Saharan Africa.

Rest of Africa

Performance

In **Zimbabwe**, our plastics business was severely impacted by hyperinflation accounting. We met demand to the extent that foreign currency was available and raw material imports could be sourced.

Trading margins more than compensated for the lower volumes. The business continued to self-fund its operational and capital requirements, re-investing cash generated into raw material, operations and equipment to limit its exposure to currency fluctuations.

In **Zambia** and **Ethiopia**, demand for our crates was strong, driving much improved profitability.

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.

Following the signing of a new long-term contract to supply crates to a large customer in **Zambia**, we look forward to a pick-up in demand in this market. In **Ethiopia**, the demand for crates is expected to remain strong on the back of our existing contract and new account acquired recently.

United Kingdom and Republic of Ireland

We disposed of our Nampak Plastics Europe business, effective 13 December 2019.

Management:

Clinton Farnell
Quinton Swart

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 contribution to group profit in the year, remaining cash positive and maintaining its strong market positions. Demand for our locally produced paper packaging in **Zimbabwe** was robust, supporting a rise in turnover and profitability, and benefiting from fewer imports of the large corrugated cases used to package tobacco. This was despite an extremely challenging operating environment, including hyperinflation, rising unemployment, lower disposable incomes and food shortages.

The limited availability of foreign exchange also remained a constraint, but the business did well to secure the forex required to fund raw material imports. Using local cash balances, we continued to invest in upgrading our factory infrastructure to maintain strong and efficient operations.

In **Malawi**, a firm focus on customer service supported the business's return to profitability despite the adverse impact on demand of COVID-19 lockdown restrictions. We continued to benefit from the prior year's restructuring which reduced production activities to flame sealing and printing rather than the first stage of production, which is carried out in Zambia and Zimbabwe.

In **Zambia**, we sold fewer conical cartons in the year, but recorded improved profitability after securing raw material imports ahead of a significant depreciation of the local currency. In **Kenya**, demand for self-opening bags was affected by a lower maize crop. In **Nigeria**, the disposal of our Cartons business took effect in January 2020.

Outlook

Demand for paper packaging in **Zimbabwe** will only increase meaningfully if the country adopts substantial economic reforms to ignite growth. In **Zambia**, we see significant opportunities for growth in conical cartons in which to package opaque beer and will continue to develop small independent brewers as customers, now that international travel restrictions from South Africa have been eased.

In **Malawi**, conical cartons for traditional beer are expected to regain pack share of the market following successful collaboration efforts with our main customer to increase the volume of conical cartons.

We continue to look to reduce overheads in **Kenya** and see good opportunities throughout the continent for both fresh extended shelf-life and ultra-high-temperature (UHT) products packaged in cartons.

Financial capital

Revenue

R946m

(2019: R1 054m)

Trading profit

R158m

(2019: R160m)

Trading margin

16.7%

(2019: 15.1%)

Human capital

Employees

452

(2019: 585)

LTIFR

0.30

(2019: 0.10)

Natural capital

Energy use

45 564GJ

(2019: 50 783GJ)

Energy intensity (Scope 1 and 2)
(tCO₂e/Rm revenue)

6.9

(2019: 6.7)

Management:

Quinton Swart



Adding value through good corporate governance

Nampak is committed to conducting its business ethically and in compliance with all applicable laws and regulations. Our operations are underpinned by good governance and our objectives remain rooted in King IV principles. The board directs the company to achieve ethical leadership, good performance, effective control, trust and legitimacy, thus ensuring long-term sustainability.

Key focus areas the board dealt with in 2020 and focus areas for 2021

Over and above attending to its regular responsibilities as set out in the board charter, the board dealt with certain key matters, which will remain focus areas for the year ahead.

This year was overshadowed by the negative impact of COVID-19 on world health and economies. Despite the difficulties brought about by COVID-19, Nampak maintained its focus on its priorities. We implemented a number of new and necessary measures to ensure the safety of our people. We also made significant progress in reducing US dollar debt, defending our market share and developing new growth opportunities.

We are in the process of reviewing Nampak’s portfolio and its capital and funding structures, with the objective of reducing overall risk. Focus continues to be on margin improvement activities and cash generation. The reduction of employment costs, the optimisation of working capital and conservative capital expenditure have been key focus areas, and as a result, the group remained cash positive throughout the period impacted by the pandemic.

Nampak obtained covenant relaxations from its lenders for both the 30 September 2020 as well as for the covenant measurement period for the 2021 year and a return to normal covenant levels by September 2021. As part of the covenant relaxation conditions and to reduce gearing, Nampak has committed to explore the sale of certain assets. We are also in the process of implementing the restructuring of certain businesses in order to further improve profitability. Together with internally generated cash, these actions will support a deleveraging plan of at least R1bn through the 2021 financial year.

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 and is available on our website www.nampak.com



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

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

In the year, shareholders approved amendments to the company's memorandum of incorporation (MOI). The aim of the amendments was to ensure harmonisation with provisions of the Companies Act and the Listings Requirements and to make sure all clauses in the MOI remain relevant, and the application thereof practical.

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

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 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.

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


























The board is satisfied that it has fulfilled all its duties and obligations in the 2020 financial year.



It 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.

Adding value through good corporate governance continued

Our governance structures as at 30 September 2020

Our board of directors ¹	Audit and risk committee	Nominations and remuneration committee	Social, ethics and transformation committee
  PM Surgey			
  N Khan ²			
  KW Mzondeki ³			
  CD Raphiri ⁴			
  SP Ridley ⁵			
  LJ Sennelo ⁶			
 GR Fullerton (CFO)			
 EE Smuts ⁷ (CEO)			


Notes:

- Nampak's MOI provides that the minimum number of directors shall be six and not fewer than such number as the board may determine from time to time. One-third of non-executive directors must retire at every annual general meeting and are eligible for re-election.
A total of seven board meetings were held during the financial year. All directors attended all meetings with the exception of Ms LJ Sennelo who was appointed on 22 November 2019 and could not attend the board meeting held on 26 November 2019 due to a prior commitment. Meetings were held on 26 November 2019, 11 February 2020, 14 April 2020, 28 April 2020 (special meeting), 28 May 2020, 6 August 2020 and 18 September 2020 (strategic conference).
- Appointed as non-executive director and member of the audit and risk committee with effect from 1 August 2020.
- Appointed as member of the audit and risk committee with effect from 1 October 2019.
- Appointed as chairman of the nominations and remuneration committee with effect from 1 October 2020.
- Appointed as chairman of the audit and risk committee with effect from 1 November 2019 and stepped down as chairman of the nominations and remuneration committee with effect from 1 October 2020.
- Appointed as non-executive director and member of the audit and risk committee with effect from 22 November 2019 and as member of the social, ethics and transformation committee with effect from 15 May 2020.
- Appointed as CEO, executive director and member of the social, ethics and transformation committee with effect from 6 January 2020.

-  Female director
-  Male director
-  Independent non-executive director
-  Chairman

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

 For the biographical details of directors, refer to pages 58 and 59

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

Board meeting attendance %

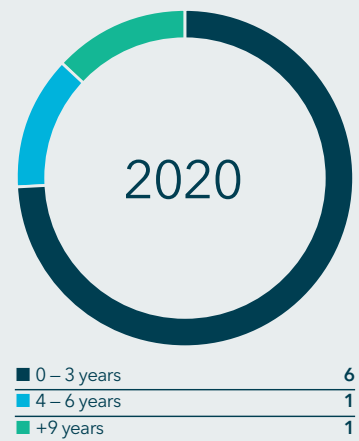


See note 1

Age of directors



Tenure



Resignations and retirements

Ms J John resigned as non-executive director and as member and chairman of the audit and risk committee with effect from 1 November 2019.

Mr AM de Ruyter resigned as CEO, executive director and member of the social, ethics and transformation committee on 5 January 2020.

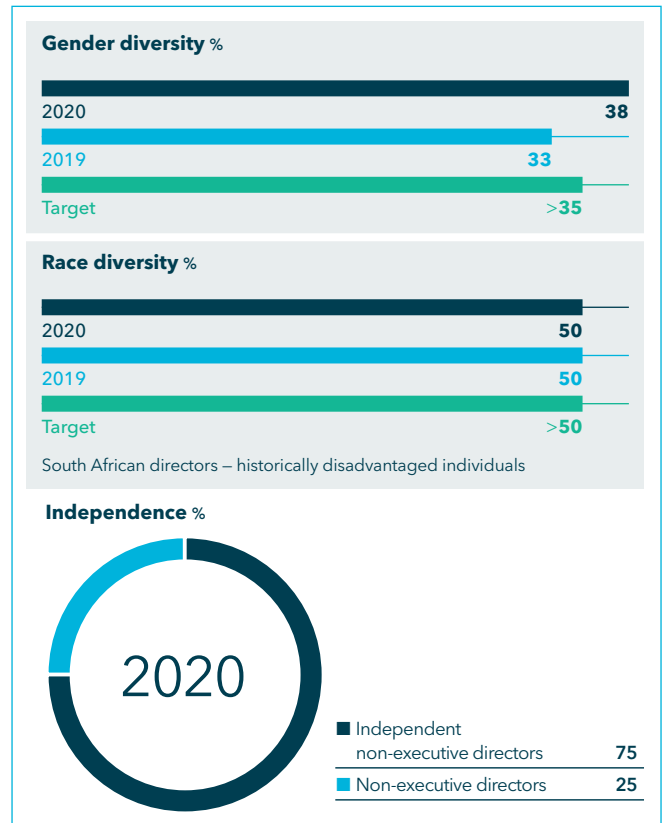
Mr E Ikazoboh retired as non-executive director and member of the social, ethics and transformation committee effective 12 February 2020.

Ms IN Mkhari retired as non-executive director, as member of the audit and risk committee and member of the nominations and remuneration committee effective 12 February 2020.

Policy on the promotion of broader diversity

Diversity of race, gender, culture and age, as well as fields of knowledge and relevant skills and experience enhance the composition of a truly diverse board. 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.

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 judgement 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, shall lead discussions in circumstances where the chairman of the board is conflicted, unavailable or unable to act.



We remain committed to ensuring diversity as it enriches the collective perspective and contributes towards a sustainable and competitive advantage.

Our board comprises diverse skills and experience



Adding value through good corporate governance continued

Mandates and focus areas of our board committees

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



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













The board committees play an important role in enhancing corporate governance and effectiveness within the group. The committees support the board by providing oversight and direction in their areas of responsibility and report to the board through their respective chairmen.

Audit and risk committee	Nominations and remuneration committee	Social, ethics and transformation committee
<p>5 meetings (100% attendance)</p> <p>Mandate</p> <p>To oversee the quality and integrity of Nampak’s integrated and financial reporting</p> <p>To oversee the qualification, independence and effectiveness of the internal and external audit functions</p> <p>To oversee the adequacy and effectiveness of internal controls, risk management and governance</p> <hr/> <p>Key matters dealt with and focus areas for 2021</p> <ul style="list-style-type: none"> › Ensuring effective reporting › Financial management, key audit matters and significant areas of judgement - the committee will continue to ensure financial systems, processes and controls operate effectively and respond to changes in the operating and regulatory environment › Financial performance, specifically considering the impact of COVID-19 on the business › Balance sheet and liquidity management › External audit - commence the process of mandatory audit firm rotation › Combined assurance, internal control and risk management - oversee the further refinement of the coordination, integration and alignment of assurance activities <p>▶ Refer to the AFS for the audit and risk committee report</p>	<p>6 meetings (98% attendance)*</p> <p>Mandate</p> <p>Ensures that the Group remunerates its directors and employees fairly, responsibly and transparently</p> <p>Assists with the composition of the board and its committees, succession planning and the appointment of directors</p> <p>Manages the performance of the board, the board committees and directors</p> <hr/> <p>Key matters dealt with and focus areas for 2021</p> <ul style="list-style-type: none"> › Ensuring effective reward practices and remuneration policy- continue to engage with our shareholders on our remuneration policy and implementation report and ensuring the appropriateness of our reward practices › Approving new variable pay structures for executive directors and other group executives to align individual remuneration more closely with strategic delivery and shareholder experience › Ensuring optimal performance by the board, the directors and its committees and addressing areas identified for improvement during the formal board and committee evaluation › Composition and succession - attracting and retaining critical skills and ensuring effective succession planning remains a key focus area <p>▶ Refer to the remuneration report on p62 for details of directors’ remuneration and other relevant remuneration information</p>	<p>3 meetings (100% attendance)</p> <p>Mandate</p> <p>Performs the role of a social and ethics committee as required in terms of the Companies Act</p> <p>Assists with ensuring that the appropriate strategies, policies and processes are in place in order to drive transformation and the continued development and sustainability of an ethical culture within the group</p> <hr/> <p>Key matters dealt with and focus areas for 2021</p> <ul style="list-style-type: none"> › Driving transformation - the committee will continue to drive the transformation agenda with set targets. Nampak’s Level 2 B-BBEE status was maintained during the year › Ensuring processes are in place to promote an ethical culture › Ensuring sustainability and monitoring the Group’s activities relating to good corporate citizenship and its impact on the environment <p>▶ Refer to p75 for the social, ethics and transformation committee report</p>

Material issues being addressed by committees

Impact of COVID-19

 <p>Our capital structure and financial covenants</p>	 <p>People - safety, skills and transformation</p>	 <p>People - safety, skills and transformation</p>
 <p>Liquidity restrictions in the Rest of Africa</p>	 <p>Our operational and financial performance</p>	 <p>Our operational and financial performance</p>
 <p>Macroeconomic environment</p>	 <p>Uncertain regulatory and policy environment</p>	 <p>Uncertain regulatory and policy environment</p>
 <p>Uncertain regulatory and policy environment</p>		

* Ms IN Mkhari could not attend the meeting held on 13 November 2019 due to a prior commitment.

Performance

The development of industry knowledge is a continuous process. The company has a formal induction programme, which includes the opportunity for new directors to visit key operations. The board is appraised of new developments and changes in Nampak’s business environment on an ongoing basis and training is also provided to individual directors on request. Directors are entitled to obtain independent professional advice, at Nampak’s expense, and enjoy unfettered access to group records and company employees, in order to discharge their duties.

The performance and effectiveness of the board, its committees, individual directors and the chairman was formally assessed during the financial year and we are satisfied that the evaluation process contributes towards continued improvement in board effectiveness.

The board assessed itself in terms of the seven dimensions of board responsibility and enablers as indicated in the column to the right.

It was determined that the board and its committees generally function effectively and professionally. The board will continue to focus on ensuring that relevant knowledge, expertise and experience is maintained. Other areas identified by the board which could be further enhanced include ensuring robust strategic development which builds a sustainable business and adds value to shareholders, and ensuring the right leadership is in place, developed and rewarded appropriately.

The performance of the chairman was also assessed and it was agreed that he leads the board in an effective and appropriate manner.

The effective functioning of the board is facilitated and supported by the company secretariat. Nampak’s company secretary is IH van Lochem, who was appointed with effect from 1 September 2017, in accordance with the Companies Act, No 71 of 2008. Ms van Lochem is a member of the group executive committee and reports to the CEO.

The company secretary is not a director. The board considered the interactions between the company secretary and the board, and is satisfied that there is an arm’s length relationship between the board and the company secretary.

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



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

Our board of directors



Peter Surgey (65)
Chairman

Qualifications: BA LLB
Appointment date: 29 July 2009

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

Experience and expertise:

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



Glenn Fullerton (53)
Chief Financial Officer

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

Mr Fullerton commenced his career at Deloitte where he completed his articles in 1987. He has held numerous senior finance positions in various JSE listed groups, including Hunt Leuchars & Hepburn and Computicket, before joining the Malbak group in 1995, where he was a key member of the team responsible for the group's unbundling in 1997. Post unbundling he held the positions of finance director of two of the divisions in Malbak's remaining listed packaging group, Kohler Packaging Limited, until 2000. Mr Fullerton then joined MB Technologies Group as Chief Financial Officer in 2000 which grew into Africa's largest IT distribution business and in 2009, became chief executive officer until October 2013, when he left on a sabbatical due to a cycling accident. He became Chief Financial Officer of Nampak in September 2015.

Experience and expertise:

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



Erik Smuts (50)
Chief Executive Officer

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

Mr Smuts took over as Chief Executive Officer on 6 January 2020. He has over 23 years of experience in the manufacturing and packaging industry, having worked at Nampak for more than two decades. He was appointed Group Executive of Bevcan in 2014. Mr Smuts participated in the Advanced Management Programme at the Harvard Business School and the Global Executive Development Programme at the Gordon Institute of Business Science.

Experience and expertise:

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



Nooraya Khan (51)
Independent Non-executive Director

Qualifications: B Com, B Compt (Hons), CA(SA), IDP-C
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 qualified as a chartered accountant and participated in the International Directors Programme at Insead in France. Ms Khan currently serves as a non-executive director and member of the Risk and Audit Committee and Remuneration Committee of Liberty Holdings Limited and as a non-executive director and chairman of the Remuneration Committee of Delta Property Fund Limited. Ms Khan is also the chair of the GITC and a member of the director affairs committee.

Experience and expertise:

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

Committee membership is as follows:

N	Nominations and remuneration committee
A	Audit and risk committee
S	Social, ethics and transformation committee



Kholeka Mzondeki (53)
Independent Non-executive Director

Qualifications: FCCA - UK, BComm, 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/ wealth 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, amongst others, serving at 3M. She also previously sat on the Audit Committee of the United Nations World Food Programme.

Experience and expertise:

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



Clifford Raphiri (57)
Independent Non-executive Director

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

Mr Raphiri is a senior executive with deep proven, operational and strategic experience gained as a director of a listed blue chip company for many years. He was the Manufacturing and Technical Director of South African Breweries and is currently the executive director of Phetogo Investments. He also serves as a non-executive director of Murray & Roberts Holdings and a non-executive director of the Thesele Group.

Experience and expertise:

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



Simon Ridley (65)
Independent Non-executive Director

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

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

Experience and expertise:

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



Lesego Sennelo (43)
Independent Non-executive Director

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

Ms Sennelo is the Founder and Managing Director of Gosele Advisory Services, a financial advisory consultancy. She currently serves as a non-executive director on the boards of OneLogix Group Limited, Oceana Group Limited, Redefine Properties Limited, Reef Tankers, and Ohorongong Cement in Namibia. She is also a board member and Treasurer of the International Women's Forum of South Africa (IWFSA). She is a qualified Chartered Accountant with vast experience in both the private and public sectors, spanning over 15 years.

Experience and expertise:

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

Our group executive committee

as at 30 September 2020



Erik Smuts (50)

Chief Executive Officer

Qualifications: B Com (Acc) (Hons) CA (SA), ACMA (UK), GEDP (GIBS), CPIM, AMP (Harvard)



Glenn Fullerton (53)

Chief Financial Officer

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



Lynne Kidd (60)

Group Executive: Human capital

Qualifications: BA(Hons), Psychology(Hons)



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: B Acc, B Com (Hons) CA(SA), AMP (Harvard)



Henk Nel (45)
 Group Executive: Bevcan
 Qualifications: B Com (Acc) (Hons), CA(SA), MDP, SEP (Harvard)



Quinton Swart (45)
 Group Executive: Paper and Eastern Africa
 Qualifications: B Com, B Com (Hons) Statistics



Clinton Fardell (51)
 Group Executive: Rigids
 Qualifications: ND Marketing and Sales Management, B Com Economics and Business Economics

Remuneration report

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

SECTION 1

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

SECTION 2

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

SECTION 3

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

SECTION 4

As required by the Companies Act, non-executive directors' fees for the financial year ending 30 September 2021 will be put to shareholders by way of a special resolution.

For details of the composition of the committee and attendance at meetings, please refer to pages 54 and 56 of the integrated report.

SECTION 1: Report from the chairman

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

AGM voting results

At the AGM in February 2020, we received the required number of votes in favour of the remuneration policy and the implementation report after a series of consultations with various shareholders to obtain feedback on the remuneration report and their view of the remuneration practices.

The results of voting at the 2020 and 2019 annual general meetings are indicated in the table below:

Percentage vote in favour	Required percentage	Feb 2020	Feb 2019
Remuneration policy and framework	75% non-binding	98.64%	84.04%
Implementation report	75% non-binding	96.19%	85.85%
Non-executive directors' fees and committee membership fees	75% binding	98.59%	99.42%

Shareholders are encouraged to provide feedback and contributions regarding their position on the various voting requirements. We therefore invite shareholders

wishing to engage with the chairman of the nominations and remuneration committee to do so via email at corporategovernance@nampak.com. Should a dissenting vote of 25% or more be received for either the remuneration policy or the implementation report, or both, we will include an outline of the process and timing of our proposed engagement with shareholders to resolve unsatisfactory results in the SENS announcement of the voting results of the AGM.

While the remuneration policy and framework as well as the implementation report were approved by shareholders, some concerns were raised by shareholders present at the AGM around the chairman's fee and the existing short-term incentive (STI) and long-term incentive (LTI) structures, specifically the alignment of the performance measures with shareholder interests.

Based on this shareholder feedback, the current economic conditions and the criticality of Nampak's current turnaround strategy, we have devised with the assistance of our external advisors, a revised variable pay offering in the form of an Executive Incentive Plan (EIP) which we believe will further enhance the pay-for-performance link we strive to achieve in our remuneration practices. Through the structure of the EIP, which combines both elements of a STI and LTI into a single incentive, a strong alignment with the forward-looking Nampak strategy and shareholder value creation will be attained. Performance is measured against critical turnaround and business stability metrics, over a one-year performance period, and a substantial portion of the total opportunity is deferred into Nampak shares which vest over a two year period, encouraging participants to focus on the sustainable recovery and growth of the share price through continued long-term financial performance.

To drive long-term behaviour aligned to sustainable performance, a once-off vesting modifier assessed at the first vesting date in year 2, may, at the discretion of the committee, be applied to the vesting of the Nampak shares. Where there has been an erosion of value of the earnings of the core business, which is attributable to the performance of the group executives, the vesting modifier will be triggered and the committee will have the discretion to modify the share vesting downwards in year 2 and year 3.

In developing the remuneration framework to support the EIP and to drive a longer-term shareholder focus, we have also approved the implementation of a Minimum Shareholding Policy, which will create further alignment between executive and shareholders' interests. Vested shares received in terms of the EIP will be subject to a mandatory holding period, during which participants are unable to trade the shares, unless their target shareholding in terms of this policy has already been achieved upon vesting.

We have also implemented a Malus and Clawback policy, which will protect both Nampak and shareholders' interests should a trigger event occur.

Activities undertaken in 2020

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.

Overview of the year

2020 was a year of significant changes within the group. It saw the appointment of a new CEO and the completion of the disposal of Nampak Glass, Nampak Plastics Europe and Nampak Cartons Nigeria resulting in a very different-looking group. The COVID-19 pandemic and lockdown regulations in South Africa and internationally have had a significant effect on revenue and profits for the 2020 financial year, impacting the financial position and sustainability of the business. The company implemented a group-wide salary sacrifice with South African bargaining unit employees foregoing an annual wage increase in 2020 to reduce cash fixed costs to cushion the impact. The non-executive directors reduced their fees for the same period as employees. On the positive side, the pandemic and lockdown led to the introduction of work from home policies, flexible work practices, accelerated digitisation programmes and the significant advancement in effectively conducting business through virtual means.

Achievement of objectives

The appointment of the new CEO and movements within the group executive presented the opportunity to review the remuneration of the executive directors and group executives and align guaranteed packages to the reduced size of the group, following the finalisation of the disposals.

The average annual increase percentage applied to guaranteed packages for the executive levels was 4.1% for the year commencing 1 October 2019. In absolute terms, guaranteed pay in the executive levels reduced by 7.3% from the prior year. Salary sacrifices are excluded in the calculation.

The group financial targets linked to the 2020 STI of improvement in HEPS and EBITDA were not achieved and consequently there was no STI awarded to executives for this component. The group working capital target was achieved. Various levels of divisional financial achievements, safety and individual performance objectives were achieved by the operational and support executives.

In light of the overall performance of the business and the impact of COVID-19, to manage affordability, the committee applied its discretion to reduce the STI payment in respect of the KPI portion.

The performance conditions aligned to the Performance Share Plan (PSP) and Share Appreciation Plan (SAP) for the December 2017 awards and allocations were not achieved, therefore no vesting will occur in December 2020. Matching shares were awarded under the Deferred Bonus Plan (DBP) in December 2019 in respect of the STI payments for the 2018 and 2019 performance periods. The 2018 awards were not made during the 2019 financial year due to the share trading restrictions imposed as a result of the extended prohibited period.

The actual earnings reported under section three of this document on pages 69 to 73 reflect the levels of achievement against the performance targets for the executive directors and group executives.

Decisions taken during 2020

The committee:

- › approved the non-recovery of the previous CEO's retention payment following his move to Eskom, as the move was considered to be in the interests of the country;
- › approved the appointment of the new CEO with effect from 6 January 2020;
- › approved a top-up allocation of awards under the PSP in January for the newly appointed CEO;
- › approved the retrenchment of Group Executive: Glass and Rest of Africa following the completion of the disposal of Nampak Glass and Cartons Nigeria;
- › approved the implementation of a group-wide salary sacrifice for a period of three months of between 15% and 30% of guaranteed package, depending on job level, with South African bargaining unit employees foregoing an annual wage increase for the year commencing 1 July 2020;
- › approved the guaranteed packages for executive directors and group executives;
- › reviewed and approved three-month notice period in terms of the contract of employment of the CFO;
- › approved the STI payments for executive directors and group executives after considering achievement against performance conditions, the impact of COVID-19 and overall affordability;
- › approved the LTI awards for all nominated participants and determined the performance conditions; and
- › reviewed the fee recommendations for non-executive directors and committee fees, excluding the fees for the nominations and remuneration committee before submission to the board for consideration.

Changes for 2021

External independent review

In response to shareholder feedback at the 2020 AGM and the inability of the remuneration policy to effectively motivate and reward employees in current conditions, Nampak decided on an external assessment. PwC was appointed to provide an independent review of the company's STI and LTI plans. It was also commissioned to provide recommendations on the design for 2021 and, going forwards, to better align the interests of the executive directors and group executives with those of the shareholders and to better align with the strategy.

As a result of this exercise, the committee approved the implementation of an Executive Incentive Plan (EIP) that represents our total variable pay opportunity for the Group Executives. A balanced scorecard of measures focusing on business stability and financial turnaround, measured over a one-year performance period is used to determine the quantum of the total executive variable incentive opportunity, comprising of an annual cash component (annual incentive) and a share component that is automatically deferred and delivered as forfeitable shares (deferred incentive).

Remuneration report continued

The deferred incentive vests over a two year period following the payment of the cash portion, and will, following vesting, be subject to a mandatory two year holding period should the individual's target shareholding not be met. This results in a total lifespan of five years where the holding period is aligned, which is aligned with the focus on the creation of long-term sustainable value. Through its design, the EIP supports the Minimum Shareholding Policy, and aligns the interests of executives and shareholders through the long-term holding of shares by executives, even beyond vesting.

Given the current economic climate, the terms agreed with Nampak's funders and the consequential urgency required for Nampak's turnaround, the view was taken that the setting and calibrating forward-looking performance targets would not result in fair or meaningful outcomes in terms of variable pay, and would not succeed in driving the behaviour and outcomes which are required to set Nampak on the correct trajectory, and sustainably recover and grow value for our shareholders. In this context, the decision to use a shorter, more focused performance period, with carefully selected performance conditions relevant to where the business finds itself currently, and the turnaround strategy which has been adopted was made. The committee is of the view that the structure of the EIP, using a post-performance vesting period and holding period, would create clear line-of-sight for the participants, resulting in an executive team which is focused on immediate business priorities which will translate to recovery and growth in long-term. To ensure sustainable performance in the post-performance period, the committee will have the discretion at the first vesting date, to apply a once-off downward vesting modifier. The committee also believes that this structure will be more likely to incentivise behaviour which delivers long-term value for our shareholders, ultimately resulting in fair and responsible remuneration outcomes.

We are also satisfied that the new EIP will not cause any shareholder dilution, as the required number of shares for the deferred incentive portion will be purchased on the open market. As an additional safeguard, the payment of the annual incentive and settlement of the deferred incentive will be subject to the satisfaction of a free cash flow condition. As part of the redesign process, we have also introduced a 'best practice' malus and clawback policy, with the result that the executive incentive remains subject to forfeiture and recoupment in the event that a trigger event arises before payment of the cash portion, or for deferred shares, during the vesting period, or for three years following vesting.

Other changes for 2021

In light of the impact of COVID-19 on business performance, no annual increases were granted to the executive directors and group executives for the year commencing 1 October 2020.

The board proposed a reduction in the chairman's fee to align to the reduced size of the business, following the finalisation of the disposals in the year, giving due consideration to the extensive involvement by the chair in assisting with the transition of the new CEO and the focus on remediation of the group's financial performance.

In respect of non-executive director fees for 2021, the board recommended that the current fee structure of a base fee and fees for meeting attendance remain in place for 2021 and that the fees will remain flat on 2020 other than a reduction in the chairman's fee from R1 800 000 to R1 575 000.

The board approved the appointment of Clifford Raphiri as chair of the nominations and remuneration committee with effect from 1 October 2020. Simon Ridley chaired the committee from April 2019. In November 2019 he stepped into the role of chair of the audit and risk committee. Given the complexity of the business, the directors agreed that focus was necessary in both committees. Simon will remain a member of the nominations and remuneration committee.

In a year of significant change and less-than-favourable performance, due in large part to factors outside the control of the executive, it is crucial that key executive talent is retained and rewarded for the hard work and innovation required to remediate the group's financial performance, while maintaining the best possible alignment with shareholder interests.



SP Ridley

Chairman of the nominations and remuneration committee as at 30 September 2020



CD Raphiri

Chairman of the nominations and remuneration committee with effect from 1 October 2020

30 November 2020

SECTION 2: Remuneration policy

Challenging trading conditions, depressed economic activity and the broader impact of COVID-19 have led to a drop in Nampak's share price, rendering the current remuneration policy, at executive level, ineffective in motivating and rewarding employees and aligning the interests of executive directors and group executives with those of the shareholders.

The variable remuneration structures have been simplified, combining STI and LTI components into one single incentive; namely the Executive Incentive Plan (EIP).

Details of the EIP are summarised in the section that follows. The policy remains largely unchanged from previous years in respect of basic salary and benefits.

The components of the remuneration structures applicable to other managerial and non-managerial employees are set out in the table on page 68.

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

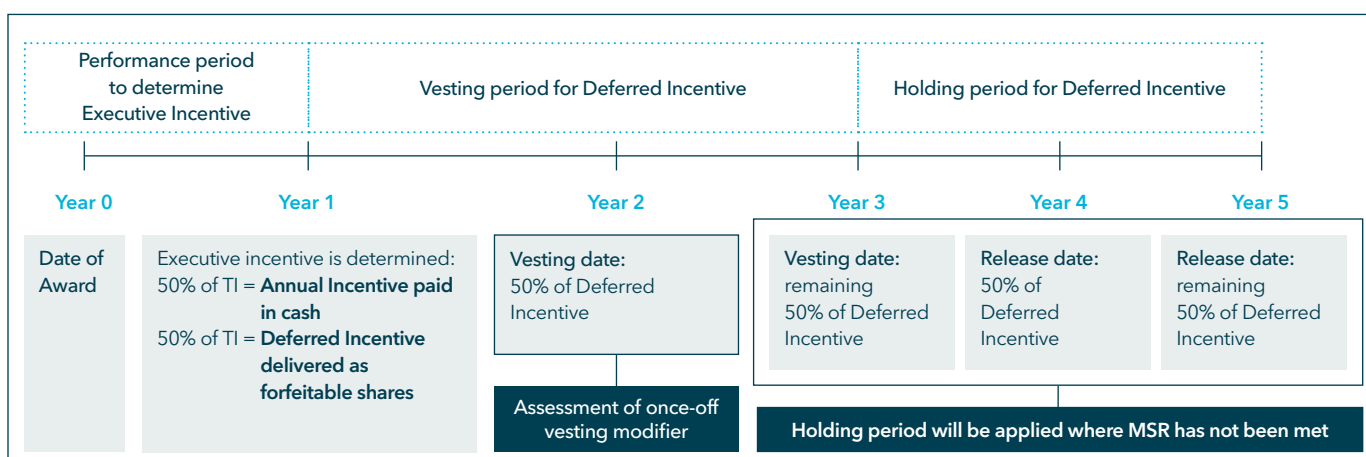
Basic salary and benefits

Element	Basic salary	Benefits
Remuneration principles	Designed to attract and retain executives with appropriate competence and experience levels and diversity of skills and views to deliver sustainable profitability for the benefit of all stakeholders	There is a trade-off between receiving compulsory benefits and voluntary benefits from an employee value proposition. The company understands the importance of saving for retirement from an early age and therefore continues to provide the benefit
External advisers	The Deloitte SA Executive Guide REMchannel®	Various professional advisers and administrators recognised in their respective jurisdictions
Competitiveness of offer	Benchmarked using survey data from external advisers	Compulsory levels of retirement savings and life and disability cover are set using published survey data Optional medical aid membership Car allowance linked to requirements for business travel
Performance metrics	Individual performance, contribution and future growth potential are considered	Not applicable
Maximum limits	Target level for guaranteed packages for executives and group executive committee members is clustered around the median	Flexibility within guaranteed package governed by income tax regulation
Performance period	Annual review	Not applicable
Governance requirement	Set out in contracts of employment	Set out in group policies

Variable pay

Nampak's turnaround strategy necessitated a critical review of the variable pay structures. A new incentive, called the Executive Incentive Plan (EIP) will be implemented with effect from the 2021 financial year for the CEO, CFO and other group executives. This will represent the total variable pay offering going forward for these participants. The EIP is determined based on the outcomes of a balanced scorecard, measured over a one-year performance period. At the end of the performance period, the total executive incentive will be calculated, with 50% being paid out in cash (annual incentive) and the remaining 50% (deferred incentive) being delivered as Nampak shares registered in the participant's name.

The participant will have all shareholder rights in respect of the shares, save for the right of disposal and encumbrance, until the respective vesting dates. The shares will vest, subject to continued tenure, in two equal tranches over two years. Upon vesting, unless the participant has satisfied the minimum shareholding requirement (MSR) discussed below, the shares will be subject to a holding period of no less than two years. Based on the earnings of the core business in year 2, the committee has the discretion to apply a once-off downwards vesting modifier to the shares vesting in year 2 and year 3. The operation of the EIP is illustrated below.



Further details regarding the EIP are set out below:

Participants	Permanent employees are eligible to participate however the EIP is primarily to be 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 will be calculated in accordance with the following formula: Executive Incentive = Total Guaranteed Pay x On-target Percentage x Balanced Scorecard Modifier		
Combined on-target percentage	Given that the EIP comprises the combined short-and long-term variable pay offering for the participants, the following allocation levels will be applied to each participant's total guaranteed pay (TGP) to determine the executive incentive in the first year of implementation: CEO: 215% CFO: 191% Group Executives: 174%		
Balanced Scorecard Modifier	We have provided below the balanced scorecard which will form the basis of determining the Balanced Scorecard Modifier.		
Performance period	Achievement against the Balanced Scorecard will be assessed over a one-year performance period. Specific milestone-based goals could be measured at milestone dates. The deferred portion is subject to share price fluctuations over the deferral period.		
Delivery of the executive incentive	<ul style="list-style-type: none"> › 50% of the Executive Incentive will be paid in cash annually after the expiry of the performance period, i.e. year one (this is rereferred to as the annual incentive) › The remaining 50% will automatically be deferred and delivered in the form of Nampak shares, vesting over future period (this is referred to as the deferred incentive). The deferred incentive will be structured as forfeitable shares, meaning participants will be the owners of the shares, but the shares will be subject to forfeiture (until vesting) and disposal restrictions (until the expiry of the holding period, where applied) <p>The payment of the annual incentive and settlement of the deferred incentive will be subject to the satisfaction of a free cash flow condition. In the event that the free cash flow condition is not met at the time of intended payment or settlement, payment and settlement will be deferred until the condition is met.</p>		
Vesting period for the deferred incentive	Vesting will occur in equal tranches in year two and three respectfully.		
Holding period	Each tranche of the deferred incentive that vests will be subjected to a post vesting holding period, if the executive has not achieved the applicable minimum shareholding target 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 therefore be no dilutionary impact on shareholders. The settlement will be subject to the satisfaction of a free cash flow condition.		
Vesting modifier	A once-off downwards vesting modifier may be applied, at the discretion of the committee, at the first vesting date (year 2) where an erosion of value of the earnings of the core business has occurred which can be attributed to the performance of the group executives.		
Termination of employment	<p>The termination of employment provisions make a distinction between so called fault terminations and no-fault terminations.</p> <table border="0"> <tr> <td style="vertical-align: top;"> <p>Fault</p> <ul style="list-style-type: none"> › 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. </td> <td style="vertical-align: top;"> <p>No-fault</p> <ul style="list-style-type: none"> › 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. </td> </tr> </table>	<p>Fault</p> <ul style="list-style-type: none"> › 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. 	<p>No-fault</p> <ul style="list-style-type: none"> › 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.
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Change of control	<p>In the event of a Change of Control, where the EIP is terminated, unless the committee determines otherwise, the provisions listed under no-fault termination will apply.</p> <p>Where the change of control is pursuant to a transaction, and the EIP continues, with the participants' rights being accommodated on a fair and reasonable basis, the provisions listed under no-fault termination will not apply unless the participant's employment is terminated for whatever reason, other than a fault termination, within 12 months following the change of control date, in which case the EIP will be settled as per the no-fault termination provisions.</p>		
Malus and clawback	The EIP will be subject to malus and clawback (further details are included on the following page)		

Balanced Scorecard Modifier

The Balanced Scorecard Modifier will be determined based on the outcomes of the Balanced Scorecard set in the table below.

Threshold and on-target levels are set for all performance measures. Stretch performance of up to 150% may be attained through the achievement of stretch targets on two of the measures listed below; namely meet the covenants and group EBITDA.

Absolute targets have not been disclosed due to commercial sensitivity.

Measures	Alignment to strategy			
	Reduce risk		Grow profits	
	1 Strengthen capital structure	2 Simplification	3 Optimisation	4 Innovation and growth
Covenant compliance measures				
Meet lender conditions and milestones	●			
Meet revised covenants – extends into stretch performance	●	●	●	●
Raise R1 billion cash through sale of assets	●	●	●	
Financial performance improvement actions				
Group EBITDA – extends into stretch performance	●	●	●	●
Divisional EBITDA adjusted for interest	●	●	●	●
Restructure and simplify cost base		●	●	
Reduce cost of employment		●	●	
Develop new business				●
Operational performance targets				
Improve operational efficiency and reduce spoilage			●	
Group: Safety LTIFR tolerance level – any work-related death is a disqualifier			●	
Divisional: Safety LTIFR tolerance level – any work-related death is a disqualifier			●	
Total potential incentive for on-target performance – 100%				
Strategic imperative linked to employment equity targets. Any incentive earned up to on-target achievement may be subject to a discount of up to 7.5%.				

Minimum Shareholding Requirement Policy

The EIP is designed to facilitate executive ownership of Nampak shares. To formalise the holding of Nampak shares by executives, a formal minimum shareholding requirement policy has been developed, in terms of which executives will be required to build personal holdings in Nampak shares to a minimum threshold level. Executives have five years from date of introduction of the policy or appointment into an affected role to achieve the required holdings. The effective date of the MSR policy is 1 October 2020. 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.

The current minimum shareholding levels are:

CEO: 200% of TGP;

Other executive directors: 150% of TGP

Group executives: 100% of TGP

Malus and Clawback Policy

In line with market practice, the EIP 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 annual incentives and unvested deferred incentives will be subject to malus provisions. This means the incentives may be reduced or forfeited if a trigger event arises.

Clawback (post-payment/post-vesting)

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

Remuneration report continued

Remuneration mix

The simplified 2021 remuneration structure for the executive directors and group executives is set out in the graphs on the right.

The mix of guaranteed pay and total variable pay, split into the annual cash incentive and the deferred incentive delivered as forfeitable shares under the new EIP, is depicted with a comparison to the previous STI and LTI structures applied in 2020.

Stretch performance would be attained through the achievement of the stretch targets set out in the balanced scorecard modifier.

Contractual terms and payments on termination of employment

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

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

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

The service contracts do not contain any other provisions relating to payments due on termination of employment, for whatsoever reason, or following a change of control of the company. In the event of a change of control, share allocations will be dealt with in terms of the rules of the relevant share plans. The executive directors and group executives have no entitlement to a restraint of trade payment and are not entitled to any other material payments.



Other managerial and non-managerial employees

Basic salary	Benefits	STI
<ul style="list-style-type: none"> › Managerial employees receive guaranteed packages › Other employees receive a basic salary, shift allowances, overtime and benefits on a build-up basis › The target guaranteed package for other employees is the median. The 75th percentile is considered for top performers and positions where we have scarce skill risks › Our levels of pay and benefits for our shopfloor employees are significantly higher than the agreed sector wage levels and engagement to review this position has commenced with labour 	<ul style="list-style-type: none"> › Employees in all jurisdictions have access to retirement funding and insured benefit arrangements in line with local regulations. Expatriate employees in certain countries receive remuneration for retirement funding and insured benefits where local options are not appropriate › Employees have voluntary access to medical aid or similar arrangements › Employees have access to EAP counselling 	<ul style="list-style-type: none"> › All managerial employees participate in the group's STI scheme at different capped levels ranging between 7.5% and 65% of guaranteed package per annum › Individual KPIs generally form up to 40% of the maximum potential incentive with the balance accruing based on achievement of the divisional financial performance targets › Key performance targets address sustainable drivers for future success on a line of sight basis to their role requirements › Various productivity incentives provide line of sight rewards for non-managerial employees

SECTION 3: Implementation report

The implementation report details the outcomes of executing the remuneration policy for executive directors and group executives in the 2020 financial year. The remuneration committee has applied the King IV recommendation that companies must disclose a single figure of earnings received and receivable for the reporting period.

Deviations from policy

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

Contractual terms and payments on termination of employment

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

Fair and responsible remuneration

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

Grouping	Average increase (%)	
	2020	2019
Executive directors (1 October 2019)	4.1	6.5
Senior executives (1 October 2019)	4.1	5.6
Managers and supervisors (1 January 2020)	3.8	5.6
Bargaining unit employees (1 July 2020) ¹	0	7 to 9

1 0% increase agreed as part of the salary sacrifice

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

The guaranteed package of the newly appointed CEO was established against a revised company size and complexity benchmark.

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 and contribution 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.

Salary sacrifice

The COVID-19 pandemic and lockdown regulations in South Africa and internationally had a significant effect on revenue and profits for the 2020 financial year, impacting the financial position of the business. In response, the company implemented a group-wide salary sacrifice. The focus was to take proactive steps to ensure the sustainability of the business, preserve jobs and as far as possible limit the negative impact on employees' monthly disposable income.

The sacrifice was calculated as a percentage of guaranteed package, for a period of three months. To minimise the impact on employees' monthly take-home pay, employees were given the option to implement the calculated sacrifice value as a reduction in monthly cash salary over eight months, or by sacrificing a portion of their annual leave balance, or forgoing a portion of a thirteenth cheque, or a combination of the three options.

The reduction applied was calculated based on the following percentages of guaranteed package for a three-month period:

Level	%
Executive directors	30
Group executives	25
Management	20 - 25
All other employees (non-bargaining unit)	15

South African bargaining unit employees agreed to forego an annual wage increase for the year commencing 1 July 2020.

It was agreed that a portion of the sacrifice saving would be applied to support employees who were unable to work as a result of the lockdown regulations and had exhausted their annual leave. These employees received 30% of their basic salary and company contributions to retirement funding, insured benefits and, where applicable, medical aid.

The company submitted a claim to the Temporary Employer/Employee Relief Scheme (TERS) fund on behalf of employees affected by the salary sacrifice or unable to work as a result of the lockdown regulations.

The following table sets out the value of the salary sacrifice for the executive directors and previously reported prescribed officers.

Rand	% reduction applied for three months	Total sacrifice value
Executive directors		
EE Smuts	30	551 250
GR Fullerton	30	438 848
		990 098
Group executives		
C Burmeister	25	193 544
C Farnell	25	181 250
LD Kidd	25	209 144
RG Morris ¹	25	92 836
H Nel	25	224 000
Q Swart	25	181 250
IH van Lochem	25	194 700
		1 276 724

1 RG Morris was retrenched with effect from 31 July 2020.

Remuneration report continued

STI

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

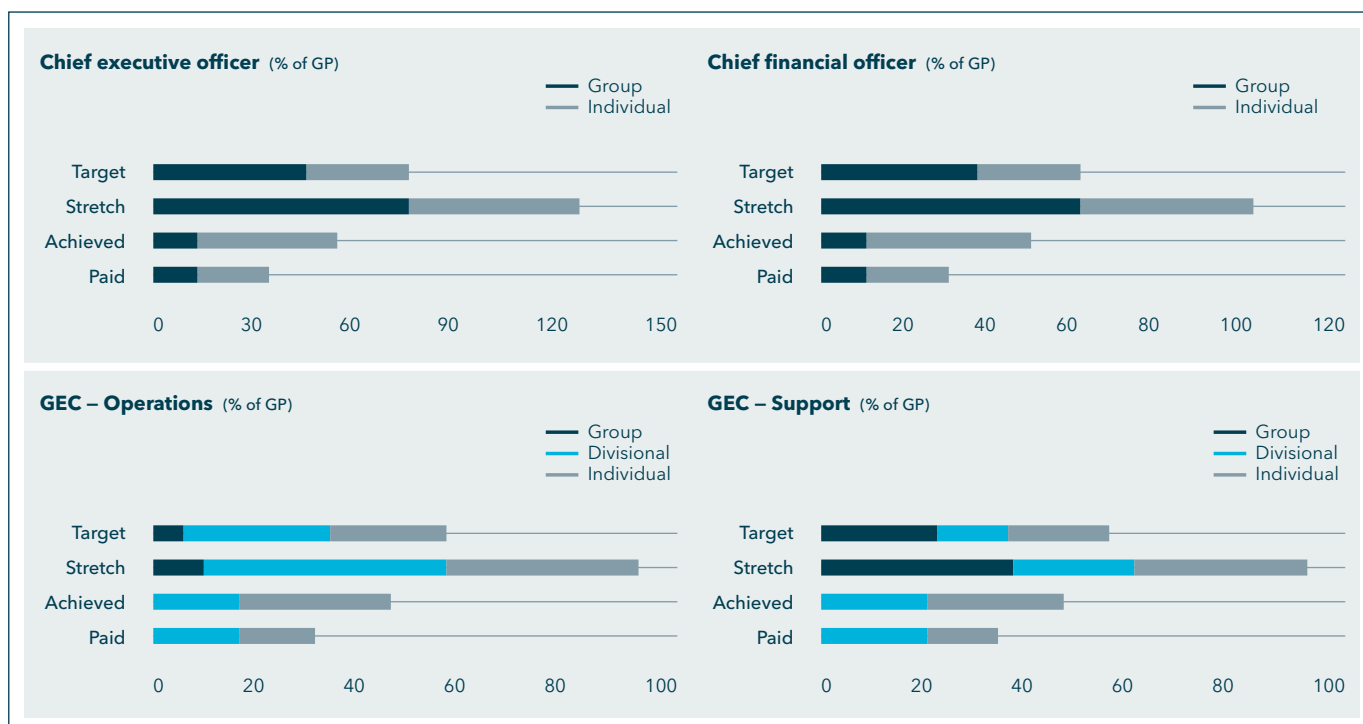
- › The group financial targets in respect of HEPS and EBITDA were not achieved.
- › The group working capital targets were achieved.
- › There were varying levels of achievement against the divisional/functional financial targets, with many divisions not achieving the required threshold and others achieving to some degree.
- › There were varying levels of achievement by executive directors and group executives against their individual key deliverables which covered the following broad categories:

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

Strategic objective	Value creation	Key performance indicator	Performance
① Strengthen capital structure			
Deleverage	Financial capital	Liquidity, cash extraction and balance sheet optimisation in rest of Africa	●
Reduce currency risk	Financial capital	Conclusion of sale of Cartons Nigeria and Glass division	●
Create capacity for growth	Financial capital	Reduce currency risk in Zimbabwe	●
Improve cash generation	Financial capital		●
② Simplification			
Rationalise portfolio – business, products and operations	Intellectual capital	Product and portfolio assessment	●
Reduce operational complexity	Financial capital	Simplified reporting and year-end process	●
Reduce reliance on commodity-dependent economies	Financial capital	Streamline retirement funds	●
③ Optimisation			
Process innovation	Human capital	Digitisation and automation of administrative processes	●
Review product offering and terms	Social capital	Commercial strategy to retain customers	●
Improve operational efficiency	Financial capital	Reduction in fixed costs	●
Drive sustainability	Manufactured capital	Improve operational efficiencies	●
	Intellectual capital	Key restructuring and business improvement projects	●
	Human capital	Skills development structures for succession planning	●
	Social capital	Relationship building	●
	Intellectual capital	Governance, legal, forensic auditing and secretarial training	●
	Intellectual capital	Implementation of POPIA compliance framework	●
	Human capital	Safety – LTIFR tolerance level of 0.35	●
	Human capital	Achievement of employment equity targets	●
④ Innovation and growth			
Geographical diversification	Manufactured capital	Joint venture with Elopak and market expansion in rest of Africa	●
Exploit niche market segments	Social capital	Marketing strategy to increase volume share	●
Product/service offering innovation	Financial capital	Margin expansion	●

STI achievement (as a percentage of guaranteed package)

The results of applying the financial and non-financial performance achievements are reflected graphically against target and stretch levels. The STI achieved is shown against the actual STI paid, after the discretion applied by the committee to cap the KPI portion. The employment equity targets were achieved.



LTI awarded

The annual LTI awards for the executive directors and group executives allocated and awarded in December 2019 are reflected in the table below:

	Performance share plan ¹			Deferred bonus plan ²		
	Number of awards	Value (rand)	% of guaranteed package	Number of awards	Value (rand)	% of guaranteed package
Executive directors						
EE Smuts	857 500	3 469 123	47	251 412	1 415 700	19
GR Fullerton	682 996	4 282 385	73	–	–	–
Group executives						
C Burmeister	179 384	1 124 738	36	92 593	521 390	17
LD Kidd	275 975	1 730 363	52	–	–	–
RG Morris	206 981	1 297 771	33	119 872	675 000	17
IH van Lochem	275 975	1 730 363	56	26 638	150 000	5

1 The PSP awards will vest in December 2022 to the extent that the performance conditions are achieved. Awards are valued at face value at award date. The performance targets are detailed in the table below:

Measure	Weighting (%)	Target
Improvement in headline earnings per share (HEPS)	40	CPI + 3% to CPI + 15%
Improvement in total shareholder return (TSR)	30	CPI + 3% to CPI + 15%
Return on net assets (RONA)	30	60% release for 11.5% 70% release for 12% 80% release for 12.5% 90% release for 13% 100% release for 13.5%

2 Shares were purchased under the DBP in December 2019 based on the STI payments for the 2018 and 2019 performance periods. The 2018 awards were not made during the 2019 financial year due to the share trading restrictions imposed as a result of the extended prohibited period.

Participants receive conditional matching awards in December 2022 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.

Remuneration report continued

LTI performance assessment

Performance share plan

The performance conditions linked to the PSP awards in December 2017 were tested and were not achieved. The performance conditions for the three-year period were:

- › 40% based on a growth in HEPS on continuing operations measured on a straight-line basis between threshold of CPI + 9% and target of CPI + 24%.
- › 30% based on the cumulative growth in TSR on a straight-line basis between threshold of CPI + 9% to target of CPI + 24%.

- › 30% based on return on net assets (RONA) targets where 60% of shares vest for a RONA of 11.5%, 70% for 12%, 80% for 12.5%, 90% for 13% and 100% for 13.5%.

Share appreciation plan

The performance condition linked to the SAP allocations in December 2017 was improvement in HEPS of CPI + 6% over the three-year performance period. Actual HEPS on continuing operations achieved was below the target HEPS and therefore no awards will be released in December 2020.

The single total figure of remuneration

Remuneration 2020

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

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

1 Other benefits refer to group personal accident cover.

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

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

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

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

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

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

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

Remuneration 2019

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

Rand	Basic salary	Company contribution to retirement	Guaranteed package	Value of other benefits ¹	Termination	STI ²	LTI ³	Total single figure remuneration
Executive directors								
AM de Ruyter	8 057 594	80 406	8 138 000	21 113	–	2 669 264	–	10 828 377
GR Fullerton	5 504 471	54 929	5 559 400	14 423	–	2 670 597	–	8 244 420
	13 562 065	135 335	13 697 400	35 536	–	5 339 861	–	19 072 797
Resigned during the year								
MMF Seleoane ⁴	1 297 896	36 354	1 334 250	3 452	123 266	–	–	1 460 968
	14 859 961	171 689	15 031 650	38 988	123 266	5 339 861	–	20 533 765
Group executives								
C Burmeister	3 015 760	80 940	3 096 700	8 034	–	661 964	–	3 766 698
M Khutama ⁵	1 217 362	16 055	1 233 417	3 192	1 001 199	–	–	2 237 808
LD Kidd	2 970 175	79 692	3 049 867	7 913	–	1 460 458	–	4 518 238
RG Morris	3 771 069	37 631	3 808 700	9 881	–	1 085 443	–	4 904 024
EE Smuts	4 049 986	40 414	4 090 400	10 612	–	2 769 039	–	6 870 051
IH van Lochem ⁶	2 921 166	28 834	2 950 000	7 591	–	1 504 500	–	4 462 091
	17 945 518	283 566	18 229 084	47 223	1 001 199	7 481 404	–	26 758 910

1 Other benefits refer to group personal accident cover.

2 STI disclosed was based on performance during the 2019 financial year, but actual STI payments were only made in December 2019.

3 LTI disclosed was nil. The performance conditions aligned to the PSP and SAP were not achieved. None of the December 2016 awards vested. No purchases were made under the DBP in December 2018.

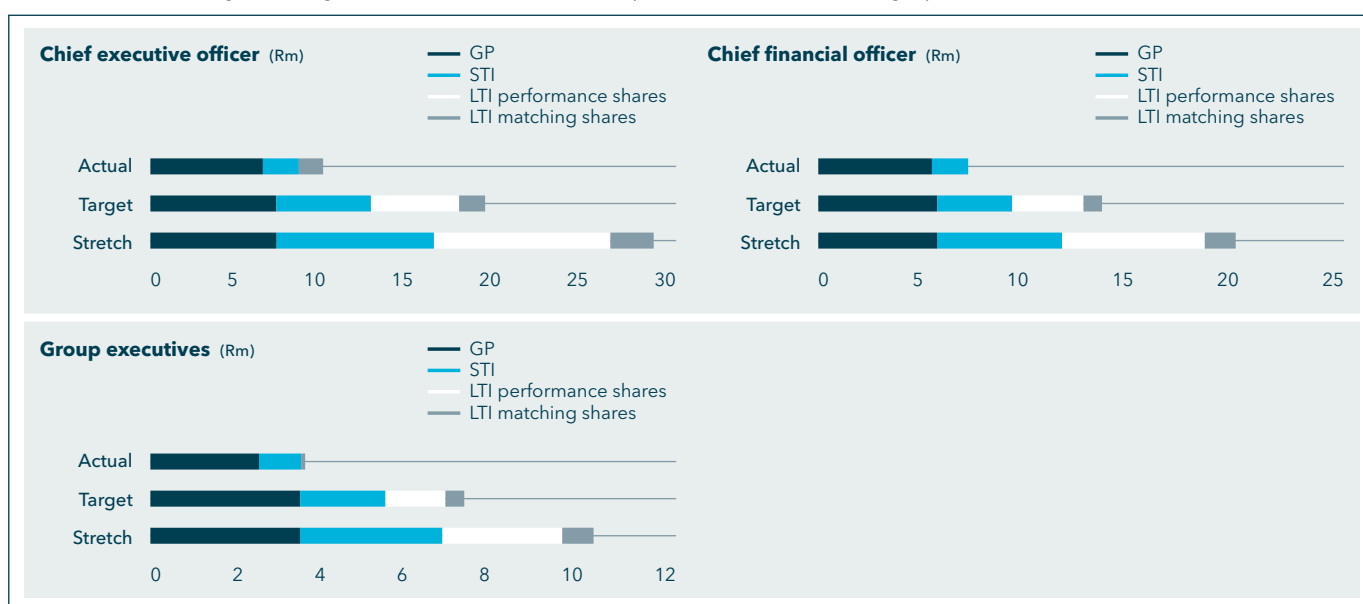
4 MMF Seleoane resigned with effect from 28 February 2019. Termination pay comprises leave pay of R123 266.

5 M Khutama was retrenched with effect from 28 February 2019. Termination pay comprises leave pay of R4 781, notice pay of R740 050 and severance pay of R256 368.

6 IH van Lochem received a 15-year long service award to the value of R3 000 during the year.

Remuneration mix

The achievement against target for the remuneration components is set out in the graphs below:



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 the website at www.nampak.com.

Remuneration report continued

SECTION 4: Non-executive director remuneration

Policy

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

The committee recommends the non-executive fee structures annually after obtaining benchmarks from the Deloitte non-executive director report. 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 in terms of the Companies Act requirements.

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

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

Fees in respect of the 2020 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 2021 and that the fees will remain flat on 2020 other than a reduction in the chairman's fee from R1 800 000 to R1 575 000.

The board has recommended a reduction in the chairman's fee to align to the market data for companies of a similar size, following the finalisation of the disposals during the year, giving due consideration to the extensive involvement by the chair in assisting with the transition of the new CEO and to focus on remediation of the group's financial performance. The chairman fee remains a single fee.

The proposed fees for 2021 are set out on page 80 of the integrated report.

Implementation

Non-executive directors' remuneration 2020/2019

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

Rand	Director fees	Audit and risk	Nominations and remuneration	Social, ethics and transformation	Total approved fees earned 2020	Total fees invoiced 2020 ¹	Total fees 2019
RC Andersen	–	–	–	–	–	–	348 505
RJ Khoza	–	–	–	–	–	–	249 600
NV Lila	–	–	–	–	–	–	446 367
PM Madi	–	–	–	–	–	–	249 332
TT Mboweni	–	–	–	–	–	–	46 110
E Ikazoboh ²	123 128	–	–	41 704	164 832	164 832	439 550
J John ³	17 867	14 775	–	–	32 642	32 642	740 850
N Khan ⁴	80 933	17 617	–	–	98 550	98 550	–
IN Mkhari ⁵	123 128	95 719	61 504	–	280 351	280 351	755 505
KW Mzondeki	372 600	201 200	–	–	573 800	531 553	36 883
CD Raphiri	372 600	–	156 800	227 300	756 700	705 985	388 233
SP Ridley ⁶	372 600	382 833	295 300	–	1 050 733	970 873	369 883
L Sennelo ⁷	319 553	128 890	–	53 042	501 485	450 670	–
PM Surgey	1 800 000	–	–	–	1 800 000	1 600 000	1 842 518
	3 582 409	841 033	513 604	322 046	5 259 092	4 835 454	5 913 336

1 The non-executive directors reduced their fees earned for a three-month period by 30%. The reduced value is reflected under the 'total fees invoiced' column for the year.

2 E Ikazoboh retired from the board and committees with effect from 12 February 2020.

3 J John resigned from the board and committees with effect from 1 November 2019.

4 N Khan was appointed to the board and audit and risk committee with effect from 1 August 2020.

5 IN Mkhari retired from the board and committees with effect from 12 February 2020.

6 SP Ridley was appointed as chair of the audit and risk committee with effect from 1 November 2019.

He will remain a member of the nominations and remuneration committee when CD Raphiri assumes the role of chair with effect 1 October 2020.

7 L Sennelo was appointed to the board and audit and risk committee with effect from 22 November 2019 and to the social, ethics and transformation committee with effect from 15 May 2020.

Social, ethics and transformation committee report

for the year ended 30 September 2020

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:

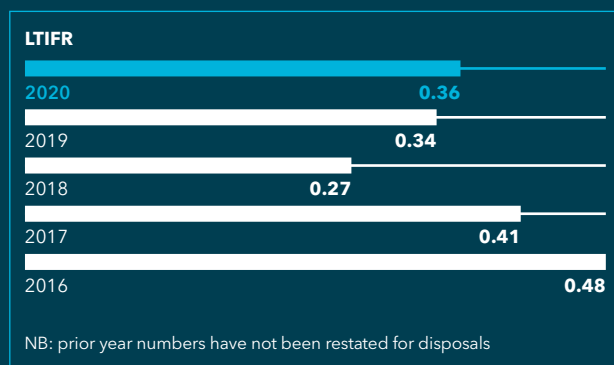
Nampak recognises its responsibilities toward society. In executing its social and ethics responsibilities, the committee considered and monitored Nampak’s activities relating to social and economic development, the environment, the health and safety of our employees and consumer relationships, having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

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

Report on focus areas

Health and safety

Health and safety is a top priority for Nampak and safety is one of our values. Performance is monitored against safety tolerance levels. The long-term injury frequency rate (LTIFR) in 2020 increased slightly to 0.36 compared to the tolerance level of 0.35. It was however below the tolerance level for most of the year. The graphic below shows the LTIFR level statistics over the past five years:



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

The COVID-19 pandemic has had a significant impact on our business and the lives of our employees. A number of our sites continued to operate to the extent allowed by regulation during the national lockdown. We acted swiftly in implementing safety measures to protect our employees and mitigate the impact of the virus. Where practical employees were encouraged to work from home. There were 291 positive cases amongst Nampak employees and regrettably two employees passed away due to the coronavirus. We convey our condolences to their family and friends.

Transformation

Nampak is fully committed to transformation. The committee monitors the company’s performance against its broad-based black economic empowerment (B-BBEE) targets in each category on the scorecard. Nampak is currently a level 2 contributor which was achieved after establishing a dedicated and competently resourced B-BBEE office in 2019.

Employment equity remains a key focus area and the following table shows the percentage achievement in 2020:

	% Black	% Black Female
Non-executive directors	67	50
Executive directors	0	0
Group executives	0	0
Senior management	40	4
Middle management	50	14
Junior management	73	20
Semi-skilled	92	12
Unskilled	99	26

Corporate social investment

The main focus of Nampak’s corporate social investment for many years has been education and the partnership we have with five, carefully selected schools, is now in its eighteenth year. We contributed a total of R2.9 million to the schools in 2020. These schools have produced a number of outstanding students, many of whom have gone on to obtain Nampak bursaries and subsequently were employed within the group. The bursary programme has been very successful with beneficiaries achieving a total of 10 distinctions amongst them.

Nampak provided temporary employment to 251 people in 2020 as part of its commitment to the YES4Youth initiative to which it contributed over R7 million in 2019.

Disposals and restructuring have resulted in a reduction in the funds available for corporate social investment and a full review of future strategy and focus areas for CSI will be undertaken to ensure that a meaningful difference can be made to a few select beneficiaries.

Social, ethics and transformation committee report continued

Enterprise development

Enterprise development is important in assisting 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 to a number of black owned suppliers aligned to its overall supplier diversity and inclusion strategy. These initiatives are being managed by the South African Supplier Diversity Council (SASDC) which is a non-profit organisation that works extensively with suppliers. Nampak supported several small businesses and scored the maximum 17 points for enterprise development.

Consumer and customer relationships

We 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. We endeavoured to maintain good relationships with our customers during the COVID-19 lockdown.

The environment

As one of the foremost packaging companies in Africa, we acknowledge the important role we have to play in protecting our environment. Some of our initiatives include:

- › carbon tax legislation;
- › participation in standards certification and audit programmes;
- › recycling initiatives;
- › water management; and
- › hazardous waste management protocols.

Nampak participates in most, if not all industry bodies, which promote recycling and sustainability. We are invested in Collect-A-Can (a recovery and recycling organisation), recovering 82.5% of scrap aluminium beverage cans, which is above a first-world performance. The increase in cash returns to the informal collector for recycling collection has also increased from 2c per can to 20c per can as a result of the conversion from steel to aluminium, resulting in approximately R600 million per annum being returned to the informal sector. Nampak is also actively working with its customers to assist in reducing the negative impact of various products on the environment.

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 the International Labour Organisation Protocol on decent work and working conditions.

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

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

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

	2020	2019	2018
Reports received	31	48	45
Disciplinary hearings	4	2	15
Dismissals	0	0	5
Forensic reviews	26	32	38
Disciplinary hearings	4	2	23
Dismissals	0	0	12

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

We considered and is satisfied with the progress in monitoring Nampak's compliance with its code of conduct and business ethics, the 10 principles of the United Nations Global Compact as well as the Organisation for Economic Co-operation and Development's recommendations regarding corruption. The committee also considered local jurisdictional issues and is satisfied that there was compliance in all respects. The committee is pleased to report that there were no reportable offences during the year.



CD Raphiri
Chairman

Social, ethics and transformation committee
30 November 2020



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

Shareholders' diary

at 30 September 2020

Further information

Annual general meeting

Tuesday, 9 February 2021

Interim statement and ordinary dividend announcement for the half-year ending 31 March 2021

May 2021

Group results and ordinary dividend announcement for the year ending 30 September 2021

November 2021

Dividend

Ordinary

Final dividend for the year ended 30 September 2020

No dividend declared

Interim dividend for the half-year ending 31 March 2021

To be paid in July 2021 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 53rd annual general meeting of Nampak Limited shareholders will be held on Tuesday, 9 February 2021 at 14:00 in the Luanda Boardroom, at Nampak House, Hampton Office Park, 20 Georgian Crescent East, Bryanston, 2191, South Africa.

The holders of Nampak Limited shares ("the shareholders") and any persons who are not shareholders but who are entitled to exercise any voting rights in relation to the resolutions to be proposed at the meeting as at the record date of Friday, 29 January 2021, (collectively the "holders" or "you"), are entitled to participate in and vote at the annual general meeting in person or by proxy/ies.

The board of directors of Nampak Limited ("the Board") has determined, in accordance with section 59 of the Companies Act, No. 71 of 2008 ("the Companies Act"), that the record date for purposes of determining which shareholders are entitled to receive this notice is Friday, 4 December 2020. The record date for persons to be recorded as shareholders in the securities register of the Company in order to be able to attend, participate and vote at the annual general meeting, is Friday, 29 January 2021. Accordingly, the last date to trade in order to be registered in the Company's securities register is Tuesday, 26 January 2021.

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

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

Presentation of annual financial statements and social and ethics report

1. Annual financial statements

The consolidated audited annual financial statements of the Company and of the Nampak Group, for the financial year ended 30 September 2020, together with the directors' report, the audit committee report and the report from the external auditors, are available and can be obtained from the Nampak website at www.nampak.com. Summarised annual financial statements are included with this notice of annual general meeting; and

2. Social and ethics report

The social and ethics report of the social, ethics and transformation committee for the financial year ended 30 September 2020, as required in terms of regulation 43(5)(c) of the Companies Regulations, 2011 ("the Regulations") is set out on page 75 of the integrated report.

Ordinary resolutions

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

3. Election of retiring directors

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

3.1 Ordinary resolution number 1 – re-election of KW Mzondeki

"RESOLVE THAT KW Mzondeki be and is hereby re-elected as director of the Company."

3.2 Ordinary resolution number 2 – re-election of CD Raphiri

"RESOLVE THAT CD Raphiri be and is hereby re-elected as 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 page 59 of the integrated report, distributed with this notice.

4. Election of new and retiring directors

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

4.1 Ordinary resolution number 3 – election of N Khan

"RESOLVE THAT N Khan be and is hereby elected as director of the Company."

Ms Khan was appointed as independent non-executive director with effect from 1 August 2020 to fill a vacancy on the board. It is the board's view that the election of the director referred to above would enable the Company to reliably maintain a mixture of diversity, experience and skills relevant to the Company and enable the Company to maintain a balance of executive, non-executive and independent directors on the Board.

A brief biography of the aforementioned director is included on page 58 of the integrated report, distributed with this notice.

5. Ordinary resolution number 4 – appointment of external auditors

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

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

"RESOLVE THAT Deloitte & Touche be and is hereby appointed as the Company's independent external auditor until the end of the next annual general meeting, and note that Mr Jurie de Kock will undertake the audit during the financial year ending 30 September 2021 as the individual registered auditor of Deloitte and Touche."

The audit and risk committee satisfied itself that Deloitte & Touche is qualified and independent of the group. Taking into consideration Deloitte's internal quality control procedures and the Independent Regulatory Board for Auditors' report on the firm, the committee concluded further that the quality and effectiveness of the external audit process remain satisfactory. It is also confirmed that none of the circumstances set out in section 90(6) of the Companies Act apply as at the date of the annual general meeting.

6. Appointment of members of the audit and risk committee

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

6.1 Ordinary resolution number 5 – appointment of N Khan

"RESOLVE THAT N Khan be and is hereby elected as member of the audit and risk committee of the Company, subject to her being elected as director in terms of ordinary resolution number 3, to hold office until the end of the next annual general meeting;"

6.2 Ordinary resolution number 6 – appointment of KW Mzondeki

"RESOLVE THAT KW Mzondeki be and is hereby elected as member of the audit and risk committee of the Company, subject to her being elected as director in terms of ordinary resolution number 1, to hold office until the end of the next annual general meeting;"

6.3 Ordinary resolution number 7 – appointment of SP Ridley

"RESOLVE THAT SP Ridley be and is hereby elected as member of the audit and risk committee of the Company to hold office until the end of the next annual general meeting; and"

6.4 Ordinary resolution number 8 – appointment of LJ Sennelo

"RESOLVE THAT LJ Sennelo be and is hereby elected as member of the audit and risk committee of the Company 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 Regulations¹, 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 58 and 59 of the integrated report, distributed with this notice.

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:

7. 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 62 to 74 of the Company's integrated report for the year ended 30 September 2020;" and

8. 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 62 to 74 of the Company's integrated report for the year ended 30 September 2020."

Reason for advisory endorsement

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

¹ Sections 94(4) and 94(5) of the Companies Act read with Regulation 42.

Notice of annual general meeting continued

Special resolutions

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

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

The holders are required to:

“RESOLVE THAT for the period commencing 1 October 2020 until this resolution is specifically replaced, the remuneration payable to non-executive directors of the Company for their services as directors is as below.

Reason and effect of special resolution number 1

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

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

10. Special resolution number 2 – general authority to repurchase Company shares

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

- (i) the number of shares acquired in any one financial year shall not exceed 10% (ten 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;

Proposed fees ¹

Rand (excl. of VAT)	Base fee per annum	Fee per meeting for attendance
Board/Committee ²		
Non-executive chairman ³	1 575 000	n/a
Non-executive director	214 400	22 600
Audit and risk committee chairman	177 300	42 300
Audit and risk committee member	105 700	19 100
Chairman of other Board committees	176 300	17 000
Member of other Board committees	87 500	9 900

¹ All fees remain unchanged from the prior year except for the chairman’s fee which decreased from R1 800 000 to R1 575 000.

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).

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 decreased by 13% on the prior year.

- (v) any repurchase may not be made at a price greater than 10% (ten per cent) above the weighted average of the market value of the shares for the 5 (five) business days immediately preceding the date on which the repurchase transaction is effected;
- (vi) the repurchase of shares may not be effected during a prohibited period, unless such repurchase is done in accordance with the Listings Requirements;
- (vii) the repurchase must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited);
- (viii) such details as may be required in terms of the Listings Requirements are announced when the Company or its subsidiaries have repurchased an aggregate of 3% (three per cent) of shares in issue at the time the authority is given;
- (ix) at any point in time, the Company may only appoint one agent to effect any repurchase(s) on its behalf;
- (x) the Board, by resolution, has authorised the repurchase and acknowledged that it has applied the solvency and liquidity test and reasonably concluded that the Company and its subsidiaries will satisfy the solvency and liquidity test immediately after the repurchase and subject to the Board reconsidering the solvency and liquidity test at the time of any repurchase and that since the test was performed there have been no material changes to the financial position of the group; and
- (xi) the general authority granted to the Board may be varied or revoked, by special resolution, at any time prior to the next annual general meeting of the Company."

Reason and effect of special resolution number 2

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 2020.

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.

For the purpose of considering special resolution number 2 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 (page 58 to 61 of the integrated report);
- (ii) Major shareholders as at 30 September 2020 (page 98 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 2020 and the date of this notice;
- (iv) Directors' interests in securities (pages 17 of the annual financial statements);
- (v) Share capital of the Company as at 30 September 2020 (pages 15 of the annual financial statements);
- (vi) The Company is not party to any material litigation nor is it aware of any pending material litigation to which it may become a party.

The directors whose names appear on pages 58 and 59 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.

Notice of annual general meeting continued

11. Special resolution number 3 – Company acquiring the Company's shares from a director or prescribed officer

“RESOLVE THAT, when any general repurchase by the Company of its shares takes place in accordance with special resolution number 2, the Board is authorised, as required by section 48(8)(a) of the Companies Act, to approve the purchase by the Company of its issued shares from a director and/or a prescribed officer of the Company, and/or person related to a director or prescribed officer of the Company, subject to the provisions of the MOI, the Companies Act, and the Listings Requirements.”

Reason and effect of special resolution number 3

This resolution is proposed in order to enable the Board, from the date of passing of this special resolution until the date of the next annual general meeting of the Company, (such resolution not to be valid for a period greater than 15 (fifteen) months from the date of the passing of this special resolution number), to approve the acquisition by the Company of its shares from a director and/or a prescribed officer of the Company, and/or a person related to any of them when a general repurchase by the Company of the Company's shares takes place in accordance with special resolution number 2.

Section 48(8)(a) of the Companies Act provides, amongst others, that a decision by the Board to acquire shares of the Company from a director or prescribed officer of the Company, or a person related to a director or prescribed officer of the Company, must be approved by a special resolution of the shareholders of the Company. When a general repurchase by the Company of the Company's shares takes place in accordance with special resolution number 2, the Company may inadvertently acquire shares from a director and/or a prescribed officer of the Company, and/or a person related to a director or prescribed officer of the Company and such repurchase must, in terms of the Companies Act, be approved by a special resolution of the shareholders.

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

The Board has no specific intention of acquiring shares from a director and/or a prescribed officer of the Company, and/or any person related to them. The authority is intended to provide for instances where shares are inadvertently acquired from directors and/or prescribed officers and/or persons related to any of them during the execution of a general share repurchase programme in accordance with the authority provided for in special resolution number 2 above.

By order of the Board

IH van Lochem

Company secretary

15 December 2020

Nampak Limited

Nampak House
Hampton Office Park
20 Georgian Crescent East
Bryanston, Sandton, 2191
Republic of South Africa

Notes to the notice of annual general meeting

Identification, voting and proxies

1. Shareholders holding dematerialised shares in their own name, and who are unable to attend the annual general meeting and wish to be represented thereat, must complete the attached form of proxy in accordance with the instructions therein and lodge it with the share registrar, being Computershare Investor Services (Pty) Ltd, whose details are contained on page 88.
2. In compliance with the provisions of section 58(8)(b) (i) of the Companies Act, a summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Companies Act, is set out below:
 - (i) A shareholder entitled to attend and vote at the annual general meeting may appoint one or more individuals, who need not be shareholders of the Company, concurrently as proxies and may appoint more than one proxy to attend, participate in and exercise voting rights attached to different securities held by such shareholder.
 - (ii) A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid until the end of the meeting.
 - (iii) A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.
 - (iv) The appointment of a proxy is suspended at any time, and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.
 - (v) The appointment of a proxy is revocable by the shareholder in question cancelling it in writing and delivering a copy of the revocation instrument to the proxy and to the Company before the proxy exercises any rights of the shareholder at the annual general meeting on Tuesday, 9 February 2021 at 14:00 or any adjournment thereof. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of: (a) the date stated in the revocation instrument, if any and (b) the date on which the revocation instrument is delivered to the Company as required in the first sentence of this paragraph.
 - (vi) If the instrument appointing the proxy has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the MOI to be delivered by the Company to the shareholder, must be delivered by the Company to: (a) the shareholder or (b) the proxy, if the shareholder has: (i) directed the Company to do so in writing and (ii) paid any reasonable fee charged by the Company for doing so.
 - (vii) Attention is also drawn to the notes to the form of proxy. The completion of a form of proxy does not preclude any shareholder from attending the annual general meeting.
3. In terms of section 63(1) of the Companies Act, before any person attends or participates in the annual general meeting, that person must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of that person to participate in and vote (whether as a shareholder or as a proxy) has been reasonably verified. Without limiting the generality hereof, the Company will accept a valid South African identity document, a valid driver's licence or a valid passport as satisfactory identification.
4. In accordance with the MOI, voting shall be by ballot only.
5. Shareholders holding dematerialised shares, but not in their own name, must furnish their Central Securities Depository Participant ("CSDP") or broker with their instructions for voting at the annual general meeting. If your CSDP or broker, as the case may be, does not obtain instructions from you, it will be obliged to act in accordance with the agreed default position or your most recent mandate furnished to it.
6. If you wish to attend the annual general meeting or send a proxy, you must request your CSDP or broker to issue the necessary letter of authority to you.
7. 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.
8. 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.
9. Registration for those attending the meeting physically will be available from two hours before the meeting and we request that you or your proxy/ies register by not later than 15 minutes before the start of the annual general meeting.
10. 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.

Notes to the notice of annual general meeting continued

Electronic communication

11. In accordance with sections 61(10) and 63(3) of the Companies Act, you or your proxy/ies, may participate in the annual general meeting by electronic means. Facilities will be available for this purpose, and may be accessed at your cost, for the duration of the annual general meeting, subject to the arrangements in respect of identification and practicality as referred to below:
- (i) In order for Nampak to arrange electronic participation, holders must deliver written notice to Computershare Investor Services (Pty) Ltd by 14:00 on Friday, 5 February 2021 to indicate that they wish to participate by means of electronic communication at the annual general meeting.
 - (ii) The written notice referred to above must contain:
 - › a certified copy of your or your proxy's/ies' South African identity document/s or passport if you or your proxy/ies is an individual;
 - › a certified copy of a resolution or letter of representation/proxy given by you if you are a company or other juristic person and a certified copy of the identity documents or passports of the persons who passed the relevant resolution. The authorising resolution must set out who is authorised to represent you at the annual general meeting by means of electronic participation if you are a company or other juristic person; and
 - › your valid e-mail address and/or telephone number.
 - (iii) The Company shall notify you, if you have delivered a valid written notice, by no later than 24 (twenty four) hours before the annual general meeting of the relevant method of electronic participation as well as the passcode through which you or your proxy/ies can participate via the electronic facilities and of the process for participation.
12. Voting while participating in the annual general meeting by way of electronic communication, will not be possible via electronic facilities and shareholders wishing to vote their shares will need to be represented at the meeting either in person, by proxy or by letter of representation, as provided for in the notice of the meeting.
13. Should you or your proxy/ies wish to participate in the annual general meeting by way of electronic communication as aforesaid, you or your proxy/ies, will be required to connect with the details provided by the Company as referred to above by not later than 15 minutes prior to the commencement of the annual general meeting, during which time registration will take place.

Form of proxy

For the 53rd annual general meeting

Nampak Limited ("Nampak" or "the Company")

Incorporated in the Republic of South Africa | Registration number: 1968/008070/06 | Share code: NPK | ISIN: ZAE000071676

Shareholders are advised that the Company has appointed Computershare Investor Services (Pty) Ltd as its proxy solicitation agent. If you are a Nampak shareholder entitled to attend and vote at the annual general meeting you can appoint a proxy to attend, participate in, speak and vote in your stead. You must complete and return this form of proxy, in accordance with the instructions contained herein, to Computershare Investor Services (Pty) Ltd, to be received by them on or before 14:00 on Friday, 5 February 2021 or alternatively the form of proxy can be handed in before the relevant resolution on which the proxy is to vote, is considered at the annual general meeting.

If you are a Nampak shareholder and have dematerialised your share certificate through a CSDP (and have **not** selected "own name" registration in the sub-register maintained by a CSDP), **do not** complete this form of proxy but instruct your CSDP to issue you with the necessary letter of representation to attend the annual general meeting, or if you do not wish to attend, provide your CSDP with your voting instructions in terms of your custody agreement entered into with them.

I/We _____ (full names in BLOCK LETTERS please)

of (address) _____

telephone (work) _____ (home) _____ cellphone number _____

email address _____ being the holder(s) of _____ shares in the Company, hereby appoint (see note 2):

1. _____ or failing him/her
2. the chairman of the meeting as my/our proxy to attend, participate in and speak and, on a poll, to vote or abstain from voting on my/our behalf at the annual general meeting of the Company to be held in the Luanda Boardroom, at Nampak House, Hampton Office Park, 20 Georgian Crescent East, Bryanston, 2191, South Africa on Tuesday, 9 February 2021 at 14:00 or at any adjournment thereof as follows:

Insert an "x" or the number of voting rights held in the Company (see note 3)	Number of voting rights		
	For	Against	Abstain
3. To elect, by way of separate vote, the following directors retiring in terms of clause 29.1 of the MOI:			
3.1 KW Mzondeki			
3.2 CD Raphiri			
4. To elect, by way of separate vote, the following director who was appointed by the board after the previous annual general meeting in terms of clause 28.3 of the MOI:			
4.1 N Khan			
5. To appoint Deloitte & Touche to act as independent auditor of the Company until the end of the next annual general meeting			
6. To elect, by way of separate vote, each of the members of the audit and risk committee:			
6.1 N Khan			
6.2 KW Mzondeki			
6.3 SP Ridley			
6.4 LJ Sennelo			
7. To endorse, on a non-binding advisory basis, the Company's remuneration policy			
8. To endorse, on a non-binding advisory basis, the implementation report of the Company's remuneration policy			
9. Special resolution number 1: to approve the remuneration payable to the non-executive directors			
10. Special resolution number 2: to authorise the Board to approve the general repurchase of the Company's ordinary shares			
11. Special resolution number 3: to approve the purchase by the Company of its issued shares from a director and/or prescribed officer, in the event it conducts a general repurchase of the Company's shares			

My/our proxy/ies may (subject to any restriction set out herein)/may not delegate the proxies authority to act on behalf of me/us to another person (delete as appropriate). This form of proxy will lapse and cease to be of force and effect immediately after the annual general meeting of the Company to be held in the Luanda Boardroom, at Nampak House, Hampton Office Park, 20 Georgian Crescent East, Bryanston, 2191, South Africa on Tuesday, 9 February 2021 at 14:00 or any adjournment(s) thereof, unless it is revoked earlier.

Signed at _____ on _____ 20_____

Signature _____

To be lodged with:

Computershare Investor Services (Pty) Ltd
Private Bag X9000, Saxonwold, 2132
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

Shareholder hotline:

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

Notes to form of proxy

1. Each holder entitled to attend and vote at the meeting is entitled to appoint one or more proxies (none of whom need be a shareholder of the Company) to attend, participate in, speak and vote or abstain from voting in the place of that holder at the meeting.
2. A holder may insert the name of a proxy, or alternative proxies of the holder's choice in the space provided, with or without deleting the words "the chairman of the meeting". Any such deletion must be initialled by the holder. The person whose name appears first on this form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A holder's instructions to the proxy must be indicated by the insertion of an "X" or the insertion of the relevant percentage of voting rights exercisable by that holder in the appropriate space provided. If you fail to comply with the above, you would be deemed to have authorised the proxy to vote or abstain from voting at the meeting, as he deems fit, in respect of all the holder's voting rights exercisable thereat, but where the proxy is the chairman, failure to comply will be deemed to authorise the proxy to vote in favour of the resolution.
4. A holder or his proxy is not obliged to use all the voting rights exercisable by the holder or by his proxy, but the total of the voting rights cast and in respect whereof abstention is recorded, may not exceed the total of the voting rights exercisable by the holder or by his proxy.
5. A holder's authorisation to the proxy, including the chairman of the meeting, to vote on his or her behalf, shall be deemed to include the authority to vote on procedural matters at the meeting.
6. The completion and lodging of this form of proxy will not preclude the holder from attending, participating in, and voting in person at the meeting to the exclusion of any proxy appointed in terms hereof, should such holder wish to do so.
7. In case of joint holders, the vote of the most senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders, for which purpose seniority will be determined by the order in which the names appear on the Company's register of shareholders in respect of the joint holding.
8. Proxy appointments must be in writing, dated and signed by the holder. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy. Without limiting the generality hereof, the Company will accept a valid identity document, a valid driver's licence or a valid passport as satisfactory identification.
9. Any alteration or correction to this form of proxy must be initialled by the signatory/ies.
10. A holder may revoke the proxy appointment by cancelling it in writing and delivering a copy of the revocation instrument to the proxy/ies and to the Company, to be received before the proxy exercises any rights of the holder at the annual general meeting on Tuesday, 9 February 2021 at 14:00 or adjournment thereof.
11. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's/proxies' authority to act on behalf of the shareholder as of the later of (i) the date stated in the revocation instrument, if any; or (ii) the date on which the revocation instrument was delivered as required in note 10 above.
12. Please note that the reason why holders are asked to send in their form of proxy before the meeting is because the scrutineers must consider each proxy to determine whether it is validly given and whether the voting rights have been correctly inserted. Significant delays could be caused at the annual general meeting if these checks have to be carried out by the scrutineers while the annual general meeting is in progress.
13. Forms of proxy must be dated and signed and submitted to a representative of Computershare Investor Services (Pty) Ltd by no later than 14:00 on Friday, 5 February 2021, or may be presented to a representative of Computershare Investor Services (Pty) Ltd in the Luanda Boardroom, at Nampak House, Hampton Office Park, 20 Georgian Crescent East, Bryanston, 2191, South Africa on Tuesday, 9 February 2021 or can be handed in before the relevant resolution on which the proxy is to vote, is considered at the annual general meeting.

Glossary of terms

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

EBITDA

Earnings before interest, taxation, depreciation and amortisation

EPS

Earnings per share

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

HRD

Human resources director

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

KPI

Key performance indicator

LTI

Long-term incentive

LTIFR

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

MTI

Medium-term incentive

NAFEX

Nigerian Autonomous Foreign Exchange Rate

NIL

Nampak International Limited

OHSAS

Occupational Health and Safety Assessment Series

PET

Polyethylene terephthalate

POPIA

Protection of Personal Information Act

PRMA

Post-retirement medical aid

PRO

Producer responsibility organisations

PSP

Performance share plan

R&D

Research and development

RBZ

Reserve Bank of Zimbabwe

rHDPE

Recycled HDPE

ROE

Return on equity

RONA

Return on net assets

rPET

Recycled PET

SAP

Share appreciation plan

SDG

United Nations' Sustainable Development Goals

SKU

Stock-keeping unit

STI

Short-term incentive

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

Company Secretary

Ilse van Lochem

T +27 11 719 6327

E Ilse.vanlochem@nampak.com

Sponsor

UBS South Africa (Pty) Ltd

64 Wierda Road East
Sandton, 2196, South Africa

PO Box 652863, Benmore, 2010

T +27 11 322 7000

F +27 11 784 8280

Share registrar

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Rosebank Towers
15 Biermann Avenue, Rosebank, 2196
Private Bag X9000, Saxonwold, 2132

T +27 11 370 5000

F +27 11 688 5200

Shareholder hotline

T +27 11 373 0033

Smart number +27 80 000 6497

F +27 11 688 5217

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