



Nampak
packaging excellence



Integrated Report
for the year ended
30 September 2022

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

Our vision

To provide world-class packaging throughout our chosen markets.

Our mission and purpose

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

Our values



Safety



Excellence



Responsibility



Teamwork



Integrity

Performing against the odds

In 2022, most Nampak operations performed safely and well, sustaining the excellent customer service for which we are synonymous.

We experienced some operational headwinds and it would have been easy to become distracted by them, but our focus was to identify and leverage the tailwinds, and maximise growth opportunities.

We consider all of the 17 Sustainable Development Goals, but we specifically focus on goals 3, 5, 8, 9, 12 and 13



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

Contents

Our suite of reports



IR
Integrated
Report



SR
Sustainability
Report



AFS
Annual Financial
Statements



RR
Remuneration
Report



All are available on our website: nampak.com

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 may assist us in doing so. Please contact teboho.lempe@nampak.com

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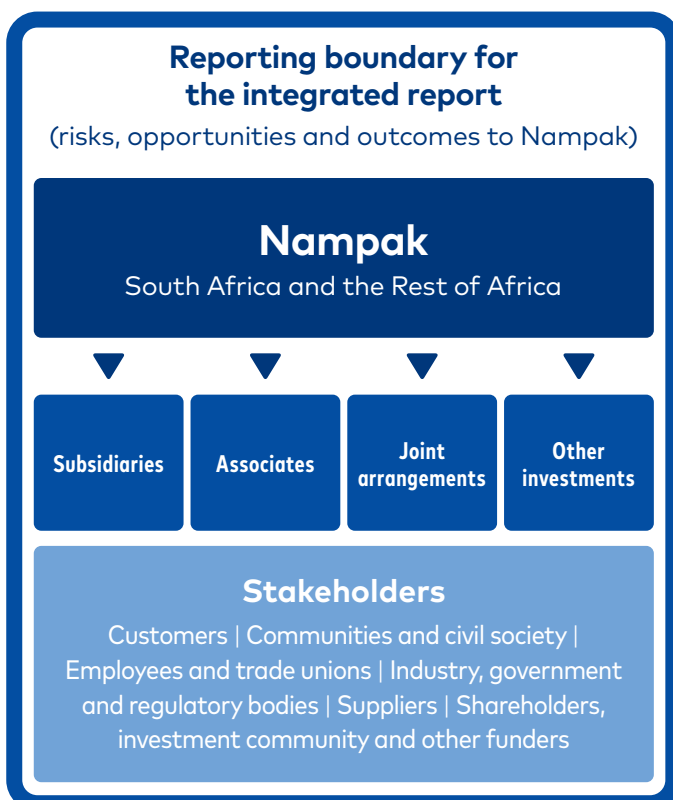
About our report

Our integrated report's primary purpose is to communicate to all stakeholders. It is also a vital means of explaining our business to providers of financial capital in accordance with the Integrated Reporting Framework. It aims to assist our stakeholders in making an informed assessment of our performance, prospects and impacts.

The **process to prepare** our report includes consulting with the Integrated Reporting Committee of South Africa; interviews with executives on their areas of responsibility; and numerous discussions throughout the year, in particular during the budget and strategic planning processes.

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

Scope and boundary



Financial information

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 including:

- › The Integrated Reporting Framework
- › The FTSE/JSE Responsible Investment Index Series
- › GRI, SASB and CDP standards
- › JSE Sustainability and Climate Change Disclosure Guidance
- › JSE Listings Requirements
- › The Companies Act, No 71 of 2008
- › The King IV™ Report on Corporate Governance for South Africa (King IV™*)

Reporting period

This report covers the period from 1 October 2021 to 30 September 2022. Significant events, if any, after year end and before the approval date of this report, are also included.

Operating businesses

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

Changes in reporting and enhancements

GHG emissions now reported according to GHG protocol operational control boundary setting method (previously equity share method). Greater integration and cross referencing of the content elements throughout the report. Inclusion of comparable figures in all infographics.

Internal control and assurance

The board, supported by the audit and risk committee, ensures an effective control environment which supports the integrity of our information. Our systems of internal control are designed to provide reasonable assurance against material misstatement. We assessed our controls in 2022 to be adequate and effective through the confirmation of management and reports from internal and external auditors.

Materiality

We apply the principle of materiality in assessing this report's content and only include those items (see page 14) that have or may have a significant impact on our ability to deliver on our **strategy**, create stakeholder value and affect the group's sustainability. The board discusses and agrees those items it considers to be material for Nampak's future. The determination of materiality is informed by key **stakeholder** matters; **risks and opportunities**; and the availability of and impact on the **six capitals** over three time horizons.

Our strategy



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.

Our material issues



What the capitals mean to us

Human capital

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

Manufactured capital

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

Intellectual capital

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

Financial capital

Equity financing, debt funding, cash generated by operations and — where appropriate — proceeds from disposals to sustain and grow our business.

Social capital

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

Natural capital

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

Approval by the board

Nampak's board of directors acknowledges its responsibility for ensuring the integrity of the integrated report. In the opinion of directors, the 2022 integrated report addresses all material issues, fairly represents Nampak's performance and is presented in accordance with the Integrated Reporting Framework and King IV™*. The board believes the report adequately captures Nampak's strategy and aspiration to create value and confirms that Nampak is in compliance with the provisions of the Companies Act relating to its incorporation and is operating in conformity with its Memorandum of Incorporation.



Peter Surgy
Chairman



Erik Smuts
CEO



Glenn Fullerton
CFO


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2 December 2022

This is Nampak

Nampak is one of Africa's leading packaging companies. With manufacturing facilities in 10 countries, we supply trusted products and excellent service to a broad range of customers. We are a publicly owned entity whose shares have been listed on the Johannesburg Stock Exchange for 53 years.

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



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

Choose **CANS**

Our world-class **R&D facility** provides a key competitive advantage. It assists our factories in becoming more efficient and helps our customers protect the value of their brands by ensuring the safety of their products. It also helps them develop more environmentally friendly packaging and provides them with reliable and innovative packaging best suited to their needs.

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

Our business is focused on producing aluminium and tinplate cans, plastic bottles, crates and drums, closures and on paper cartons and boxes.

Trust is fundamental to all our actions and underpins our **social capital**. In our work to create value, we rely on many different stakeholders, and are active members and participants of numerous organisations and programmes, among them:

- › MetPac-SA
- › Collect-a-Can
- › SA Plastics Pact
- › PETCO, PolycO
- › The Fibre Circle
- › YES4Youth
- › Manufacturing Circle
- › Science Based Targets initiative
- › Integrated Reporting Committee of South Africa

Key metrics at year-end

Our market capitalisation

R1.3bn (R2.3bn)

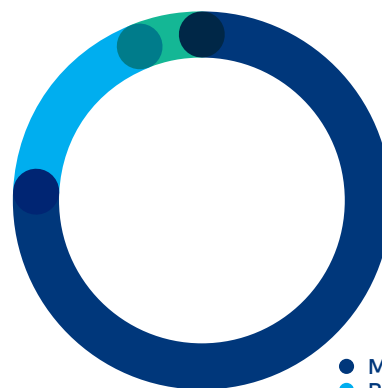
Our turnover

R16.9bn (R14.0bn)

Our assets

R17.9bn (R15.9bn)

Our revenue by substrate (%)

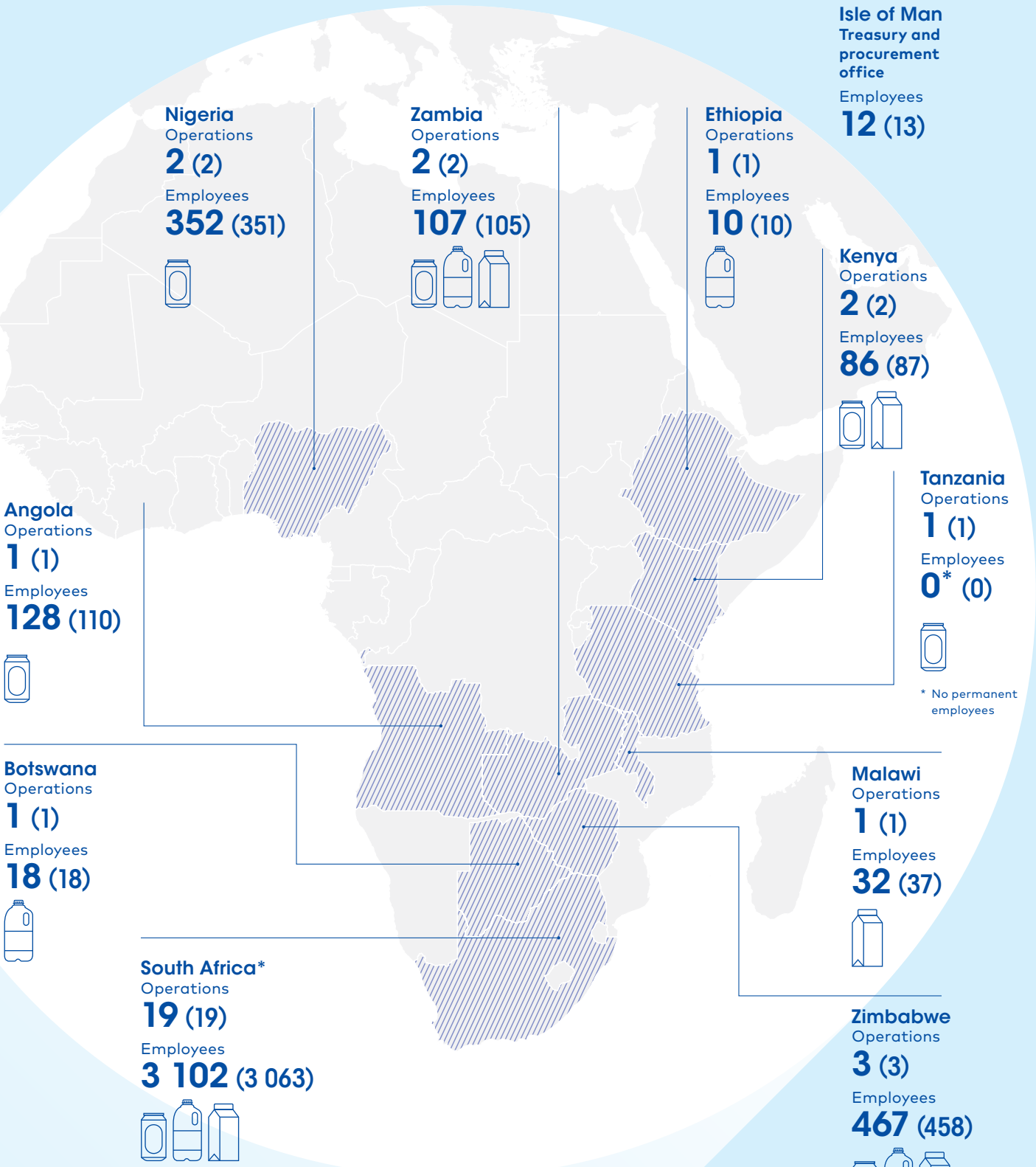


Our revenue by geography (%)



Numbers in brackets refer to prior year

Our presence



Isle of Man
Treasury and
procurement
office

Employees
12 (13)

Tanzania
Operations
1 (1)
Employees
0* (0)

* No permanent employees

Key



Metals



Plastic



Paper

10
Countries
(10)

4 314
Employees
(4 252)

33
Manufacturing
operations
(33)

A snapshot of our performance

We increased revenue, but operating profit was impacted by impairments, foreign exchange losses and an investment in working capital amid high commodity prices and high interest rates.

For providers of financial capital

Revenue up 21% to
R16.9bn

Trading profit up 13% to
R1.6bn

Forex losses from Nigeria and Angola
R546m up 122%

Operating profit down 31% to
R640m

Cash generated from operations before working capital changes of
R1.5bn down 11%

HEPS down 42%
35.9cps (62.3cps)

EBITDA for covenants up 12% to
R1.9bn (R1.7bn)

Net debt:EBITDA
2.85 times (2.74)

EBITDA interest cover
3.94 times (4.79)

No dividend declared

Relevant SDG



For employees

Wages and salaries paid
R2.1bn (R2.3bn)

Investment in employee skills development
R36m (R32m)

Bursaries sponsored
13 (14)

Safety measure — LTIFR
0.27 (0.27)

For our environment

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

Released emissions through our manufacturing processes:

Scope 1 & 2 GHG emissions intensity (tCO₂e/net revenue)
17.6 (20.7)

Scope 1 & 2 GHG energy intensity (vs total GHG)
79% (80%)

Relevant SDGs



For society

B-BBEE contributor
Level 2 (Level 2)

Black female representation among non-executive directors
50% (50%)

Black female representation at management level
27% (26%)

Income taxes paid
R170m (R152m)

Increased financial support of hospices

Relevant SDGs



Our operating context

The environment in which we operate influences the development of our strategy and its delivery (page 10). It affects our efforts to create and preserve value and support the SDGs (page IFC). It impacts our risks and shapes our opportunities (page 22). It is clearly linked to the material issues we identify (page 14). The outlook for our operating context is therefore key to our sustainable profitability (page 10).

High and volatile commodity prices

What's happening:

Russia's invasion of Ukraine in February 2022 led to a sharp rise in the price of many commodities and heightened price volatility throughout the year. The extent and duration of the conflict, and the continuing repercussions of the Russia/Ukraine war are unpredictable.

In our 2022 financial year, aluminium prices started at around US\$2 800/tonne, peaked at US\$4 000 in February 2022 and then declined to \$2 180 at the end of September 2022. Steel prices also shot up. This increased net interest paid, the cost of our raw materials, absorbed working capital and made forecasting difficult.

Brent crude oil rose from around US\$80/bbl in October 2021 to above US\$130/bbl in March 2022, and ended the year at around US\$88/bbl. The price of wheat and maize — a staple throughout our markets — rose by almost 50% after the start of the war, affecting consumers' disposable incomes.

Our actions:

- › Even though we have agreements in place with customers to pass through steep commodity price rises on a regular basis, we were unable to recover the incremental cost of funding the higher working capital.

The outlook:

- › Even though the price of aluminium and some other commodities has started to come down, the rand's depreciation means that rand-based costs have not decreased significantly, nor are they expected to. Although the price of cereals has declined recently, exceptionally hot and dry weather conditions in Europe will translate into lower maize yields there, dampening any dramatic decline in prices. The oil price is expected to moderate in 2023, but any further supply disruptions could lift prices.

Link to strategy



Relevant SDGs



Link to material issues



Related risks (see page 24)



Forex volatility and availability

What's happening:

As a company with a large presence outside our home territory, volatility in the translated rand value of earnings from the Rest of Africa operations impacts our financial performance. A lack of market liquidity holds up the repatriation of cash, results in forex losses, constrains purchases of imported raw materials as well as our ability to invest in growth opportunities and pay down debt. In 2022, US dollar availability in Nigeria was particularly constrained. The difference between the spot rate for the naira and the effective average rate at which we extracted earnings grew substantially. The Zimbabwean currency depreciated sharply in a hyperinflationary economy.

We recorded a R606m forex loss associated with the Nigerian naira, partly offset by a R60m gain from the Angolan kwanza.

Our actions:

- › Managed US dollar component of debt at 42% (41%) despite weaker rand/dollar exchange rate.
- › Transferred R1 688m from Nigeria and R717m from Angola.
- › Ensured that customers provided US dollar funding for raw materials in certain territories.
- › Maintained the expected credit loss ratio of 90% for the US\$67m hedge we agreed with the Reserve Bank of Zimbabwe (RBZ) in 2019. \$4m of the amount due by RBZ was paid in 2021. No further payment in 2022.

The outlook:

- › Currency volatility will continue to affect financial results, as will the availability of US dollars in Nigeria, Angola and Zimbabwe. In Angola we expect the availability of foreign exchange to tighten in 2023. We will continue to pursue the payments from the RBZ related to the hedge agreed in 2019 for payment over five years after an initial two-year payment holiday. The general election in Nigeria in February 2023 may provide some direction to the stability of the naira.

Link to strategy



Relevant SDGs



Link to material issues



Related risks (see page 23)



Supply chain disruptions

What's happening:

Across the world, supply chains are still affected by backlogs caused by the pandemic, the war in Ukraine and disruptions to shipping. The cost of shipping, which transports 90% of the world's goods, spiralled in 2021 before starting to ease in 2022. Delivery lead times lengthened. In South Africa, floods in KwaZulu-Natal disrupted transport infrastructure.

Strikes at customers and some logistics firms also disrupted supply chains. In the Rest of Africa, limited foreign exchange availability challenged the procurement of imported material and resulted in forex losses. In Angola, border closures hindered exports of our customers' products to the DRC.

Our actions:

- › To continue to offer customers security of supply amid supply chain disruptions, we increased our stock holdings. At elevated commodity prices and higher interest rates, these inventories came at a higher cost and adversely impacted working capital with resultant increases in the net interest cost.

The outlook:

- › The Transnet strike in the first month of our new financial year seriously impacted the movement of our supplies and of our finished goods. Disruptions across the world are forecast to ease somewhat, however this will take some time.
- › Extreme weather will likely continue to lead to disruptions. Supply chains will be pressured to become more sustainable and adopt green energy. There will be greater focus on in-country supply.

Link to strategy



Link to material issues



Relevant SDGs



Related risks (see page 24)



Improving our sustainability

What's happening:

There is an increasing onus on companies to address climate change and other ESG issues. Investors are demanding greater reporting on these matters and companies are focusing more on their contribution to sustainable societies through promoting human rights, gender equality and sound governance.

Brand owners need packaging that safely preserves the contents, extends shelf life, offers convenience, is lighter, reduces waste and builds brand loyalty. Society is being urged to prevent the thoughtless discarding of single-use plastics.

Consumer buying habits are evolving. In more developed markets, recyclable packaging products and those from renewable sources are gaining favour. In our Rest of Africa markets, consumers focus mostly on cost-effective packaging.

Worldwide, there is a trend by soft drinks manufacturers to move out of single-use plastic packaging and into aluminium cans. In South Africa, the industry has defied this trend, instead increasing its use of returnable plastic for packaging. Growth in sales of long-life milk in cartons continues to exceed that of fresh milk in plastic bottles.

Our actions:

- › We are improving our environmental reporting by developing an ESG policy and environmental steering committee mandated by the social, ethics and transformation committee.
- › We have established environmental steering committees at each of our South African divisions.
- › We increasingly engage with ESG investors and prioritise actions to support delivery on the SDGs.
- › We direct and manage our business in compliance with applicable laws, rules, codes and standards.
- › In setting our strategy, the board takes account of the short-, medium- and long-term impact on the economy, society, the environment and all stakeholders. We oversee and monitor how our activities reflect our status as an ethical, responsible corporate citizen.
- › The safety of our employees in the workplace is key.
- › We have aligned and linked more executive KPIs and remuneration to our ESG performance.
- › We continue to light-weight our products, saving on raw materials and the fuel to transport them.
- › We support the manufacture of packaging that is re-usable and has increased recycled content.
- › We leverage our R&D capabilities to offer customers environmentally friendly packaging, including:
 - › aluminium beverage cans, which are infinitely recyclable, lightweight and valuable to recyclers;
 - › paper cartons, with a GHG emission profile half those of PET and HDPE bottles, and whose content is mostly from renewable resources — trees — which absorb CO₂.
- › In 2022 we developed our lightest weight PET plastic bottle yet.
- › Committed to the Science Based Targets initiative.
- › Through MetPac-SA, we aim to establish the metal packaging industry as a valuable contributor to sustainable development principles by investing the recovery and re-use of post-consumer metal packaging.
- › As a signatory to the SA Plastics Pact and as members of Polyco and PETCO, we support the creation of a circular economy for plastics packaging in South Africa.
- › Through the Fibre Circle, we manage the environmental impact of paper packaging in South Africa.
- › We track our scope 1 and 2 GHG emissions and seek to minimise them. We are developing our scope 3 GHG emissions inventory.
- › Our thermal processing specialists assist customers in ensuring a safe time and temperature combination for packaging food, thus reducing food waste.

The outlook:

- › Global efforts to transition toward a lower-carbon economy will accelerate, as will demands that suppliers support their customers' decarbonisation plans. We are working to reduce our environmental impact and are developing our approach to Net Zero. We support renewable energy developments in South Africa and the opportunity for independent power generation. We will continue to prioritise the manufacture of products with reduced impact.
- › In 2023, we will launch our family of the lightest weight PET bottles yet, which we have developed in-house. Over time, we expect that soft drinks producers in South Africa will not be able to resist the trend towards greater aluminium rather than plastic packaging. The move towards liquid cartons made from paper is expected to accelerate.

Link to strategy



Relevant SDGs



Link to material issues



Related risks (see page 26)



Our strategic performance

Strategic building blocks



Reduce risk

1



Strengthen capital structure

2



Simplification



Grow profits

3



Optimisation

4



Innovation and growth

How we rate our performance

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

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

In the dynamic environment in which we operate (page 07), the board continuously reviews our strategy, while assessing and approving divisional strategy updates and refinements proposed by the group executive. We test the robustness of our strategy against both the risks and opportunities in our markets (page 22), considering the material issues identified. We ensure strategic delivery by incentivising management to meet targets linked to their remuneration (page 76).

All eight executives (pages 64 and 65) are responsible to varying degrees for delivery against the targets of the executive incentive plan. The weightings reflect the level of responsibility in each executive's balanced scorecard.

Strengthen capital structure (short to medium term)

What this means

Achieve or exceed EBITDA for banking purposes

Address all debt being classified as short-term at 30 September 2022

Realign covenant threshold levels at 30 September 2022 and for the 2023 financial year to more appropriate levels

Address capital structure

Secure term sheets to refinance group to support rights issue

Prudently manage capital expenditure

Rationalise portfolio – business, products and operations

How we did in 2022

EBITDA for banking covenant purposes exceeded budget. Covenants complied with.

Net debt:EBITDA covenant relaxed from 3.5 times until 31 March 2023 reducing to 3.0 times once proceeds from rights issue are received and used to repay net interest-bearing debt. EBITDA interest cover ratio threshold relaxed from minimum of 4.0 times to 3.0 times from 30 September until 31 December 2023.

Obtained extension of maturity date for RCF and term loan funding from 1 April 2023 and 25 September 2023 to 31 December 2023.

Significant progress has been made with advisors in preparing required documentation for an extraordinary general meeting of shareholders in January 2023 to pave the way for a rights issue that is required to raise net proceeds of R1 350 million to be used to repay net interest-bearing debt.

Capital expenditure of R208 million reduced by R105 million.

Strategic reviews performed and where appropriate plans developed to address non-performing operations and rationalise product offerings. Continued focus placed on possible asset disposals but given current market conditions the group was not able to dispose of these identified assets at fair value. Relaxations negotiated with lenders for timing of debt reduction.

Link to targets of executive incentive plan

- EBITDA for banking covenant purposes
- Requirement to manage group within banking covenants
- Debt reduction aligned to lender agreements.
- Capital structure optimisation





Relevant risk (see page 23)

1 2 3

Relevant material issue





Simplification (short to medium term)

What this means	How we did in 2022	Link to targets of executive incentive plan
<p>Rationalise portfolio – business, products and operations</p> <p>Reduce operational complexity</p> <p>Reduce reliance on commodity-dependent economies</p>	<p>We were unable to secure disposals at fair value for the assets we had identified for sale.</p> <p>Made significant progress in renegotiating the sale of the Tubes business, which was delayed from 2021.</p>	<ul style="list-style-type: none"> ● Capital structure optimisation ● EBITDA for banking covenant purposes ● Debt reduction aligned to lender agreements
	<p>Relevant risk (see page 25)</p> <p>1 2 4</p>	<p>Relevant material issue</p> 

Optimisation (short to medium term)

What this means	How we did in 2022	Link to targets of executive incentive plan
<p>Reduce operational complexity</p> <p>Process innovation</p> <p>Review product offering and terms</p> <p>Improve operational efficiency</p> <p>Drive sustainability</p> <p>Safety</p>	<p>Operational review performed and where possible complexity reduced.</p> <p>Commissioned the newly converted Angolan aluminium beverage can line.</p> <p>Negotiations held with key raw material suppliers and customers to attempt to rebalance structural imbalance in working capital cycle which yielded some success. Further progress required.</p> <p>Improvements were noted in the beverage can operations with a stable performance from Paper and some improvements reported in Plastic. DivFood remains challenging and requires significant improvement.</p> <p>Developed an ESG policy and established group and divisional environmental committees.</p> <p>Signed up to the SBTi.</p> <p>Maintained LTIFR of 0.27.</p>	<ul style="list-style-type: none"> ● EBITDA for banking covenant purposes ● Environmental metrics ● Safety metrics ● Debt reduction aligned to lender agreements
	<p>Relevant risk (see page 25)</p> <p>4 5 6 8</p>	<p>Relevant material issue</p> 

Innovation and growth (medium to long term)

What this means	How we did in 2022	Link to targets of executive incentive plan
<p>Geographical diversification</p> <p>Exploit niche market segments</p> <p>Product/service offering innovation</p>	<p>Agreed to dissolve the Elopak Africa joint venture.</p> <p>Considered growth options in new territories, but these were not pursued because of capital constraints.</p> <p>Was unsuccessful in winning back significant customer for DivFood.</p> <p>Increased production volumes at Bevcan South Africa.</p> <p>Developed new lightweight PET bottle with environmental and cost benefits.</p>	<ul style="list-style-type: none"> ● Divisional/functional initiatives ● Improve operational efficiency and reduce spoilage ● EBITDA for banking covenant purposes ● HEPS
	<p>Relevant risk (see page 25)</p> <p>2 7</p>	<p>Relevant material issue</p> 

















Transforming the capitals through our business model

Material issues (see pages 14 to 17)







Addressing our capital and financing structure

Key inputs

Actions and trade-offs

<p> Human capital</p> <p>R2.1bn in salaries (R2.3bn). 133 apprenticeships (122). 4 314 employees (4 252). 13 bursaries (14). R36m in employee development (R32m).</p>	<p>SDG</p> <p> </p>
<p> Manufactured capital</p> <p>Polymer resin, aluminium plate, tinplate, brown paper reels and carton board.# Post-consumer packaging material.</p> <p>Property, plant and equipment of R5.5bn (R5.4bn). 19 production facilities in South Africa (19); 14 in Rest of Africa (14). World-class R&D facility. Public infrastructure.</p>	<p>SDG</p> <p> </p>
<p> Intellectual capital</p> <p>Diverse skilled board, experienced management and employees. Competitive advantage from R&D's experienced and competent scientists (18), technologists (7) and technicians (2). Membership of various industry bodies.</p>	<p>SDG</p> <p></p>
<p> Financial capital</p> <p>Market capitalisation R1.3bn (R2.3bn). Total equity R4.9bn (R4.5bn). Net working capital R3.3bn (R2.8bn). Net debt (excluding lease liabilities) R5.2bn (R4.7bn).</p>	<p>SDG</p> <p></p>
<p> Social capital</p> <p>Trusted brand. Good employee relations. Effective communication with investors. Continued support to hospices in areas where our employees live.</p> <p>Beneficial engagements with government and tax authorities. YES4Youth programme participant. Member of producer responsibility organisations for all our substrates.</p>	<p>SDG</p> <p> </p>
<p> Natural capital</p> <p>Water usage of 932 Mℓ (1 101). Energy usage 1724 192GJ (1 768 170).</p>	<p>SDG</p> <p> </p>

Usage not disclosed for competitive reasons.
2021 numbers are in brackets. All 2022 numbers are as at 30 September 2022.

<p> Human capital</p> <p>Maintained good relationships with workforce and trade unions. The process to sell assets (which was required to support financial capital) impacted negatively on human and social capital as it reduced employee morale. A lack of sufficient experienced skills in Paarl after the relocation of equipment was detrimental to DivFood's operational performance, harming manufactured, financial and social capital. Our focus on improving the skills of new employees supported human and intellectual capital.</p>
<p> Manufactured capital</p> <p>High commodity prices negatively affected working capital and impacted on financial capital, in particular on debt levels and net interest costs. Operated our large beverage can lines at full capacity to meet increased demand in South Africa. Process to dispose of certain assets was not successful. This did not contribute to a reduction in debt, negatively impacting on financial and social capital. Benefits of the DivFood equipment relocation took time to be realised, negatively impacting financial capital. Debt reduction requirements mean that capex for new equipment has had to be curtailed, negatively impacting manufactured capital.</p>
<p> Intellectual capital</p> <p>R&D invested R3.5m in a new scanning electron microscope, supporting intellectual capital but not financial capital.</p>
<p> Financial capital</p> <p>Negotiated further extension of debt repayment, but with upward pressure on interest cost. Higher working capital also contributed to increased interest cost. Required capital raise to reduce debt and support refinancing group debt package for next four to five years, along with the continued suspension of dividends negatively affected social capital but benefited financial capital.</p>
<p> Social capital</p> <p>Although our spending on YES4Youth reduced our financial capital it has a long-term benefit to social capital, reducing unemployment, as well as to intellectual capital as it builds skills and experience.</p>
<p> Natural capital</p> <p>Started installing solar power generation at some facilities, impacting negatively on financial capital but supporting natural capital. Knock-on effect of KwaZulu-Natal floods affected production at our customers' factories and in turn ours, as well as the livelihoods of our employees. Human, social, manufactured and financial capital were all impacted. Continued to support recycling of post-consumer packaging, supporting natural capital. Set up an environmental sub-committee and drafted an ESG policy, supporting intellectual capital.</p>

We create value 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 known as the six capitals. We transform these through our activities. In so doing, we aim to deliver on our strategy and advance some of the UN's SDGs. When deciding how best to grow and sustain our business, we consider the trade-offs between the capitals, aiming to maximise positive outputs and outcomes and limit instances of value erosion.

Securing a sustainable future for all

Navigating a challenging macroeconomic environment

Seizing the opportunities

Activities

Outputs

Key outcomes

Guided by our strategic building blocks



Reduce risk



Strengthen capital structure



Simplification

Building trust through the following:

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



Grow profits



Optimisation



Innovation and growth

Products

Metals

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

Plastic

Plastic bottles; closures; crates; drums and tubes.

Paper

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

Emissions

Scope 1 & 2 GHG emissions

297 496tCO₂e (288 763).



Human capital

Maintained LTIFR at 0.27 (0.27).
COVID-19 vaccination rate of 54%.
Provided bursaries to 13 students.



Manufactured capital

Capital expenditure declined to R208m (R313m).
Depreciation and amortisation up at R472m (R460m).
Net impairment of assets R0.5bn (R0.3bn).



Intellectual capital

Offered lighter, more innovative packaging.
Developed a new PET bottle that is lighter and more cost-effective.
Benefited from involvement with industry bodies.



Financial capital

Trading profit R1.6bn (R1.4bn).
Cash generated from operations R0.8bn (R1.1bn).
Improved debt covenants.
HEPS 35.9 cents (62.3 cents).
Return on net assets 15.2% (12.8%).



Social capital

Paid income taxes of R170m (R152m).
Produced economic value added of R3.3bn (R4.1bn).
Invested R1m in social causes (R0.8m).
Maintained B-BBEE contributor status at level 2.
Increased black management to 68% (66%).



Natural capital

Reduced water consumption and improved water use intensity.

Our material issues

Material issues are those with the potential to significantly affect — both positively and negatively — our ability to deliver on our strategy, create value and sustain the group in the short, medium and long term. In the short term, the most noticeable impact of these is on the group's share price, which declined 53% in 2022. Here we discuss the material issues identified in the year:

Addressing our capital and financing structure

Why this is material

In an environment of high interest rates, Nampak's high level of debt comes with interest charges that are particularly burdensome, affecting our profitability and our ability to pay dividends or invest in capital expansion or in significant social expenditure. It clouds our strong operational performance and affects employee morale and social capital and impacts the group's position with funders, employees, customers and suppliers. Debt denominated in dollars is onerous as the US currency appreciates.

Implications for value

Historic expansion into Nigeria and Angola funded in dollars resulted in elevated gearing. With debt of R5.2bn excluding capitalised lease liabilities exceeding market capitalisation of R1.3bn at year-end, funders are concerned. So too are shareholders, motivated by returns in the form of share price appreciation and dividend payments. Nampak has not declared a dividend since 2015. The share price has fallen from more than R40 in early 2015 to R1.85 at end-September 2022. For details of why our debt is high, see our chairman's review on page 28.

Any breach of covenants and/or credit facilities' terms could have negative consequences in terms of ongoing funding liquidity, access to credit, cost of capital, ability to fund capex to harness growth opportunities and may impact the share price.

Our response

- › Actively engaged potential buyers with negotiations for asset disposals reaching advanced stages.
- › Did not secure any disposals in 2022 given global volatility and was unable to complete the sale of Nampak Tubes in 2022 despite further progress made on this transaction.
- › Complied with all financing covenants in the year.
- › Negotiated an extension of the maturity date of our revolving credit and term loan facilities from 1 April 2023 and 25 September 2023 to 31 December 2023.
- › This is subject to a successful rights offer raising a minimum in net proceeds of R1 350m to be utilised to repay net interest-bearing debt by 31 March 2023.
- › Refinancing of the debt maturing on 1 April 2023 and 25 September 2023 in progress.
- › Announced plans to go ahead with a capital raise in the form of a rights issue pending shareholder approval.
- › These relaxations will allow time for Nampak to optimise the capital and funding structure and provide necessary flexibility.
- › Controlled capital expenditure within guidance.

The outlook

- › Subject to shareholders' approval for, among other items, an increase in authorised share capital, to proceed with a rights issue to raise a minimum of R1 350 million (net of costs) from shareholders with proceeds required on or before 31 March 2023.
- › Focus on the simplification and optimisation of operations.
- › Complete the sale of Nampak Tubes in 2023.
- › Refinance the group's R6.8 billion debt package before 31 March 2023.
- › Continue to consider other asset disposals.
- › With a stronger capital structure, we will be able to use robust operational cashflows to invest in modernising our facilities to maintain our competitive advantage. This is particularly true for Bevan, South Africa, where an expansion of one of our manufacturing lines is planned.

Link to strategy



Capitals



Relevant SDGs



Related risks (see page 23)





Navigating a challenging macroeconomic environment

Why this is material

Global economic activity influences demand for goods, and therefore packaging products. In 2022 there was a sharper-than-expected slowdown in economic growth as inflation spiralled and interest rates climbed. The manufacture and distribution of our products require a reliable supply of power, water and raw materials as well as predictable and stable commodity prices. The ability to repatriate foreign trade flows and earnings at acceptable exchange rates affects our profitability and our ability to repay debt and meet funders' conditions. Global macroeconomic volatility discourages investments and therefore the sale of our non-core assets.

Higher weighted average cost of capital significantly impacted valuations and resulted in net impairments of R0.5 billion in 2022 (R0.3 billion in 2021).

Implications for value

The IMF expects global economic growth for 2022 to slow to 3.2% from 6.0% in 2021. Nigeria's economy is seen to be growing at 3.2% (from 3.6%) and economic activity in South Africa is expected to slow to 1.9% (from 4.9%). According to the African Development Bank, Angola's GDP is projected to grow by 2.9%, after higher oil prices helped the country exit recession in 2021. Consumers everywhere are under pressure, affecting demand. Supply chain disruptions, high and volatile commodity prices and high interest rates have led to an increase in working capital and higher funding costs affecting our profitability and covenants which are also impacted by hyperinflation in Zimbabwe. Foreign currency availability remains limited in many markets.

South Africa suffered from severe electricity shortages and constrained water supply. Related business interruption claims, the risk of power failures, an increase in cybercrime and concerns of a repeat of 2021's riots have pushed up insurance premiums. See our operating context on page 07 for details.

Limited availability of foreign currency at official market rates challenged our cash transfers from Nigerian operations. Recorded forex losses of R606 million (2021: R255 million) in Nigeria were partially offset by forex gains in Angola of R60 million (2021: R9 million).

Significant increase in hyperinflation monetary adjustment in Zimbabwe adversely affected profitability.

Low disposable incomes reduced demand for discretionary items, pressuring our revenue and earnings.

Consumers chose magueu and sorghum beer each packed in conical cartons.

Even though we have agreements in place with customers to pass through steep commodity price rises on a regular basis, we were unable to recover the incremental cost of funding the higher working capital.

Higher input costs reduced affordability of products made with US dollar-denominated raw materials.

Investment in working capital and increased finance costs placed pressure on funding covenants.

Weaker rand contributed to a delay in the anticipated release of net working capital.

Impairments of R0.5bn (R0.3bn).

Insurance premiums under pressure due to the unprecedented claims faced by insurance companies over the past three years.

Unable to secure offers matching fair value for our assets identified for sale amid global volatility.

Funding provided by trade payables was not sufficient to fund the increased inventory levels.

Working capital changes absorbed R659m of cash.

Our response and strategic opportunity

- › Maintained our strategic focus on 'simplification' and 'optimisation.'
- › Reported R1 504 million in operational cash generation before working capital requirements but unprecedented increases in commodity prices resulted in elevated working capital levels which were funded by internally generated cash and borrowing facilities.
- › Our Zimbabwe businesses continued to be self-funding.
- › Where possible working capital levels were optimised but require further improvement.

The outlook

- › The IMF expects global growth to slow to 2.7% in 2023, on the back of high inflation, tightening financial conditions in most regions, Russia's invasion of Ukraine and the lingering impact of COVID-19. Nigeria's economy is seen growing by 3.0% and South Africa is expected to slow further to 1.1%.
- › Global inflation is forecast to moderate somewhat to 6.5% in 2023 and 4.1% in 2024.
- › A tightening of the availability of foreign exchange in Angola is expected.
- › Loadshedding is forecast to continue for the foreseeable future in South Africa.

Link to strategy



Capitals



Relevant SDGs



Related risks (see page 24)





Securing a sustainable future for all

Why this is material

Transformation to a more equal, prosperous society and the eradication of poverty and inequality is in all our interests. Without it, the future is at risk. Climate change is a key challenge of our time. It is incumbent on consumers and corporates alike to make sensible decisions to minimise the rise in global temperatures. As the COVID-19 pandemic clearly showed, ensuring the physical and mental wellbeing of our people is critical to a sustainable workplace and world. By providing an environment conducive to the practice of ethical behaviour, a reliable supply of fit-for-purpose products as well as skills development and decent employment, we support sustainable societies.

Implications for value

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

Investors are increasingly interested in companies' disclosure of ESG performance, moving out of investments where this is not seen to be sufficient and into investments whose ESG practices and policies are aligned to their own.

Operations that are safe and where employee health is prioritised support enhanced employee morale and better business performance; 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 that leads to greater equality enhances the sustainability of the world, and of our business.

Our response

- › Commenced investment in solar power facilities but still relied on coal-powered electricity utilities for the bulk of our energy needs. Limited by funding ability for this capex.
- › Maintained our overall safety performance, with an LTIFR of 0.27.
- › Acted to address a shortage of skills by investing in employee training and development.
- › Prioritised transformation in South Africa; maintained our level 2 B-BBEE contributor status.
- › Committed to developing a decarbonisation plan through SBTi.
- › Developing an ESG policy, set up an environmental sub-committee of the GEC, reporting to the social, ethics and transformation committee (see **SR** for details).
- › Worked to build the market for liquid cartons, which contain renewable raw materials and reduced environmental impact.
- › Continued to offer and promote the use of infinitely recyclable aluminium cans.
- › Supported the Fibre Circle's work towards greater recycling of paper packaging.
- › Encouraged the re-use and recycling of plastic packaging through our support of the SA Plastics Pact, PETCO and Polyco.
- › Designed the lowest-weight PET bottle in its class.
- › Remained a reliable supplier to our customers in Zimbabwe and a trusted employer to almost 500 people despite the difficulties of operating in a hyperinflationary economy.
- › Aligned and linked more executive KPIs and remuneration to our ESG performance.

The outlook

- › Work with our suppliers and customers to reduce our impact on the environment.
- › Continue to explore all options for the increased use of renewable energy supplies.
- › Continue to monitor our scope 1, 2 emissions and obtain assurance for each category.
- › Develop Scope 3 carbon footprint information.
- › Develop a decarbonisation plan through the SBTi.

Link to strategy



Capitals



Relevant SDGs



Related risks (see page 26)





Seizing the opportunities

Why this is material

While much of our focus in recent years has been on the first objective of our strategy: to reduce risk, the second strategic objective — grow profits — is equally important. Under conditions of a constrained balance sheet, we constantly need to consider how we can get more out of our existing assets, without the need for large capital expenditure.

Implications for value

Manufacturing businesses such as ours rely on efficient production lines so that we can meet customer expectations of quality products. Technology is always improving, but upgrades to machinery can come at significant cost. Competition is ever present and intensifying. If we do not have the capital required to invest in those production facilities that require upgrades, we could lose out on opportunities to grow or defend our market share and our volumes profitably.

By investing wisely and sweating our assets we are able to meet our customer expectations without incurring significant capex.

Our response

- › Improved operational efficiencies in Bevcan.
- › Built skills at DivFood, after restructuring which proved to more difficult than anticipated.
- › Prioritised exiting territories and businesses where we do not believe there is a strategic future, most particularly in East Africa, as well as Nigeria general metal packaging.
- › Developed a new plan to improve profitability at Rigid Plastic.
- › Acted decisively to reduce operating costs, limit capex and proactively manage working capital levels.
- › Reduced capex to R208 million in 2022 from R313 million in 2021, the bulk of which was replacement capex.

The outlook

- › Continued strong demand for large beverage cans in South Africa bodes well for Bevcan South Africa. We will expand the size capabilities of one of our existing beverage can lines in order to allow for higher utilisation and further volume growth.
- › Benefit from DivFood's rationalised and consolidated operational footprint through leveraging on improved manufacturing skills and associated operating efficiencies.
- › Economic growth in Angola is likely to buoy consumer demand, allowing Bevcan Angola to benefit by leveraging its installed production capacity.
- › Launch the lightest and strongest PET bottle offering in South Africa.
- › Extend the reach of gable-top cartons to other liquid and dry food products, and markets.
- › With the group's asset base remaining well capitalised, we expect moderate capex requirements in the short to medium term.

Link to strategy



Capitals

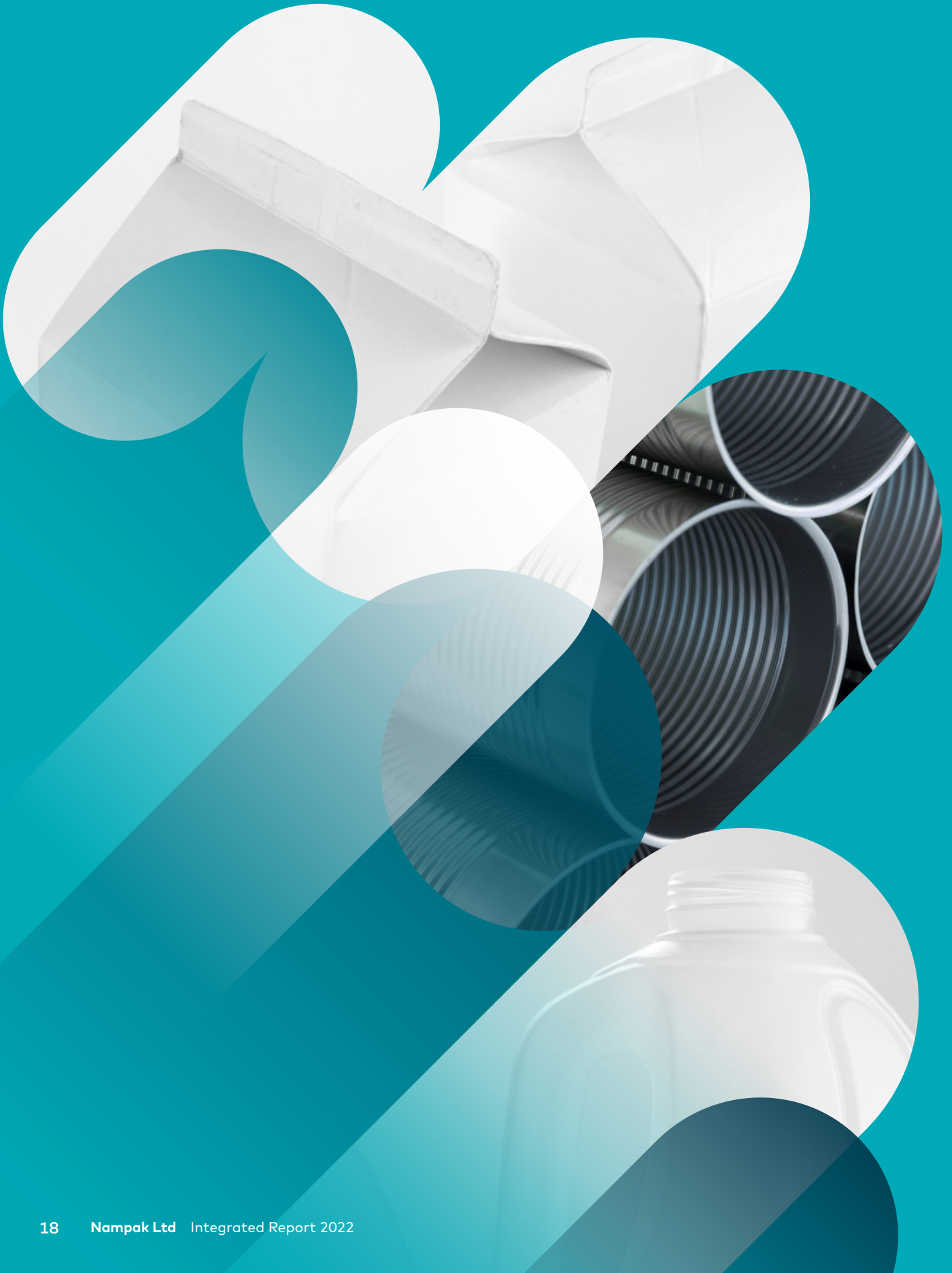


Relevant SDGs



Related risks (see page 25)





Engaging our stakeholders

Nampak's mission and purpose is to deliver value to all our stakeholders while conducting ourselves as a responsible corporate citizen and a leader in packaging production and innovation.

Nampak works with many stakeholders. We understand the importance of ongoing and transparent communication. We commit to continuous engagement with stakeholders to identify and address any concerns.

With respect to engagement with stakeholders, Nampak:

- › Engages regularly in an open and transparent manner.
- › Listens to the feedback provided.
- › Uses the feedback provided to identify any issues.
- › Collaborates to address any issues raised by stakeholders.
- › Provides feedback on issues identified and how these have been addressed.

We depend on stakeholders to create value and minimise cases where our actions lead to the erosion of value. Trust and clear communications are critical to good stakeholder relationships. Here we describe those issues that we understand from our stakeholders to be important to them, as well as those matters that we consider critical to our ongoing relationships.

We also provide details of our work to best address the identified issues. As stakeholder engagement is fundamentally linked to the management of risks and the identification of both opportunities and material issues, we indicate which of these is most relevant to each stakeholder group.

Shareholders, investment community and other funders

Why we engage

Providing accurate information enables shareholders and funders to make decisions on investing in Nampak and supporting our plans.

Key issues

- › High levels of gearing, including US dollar-denominated debt.
- › Potential breach of funding covenants.
- › Refinancing of debt package supported by rights issue.
- › Financial performance of group adversely impacted by foreign operations, forex losses and DivFood under performance.
- › Inability to dispose of assets to meet debt obligations.
- › Transfer of funds from Angola, Nigeria and Zimbabwe.
- › No dividends paid since 2015.

Our actions

- › Negotiated an extension of debt repayment and more favourable covenants.
- › Engaged with key raw material suppliers and a key customer to address the net working capital cycle.
- › Refinancing of the group's debt package for four and five year terms in progress.
- › Developed an ESG policy.
- › Continue to assess potential asset disposals.
- › Transferred R2.4 billion from Angola and Nigeria.
- › Maintained the suspension of dividends.
- › Completed circular in preparation for extraordinary general meeting with rights issue circular almost complete.

Link to material issues



Relevant SDGs



Related risks (see page 23)



Engaging our stakeholders continued

Employees and trade unions

Why we engage

Open communication with our employees creates a sound working environment and boosts morale. Engaging with trade unions provides ways of improving productivity, enhancing understanding, reducing costs and addressing potential restructuring.

Key issues

- › Impact of balance sheet restructuring on the business and job security.
- › Health and safety in the workplace including COVID-19 protocols.
- › Effect of portfolio optimisation and cost-cutting initiatives.
- › Wages generally higher than market
- › Ongoing skills development and deployment amid increased competition.
- › Impact of productivity improvements and cost reduction on employees.
- › Addressing youth unemployment and engaging in wage negotiations.
- › Addressing shift structure and overtime costs

Our actions

- › Successfully maintained LTIFR of 0.27.
- › Continued to prioritise development; trained 2 010 employees.
- › Successfully completed wage negotiations in line with industry settlements without any industrial action.
- › Continued to involve unions in our need to improve productivity and reduce costs.
- › Continued our support for the YES4Youth employment programme.

Link to material issues



Relevant SDGs



Related risks (see page 25)



Customers

Why we engage

Maintaining close contact with our customers improves our service to them and helps us anticipate their needs. Working together we are able to design, recommend and supply the best forms of packaging for their products with reduced environmental impact.

Key issues

- › Requirements by some large customers to commit to and deliver on Net Zero over time.
- › Packaging that ensures the highest levels of food safety and reliable supply.
- › In Rest of Africa markets, hard currency availability impacting raw material purchases.
- › Retention of key customers amid increased competition in a tough macroeconomy.
- › Extended strikes at customers affected plastic performance.

Our actions

- › Developed an ESG policy and set up an environmental sub-committee.
- › Engaged with brand owners about the benefits of Nampak's R&D facility in ensuring food safety. Unfortunately, this did not secure some of the contracts which we had hoped to win in 2022 as price remained the primary consideration.
- › Developed a PET bottle which is lighter and more cost-effective than ever before.
- › Continued to reduce our overhead cost structure to become more competitive.

Link to material issues



Relevant SDGs



Related risks (see page 25)



Communities and civil society

Why we engage

For the sustainability of our business, the communities in which we operate are important as many of our employees come from these communities, which also provide an end-market for our products.

Key issues

- › Supporting the communities in which we operate amid increasing poverty and unemployment.
- › Fewer funds available for community projects due to stretched balance sheet.
- › Supported six hospices.

Our actions

- › Contributed R1.5 million to social investment.
- › Provided temporary employment to 102 interns of the YES4Youth programme, representing investment of R6.2 million (R6.0 million).
- › Granted 13 bursaries.

Link to material issues



Relevant SDGs



Related risks (see page 25)



Suppliers

Why we engage

Suppliers are key to our ability to manufacture the products which our customers require. Regular liaison with them assists in identifying and reducing any bottlenecks in the supply chain as well as keeping abreast of available materials. With scope 3 emissions our largest source of emissions, it is essential we work with suppliers to reduce our environmental impact.

Key issues

- › Sharp increase in electricity tariffs, and unreliable power and water supply to facilities in South Africa and Zimbabwe in particular.
- › Extremely high and volatile commodity prices.
- › Credit terms offered are critical to the group's ability to meet market demand particularly where there are significant increases in volumes and commodity prices.
- › Continued disruptions to global supply chains, including impact of Russia/Ukraine war.
- › Ensuring B-BBEE credentials to meet our procurement targets.
- › Increasing post-consumer recycled content in raw materials.
- › Reducing the emissions profile of our key suppliers in our efforts towards Net Zero.

Our actions

- › Worked alongside other manufacturers to engage with municipalities to lobby for greater security of supply of quality water as well as sufficient electricity.
- › Explored opportunities for self-generation and provision of power and water.
- › Continued to prioritise purchases from accredited B-BBEE suppliers.
- › Engaged with key aluminium supplier to attempt to address credit limit and terms.
- › Engaged with a key customer to reinstate the customer's supply chain financing platform.

Link to material issues



Relevant SDGs



Related risks (see page 24)



Industry and regulatory bodies

Why we engage

By engaging with these stakeholders, we ensure that we collaborate on the many issues facing our industry and together find workable solutions.

Key issues

- › Waste management and emissions reductions.
- › Public pressure on use of plastic packaging.
- › Carbon tax and the Nationally Determined Contributions under the Paris Agreement.
- › Compliance with good governance and regulatory requirements.
- › Sound relations with local authorities.
- › Water and power interruptions and poor municipal service delivery.
- › Interrupted manufacturing as a result of COVID-19.

Our actions

- › Supported long-established recycling initiatives and are members of registered EPR schemes for our products in South Africa.
- › Participated in the Manufacturing Circle and we are a member of Packaging SA.
- › Member of BUSA environmental sub-committee.
- › Became a member of the Science-Based Targets initiative (SBTi).
- › Proactively engaged with government and adhered to COVID -19 protocols.
- › Maintained comprehensive governance policies and practices.
- › Complied with requirements of the JSE and revenue authorities.
- › Improved interaction with municipalities to reduce power outages.

Link to material issues



Relevant SDGs



Related risks (see page 25)



Our top risks and opportunities

When determining our risks, we consider both the potential impact of each risk on the achievement of the group's strategy as well as the probability of it materialising.

The positions of the risks on the heat map reflect the residual risk after considering the effectiveness of our mitigation strategies and actions. We rank these risks in order of magnitude, recognising that these positions may change during the year. In the risk table, we also provide a forward-looking view of the risks and opportunities that we believe may impact future performance. The icons show the link of each risk to our material issues, the six capitals, as well as to Nampak's strategy.



Top risks 2022 – 2021	Links to material issues, capitals and strategy
1 – 3 Group liquidity, gearing and financial covenants	
2 – 2 Foreign exchange liquidity in the Rest of Africa and currency movements	
3 – 1 Challenging macroeconomic conditions in our key markets	
4 – 11 Supply side risk for products and services	
5 – 4 Operational performance	
6 – 5 Inadequate diversity, people development, talent attraction/retention, skills shortage	
7 – 6 Customers diversifying their supplier base	
8 – 13 Climate change and environmental stewardship	
9 – 10 Potential to fall prey to cyber crime	
10 – 8 Legacy defined benefits liabilities	

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 provides support to 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 for climate change and water.

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

1 Group liquidity, gearing and financial covenants

Impact if not managed

Breach of covenants triggers negative consequences in terms of ongoing liquidity, access to credit, cost of capital, ability to fund capital expenditure plans and share price valuation.

Value created from our mitigation strategies

- › The cash management committee's actions ensured that cashflows were monitored and managed throughout the year.
- › Firm management of capital expenditure improved the balance sheet and conserved cash resources.
- › The group's financial position continued to benefit from the revolving credit facilities secured in 2018.
- › R400m of the R1.0bn non-recourse trade finance facility was utilised to repay debt with a commensurate reduction in funding facilities.

How we did in 2022

- › Secured relaxation of covenant terms; RCF and term loans maturity dates extended to 31 December 2023.
- › Even though we have agreements in place with customers to pass through steep commodity price rises on a regular basis, we were unable to recover the incremental cost of funding the higher working capital.
- › Actively engaged with potential buyers for certain business units.
- › Carefully managed working capital in the context of surging commodity pricing and disrupted supply chains.
- › Managed operational costs in an inflationary environment.
- › Tightly managed the 2022 capital investment programme.
- › Proactively managed employee costs.

Opportunities and looking forward

- › Covenant terms more favourable.
- › Ongoing tight control of operating cash requirements and capital expenditure.
- › Focus on further cost reduction and de-gearing activities, including potential restructuring, rationalisation of group business portfolio and potential disposals.
- › Seek approval from shareholders to launch a rights issue.
- › Focusing on overall optimisation initiatives, including cost structures.
- › Addressing financing burden imbalances in servicing various customer supply agreements.

2 Foreign exchange liquidity in the Rest of Africa and currency movements

Impact if not managed

Volatility in translated rand value of earnings from the Rest of Africa impacts our financial performance. A lack of market liquidity holds up the repatriation of cash, constrains purchases of imported raw materials, results in forex losses and limits liquidity, our ability to repay debt and our ability to invest behind growth opportunities.

Value created from our mitigation strategies

- › To the extent possible, pricing to customers attempts to recover higher input costs due to weaker forex rates.

How we did in 2022

- › Transferred R1 688m from Nigeria, albeit at higher rates.
- › Transferred R717m from Angola.
- › Ensured that customers provided US dollar funding for raw materials in Zimbabwe before orders are placed with foreign suppliers.
- › Were not able to secure further repayments from the RBZ.

Opportunities and looking forward

- › Currency volatility will continue to have a bearing on financial results, liquidity and the ability to repay debt.
- › US dollar availability in Nigeria, Angola and Zimbabwe will continue to impact the group as will the devaluation of these currencies. The Nigerian election could possibly provide stability/clarity to the direction of the naira.
- › Hyperinflation in Zimbabwe and the declining spot rate adversely impacts Zimbabwe's contribution to rand reported results.
- › The expected credit loss provisions applied at September 2022 could reverse once repayments exceed the residual RBZ financial asset recognised in our financial statements.
- › The hedging of currencies in Nigeria, Angola and Zimbabwe will remain difficult.
- › The Russia/Ukraine war may have an increasingly destabilising impact on markets and on foreign exchange rates affecting Nampak businesses and commodity prices and supply chains for some time to come.

Our top risks and opportunities continued

3 Challenging macroeconomic conditions in our key markets

Impact if not managed

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

Value created from our mitigation strategies

- › Ongoing drive to deliver improved operating efficiencies and cash fixed cost reductions.
- › Operations are positioned to meet increased capacity requirements.
- › Alternative power generation at operating units limits impacts of electricity load shedding in South Africa.

How we did in 2022

- › Bevcan South Africa volumes were robust.
- › Bevcan Angola reported good volumes.
- › DivFood and the paper and plastics businesses continue to operate within challenging trading environments.
- › Recorded resilient demand in all operations in Zimbabwe.

Opportunities and looking forward

- › Business and consumer confidence in South Africa are likely to remain weak in the short to medium term.
- › Nigerian economic activity is expected to remain steady. Could be impacted by election in February 2023.
- › Long-term fundamentals for packaging growth in key African markets remain intact.
- › Our market positions are strong with the majority of our customer base consisting of large multinationals with global brands and strong credit ratings.
- › Stabilising the South African electricity supply situation in Eskom and with potential additional suppliers will benefit Nampak's South African markets and operations.
- › Possible resumption of repayments by RBZ on amount due on financial asset.

4 Supply side risks for products and services

Impact if not managed

Creditor financing limits and lagging price increases create liquidity strain through the value chain.

Commodity price shocks negatively impact on trade finance limits through the value chain.

Interrupted supply of materials and services negatively impacts our ability to manufacture and service customer demand.

Value created from our mitigation strategies

- › The trade finance facility has assisted in meeting the group's net debt:EBITDA covenant terms.
- › Engagements held with certain foreign suppliers for improved credit terms and limits with success.

How we did in 2022

- › The additional working capital requirements arising from surging commodity pricing placed strain on Nampak's financing arrangements and resulted in raised interest charges.
- › We secured a trade finance facility of approximately R1bn.
- › Engaged with suppliers and customers to mitigate the impacts of financing arrangements.

Opportunities and looking forward

- › There are some indications that the commodity cycle has peaked.
- › The Russia/Ukraine war may continue to have an impact on certain global supply chains thereby affecting Nampak businesses.
- › The electricity supply situation in South Africa is receiving significant attention.
- › Reduction in commodity prices will positively impact lower working capital demands.
- › Improved credit terms and limits from suppliers once group has addressed its capital structure will improve our ability to secure more favourable trading terms.

5 Operational performance

Impact if not managed

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

Value created from our mitigation strategies

- › Continued to deliver on our drive towards improved productivity.
- › Applied optimised maintenance practices to limit associated downtime.
- › Consistent engagement with customers to streamline our product mix.
- › Employee costs well managed.

How we did in 2022

- › Addressed shift structures and staffing levels with benefits to employee costs.

Opportunities and looking forward

- › Incremental improvements from various manufacturing projects.
- › We have the established capacity to ramp up production to meet increased customer demand.
- › Ongoing group restructuring initiatives to reduce complexity, limit non-value-add activities and reduce operating costs.
- › Expansion of Bevan South Africa manufacturing line will benefit revenue and profitability.

6 Inadequate diversity, people development, talent attraction/retention, skills shortage

Impact if not managed

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

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

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

Value created from our mitigation strategies

- › Our aligned skills development initiatives result in improved productivity and faster problem solving as products are manufactured.
- › Besides protecting employees from injuries, good safety practices result in reduced downtime, cost savings and improved productivity.
- › COVID-19 protocols enabled the business to operate as permitted while considering employee health.

How we did in 2022

- › Maintained our B-BBEE rating at level 2.
- › Maintained our focus on management graduate, apprenticeship development programmes as well as various technical skills and safety programmes.
- › Continued participation in the YES4Youth job creation programme.
- › Unfortunately we were not able to win back any portion of the food can contract lost in 2020.

Opportunities and looking forward

- › Depth of qualified succession pool as well as opportunities for personal growth.
- › Continue participating in YES4Youth.

7 Customers diversifying their supplier base

Impact if not managed

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

Value created from our mitigation strategies

- › Value-added food science services provided by Nampak's extensive R&D capabilities.
- › A wide footprint of factories affords customers better security of supply.

How we did in 2022

- › Maintained a relatively stable overall customer portfolio.
- › Highlighted the benefits of our scientists in ensuring the safety of food packaged in our products.

Opportunities and looking forward

- › Opportunity to take advantage of growing demand for environmentally friendly packaging by extending the reach of gable-top cartons to other liquid and dry food products.
- › Continued emphasis on price, safety, quality, reliability, good governance and on-time delivery.

Our top risks and opportunities continued

8 Climate change and environmental stewardship

Impact if not managed

Long-term impact on business sustainability in light of climate change transition-related risks.

Increasing carbon tax may ultimately significantly impact Nampak's profitability.

Negative publicity to lack of environmental stewardship could impact demand and also result in fines and restrictions on the business licence to operate.

Value created from our mitigation strategies

- › Continued focus on recycling initiatives across all substrates.
- › Continued research and development into opportunities for further light-weighting and the use of more recycled material in primary plastic packaging.
- › Development of metal and paper products to extend our offering in the liquid packaging sector.
- › Ongoing energy reduction management and initiatives including initiation of the first renewable energy supply projects.

How we did in 2022

- › Introduced additional environmental structures introduced in the form of Group Executive Committee and divisional working groups to focus on and drive environmental initiatives throughout the group.
- › Registered with the Science Based Target Initiative to develop the group decarbonisation strategies during 2023 in accordance with the SBTi framework.
- › Commenced installation of solar energy capabilities.
- › Supported producer responsibility organisations.
- › Developed light-weighted plastic packaging opportunities for customers.
- › Registered with aligned EPR-PRO schemes for waste recovery scheme reporting in South Africa.
- › Undertook submission of GHG reports and paid the South African carbon tax.
- › Participated in the 2022 CDP for Climate Change and Water.

Opportunities and looking forward

- › Ongoing engagement with other industry players on alternative solutions for plastic packaging waste.
- › Support the growth of metal and paper alternatives.
- › Ongoing engagement and alignment with government and other stakeholders on post-consumer packaging waste recycling objectives.
- › Greater emphasis from all stakeholders on approach to climate change and developing decarbonisation strategy through the value chain.
- › Opportunity to work with customers on alternative primary packaging solutions.
- › Greater public awareness of which plastic products are not recyclable.
- › Leverage our R&D capabilities to offer customers products that are more environmentally friendly.
- › Greater introduction of renewable energy into the energy supply mix.
- › Prioritise the manufacture of products with reduced impact and consider the disposal of those parts of the business which have a higher impact.
- › Good corporate governance principles, policies and practices will protect sustainable profitability.

9 Potential to fall prey to cyber crime

Impact if not managed

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

Value created from our mitigation strategies

- › Consistent upgrading to protect against latest attacks.
- › Mimecast provision of email continuity in the event of an attack.
- › Ongoing employee awareness campaigns.
- › Securing remote working.
- › Monitored by information management steering committee on a quarterly basis.

How we did in 2022

- › Ensured careful management of vulnerability and patch management process.
- › Continued to benefit from Mimecast email filtering for malware.
- › Continued with penetration, cyber footprint and cyber assessments.
- › Carried out disaster recovery tests of corporate systems.
- › Maintained internal and external audit review of our information systems and processes to ensure appropriate controls.
- › Maintained appropriate insurance covers.
- › Continued with virtual private network external penetration intrusion prevention for improved security of remote working.

Opportunities and looking forward

- › Protecting Nampak against cyber-crime is an enduring commitment.
- › Reducing the risk of the severity of the impact in the event of a cyber-attack.
- › Improved security strategies across Nampak.
- › In process of assessing capital expenditure directed at enhancing cyber security.

10 Legacy defined benefit liabilities

Impact if not managed

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

Value created from our mitigation strategies

- › Steady reduction in the overall liability.

How we did in 2022

- › Worked closely with service providers to ensure no invalid payments for deceased members.
- › Took no further action to mitigate this liability given the current debt position.

Opportunities and looking forward

- › Medical inflation remains above overall consumer inflation, placing upward cost pressure on the group's remaining post-retirement medical liability.
- › Continued to consider and implement feasible buy-out and de-risking opportunities that are acceptable to all parties.

Chairman's review



Dear stakeholders

2022 was another busy year for the board of Nampak. Challenges that arose were of a different nature from those in 2021.

Just as Nampak and the markets we serve were starting to recover from the impact of COVID-19 and the riots in KwaZulu-Natal, a super-cycle of rapidly increasing metal prices began. As that started to normalise, supply lines were adversely impacted by the war in Ukraine. With global inflation increasing, the rand weakened considerably.

Rising food and energy prices, spikes in inflation and interest rates as well as currency volatility took a toll on consumers everywhere, and most particularly in Africa.

Against this backdrop, it was more critical than ever for the board to provide ethical leadership and effective control to ensure that the group achieved steady performance in challenging times. In the main, the group's operations performed well.

More than a decade ago on the back of the 'Africa rising' narrative and amid forecasts of strong growth in oil-producing countries Nigeria and Angola, Nampak ramped up its investment beyond South Africa's borders – particularly in Nigeria and Angola.

Between 2011 and 2014, the group invested more than US\$450 million in beverage can operations in these two countries, supported by US dollar-denominated debt. The US dollar debt increased from 41% to 42% of total borrowings and as such the rand value remains high. And because the US dollar is the functional currency in both Angola and Nigeria, we are required to work with dollars.

Over the years, Bevcan's operations in Nigeria have performed well, but oil price volatility, the limited availability of foreign exchange and the cost of transferring cash to the group has curtailed these benefits.

In Angola, the plant has operated successfully since inception. Following good results in 2018, the effects of COVID-19 and rising inflation have curtailed demand dramatically. The economy is now showing encouraging signs of recovery with volume growth of almost 30% in the final quarter, giving rise to this optimism.

Since then, rising inflation has curtailed local consumer demand dramatically. This economy is only now showing encouraging signs of a recovery. And the final quarter's results give rise to this optimism with volumes growing almost 30%. Similarly, in Zimbabwe where operational results have been very good, Nampak has had to contend with hyperinflation and a complete inability to repatriate profits.

Addressing the capital and financing structure

Nampak's capital and financing structure is not optimal. With the rising cost of servicing Nampak's debt, and the difficulties of repatriating cash from countries outside South Africa, management has made serious attempts to sell underperforming as well as high-performing assets. However the hard work to realise asset sales to deleverage the balance sheet has unfortunately not been successful.

The share price now trades at a fraction of its value 10 years ago and at a significant discount to asset value.

It is in this context that in 2022 the board deliberated extensively on management's proposals to raise capital as well as other pressing matters (see the material issues on page 14 and the governance report on page 66). A potential rights issue is an option of last resort: in the year management recommended that we launch a rights offer to shareholders early in 2023 to raise capital.

After careful assessment, we concluded that management had done everything possible to avoid such a capital raise, but that such a course of action was necessary and in the best interests of the company. We are painfully aware that raising capital via a rights issue is not a comfortable option and may not be well received by all shareholders. However, having exhausted all other options available to us, we believe that this is the appropriate course of action to follow to ensure the long-term sustainability of the company.

Therefore as a board, we have endorsed this plan and encourage shareholders to participate in the extraordinary general meeting scheduled to take place on 18 January 2023 and to vote in favour of the resolutions, that will enable the company to go ahead with a rights offer to raise up to R2 billion.

The proceeds of the rights offer will have numerous benefits, among them allowing the group to stabilise the balance sheet; reduce interest-bearing debt by at least R1.35 billion; allow Bevcan to expand the capabilities of one of its South African manufacturing lines to benefit from the sustained demand growth for larger cans; cut the time executives dedicate to managing the over-gearred position; and enable an earlier resumption of dividends to shareholders.

Tackling ESG issues

Among other key board considerations in 2022 were Nampak's environmental, social and governance (ESG) performance and plans. In this regard, we agreed to amend the social, ethics and transformation committee's charter to ensure that the committee takes cognisance of ESG considerations in its deliberations, policy setting and reporting.

We also revised certain aspects of remuneration for executives, making changes to the structure and functioning of the Executive Incentive Plan to address concerns raised by shareholders. These are detailed in the remuneration report on page 76.

Appreciation

I would like to note my appreciation to my colleagues on the board for their dedication in 2022. My thanks also go to the management of Nampak for their hard work in a difficult environment. The group has many stakeholders — among them investors, employees, suppliers, customers and lenders — and their continued support in 2022 is acknowledged with thanks.



Peter Surgey
Chairman

Bryanston
2 December 2022

Chief executive officer's report



Dear stakeholders

2022 was a mixed year for Nampak — most of our operations performed safely and well, sustaining the high levels of customer service for which the company is synonymous. We experienced some operational headwinds and it would have been easy to become distracted by them, but our focus was to make sure that we identified and leveraged the available tailwinds, the opportunities for growth.

Guided by our strategy, we remained focused on **reducing risk and growing profits**, registering some successes in this regard (see page 10), most notable among them the strong performance of our Bevcan operations. The South African beverage can market experienced unprecedented growth and Angolan volumes during the last quarter grew by almost 30%. However, a host of external factors further down the income statement contributed to prevent healthy growth in trading income from translating into a strong financial performance at the operating profit level.

A tough macroeconomic environment (see page 07), supply chain constraints and unprecedented commodity price increases made the company's ongoing efforts to address its capital and financing structure — a material issue (see page 14) — all the harder and absorbed significant management time and attention.

Inflation increased, the cost of debt financing rose, and consumer demand declined in certain markets. Sharply higher raw material costs were mostly passed on to customers but resulted in significant working capital absorption. Most customer contracts did not allow us to pass through the associated funding costs of the increased cost of inventories, effectively passing on a funding benefit to customers which cannot be sustained.

At the same time, some key suppliers were not prepared to flex credit and payment terms in line with commodity prices, resulting in more pressure on Nampak's already constrained balance sheet. These structural problems in customer and supply contracts are in the process of being addressed.

In his review on page 28, the chairman provides the important background to Nampak's current capital and financing structure challenges.

Since the start of the COVID-19 pandemic, our lending consortium has — on several occasions — granted relaxations of funding covenants, while demanding a permanent reduction of debt, either through a sale of assets, a capital raise or a combination of both.

On the back of our improved trading results, the date for such debt reduction has been pushed out several times, each time allowing management more time to fund the deficit. It was management's intention to raise the required cash, first through operational cash flow and thereafter through the sale of assets. A rights offer has always been last in order of preference.

In the past three years we have managed to improve our trading results, but macroeconomic and operational headwinds and the additional working capital required

to fund our growth have prevented us from generating adequate cash flows from operations.

Management engaged numerous credible parties on potential asset disposals, with many months spent and resources consumed in pursuit of detailed due diligence processes, giving both Nampak and our lenders hope of avoiding a rights issue.

Unfortunately, we could not successfully execute on any sales transaction of the required value. The main reasons given by potential buyers for turning down the larger potential transactions were changing risk appetite and the uncertainty of performing business valuations amid volatile market conditions.

A key condition from lenders for refinancing the group's long-term debt is the completion of a successful right issue, raising a minimum of R1.35 billion net of costs with these funds raised utilised to repay debt with a commensurate reduction in facilities. However, raising only the minimum capital will provide no relief in operating flexibility, leaving the business vulnerable in the short term to cyclical volatility and an inability to defend its core business by investing in urgently required capacity.

As explained in the chairman's review, to allow for a successful refinancing of long-term debt, the company is planning to approach shareholders for their approval of a process to raise the required capital by way of a rights issue.

Performance

In 2022, our overall **safety** performance remained steady at a lost-time injury frequency rate (LTIFR) of 0.27 compared to the internally set maximum tolerance level of 0.32. This performance is an achievement of which we are proud and aim to improve further.

We recorded 203 COVID-19 infections among our almost 4 500 employees, and by year-end all but one had recovered fully.

Floods in KwaZulu-Natal in April 2022 and increasing incidents of loadshedding across South Africa as the year progressed negatively affected not only the performance of some Nampak operations in South Africa, but also demand from our customers.

We made good progress to improve the **operational performance** of many of our factories. "Can DO! Excellence" — Bevcan's own world-class manufacturing programme — continued to yield positive results. We set several production records, thereby producing much-needed additional volumes on fully utilised lines to satisfy growing customer demand.

Chief executive officer's report continued

The performance at DivFood's Paarl factory was disappointing. It suffered a lack of skills as some experienced employees turned down the opportunity to relocate when we moved equipment from our Vanderbijlpark facility in Gauteng closer to customers in the Western Cape. This was exacerbated by supply chain disruptions: inconsistent supply of the required tinplate specifications resulted in incremental spoilage. To facilitate an improved overall performance, we are making management changes in this division.

Despite having to constantly deal with raw material and/or energy shortages, all our Zimbabwean operations performed well. Unfortunately, this did not translate into a similarly strong financial performance, as the net effects of currency depreciation and the application of hyperinflation accounting reduced profitability.

During the year we identified the need to further strengthen our **focus on the environment**, complementing the work done to address both social and governance matters as part of our newly developed group **ESG** framework. We strengthened the governance of sustainability at Nampak, introducing an environmental steering committee at both group executive and divisional operating levels. These new committees will drive the refinement and implementation of Nampak's environmental policy, with a particular focus on long-term plans to decarbonise operations in our efforts to reach Net Zero.

We signed up to the Science Based Targets initiative (SBTi), registering our commitment to the private sector's climate action, and continued to explore all options for greater use of cost-effective renewable energy. Apart from the climate benefits of such power, it will also reduce our reliance on Eskom.

Determined to be part of the change our society requires, we focused on providing a diverse and transformed work environment and were pleased to have maintained our Level 2 B-BBEE contributor status. Our commitment of R6 million to the YES4Youth programme gave 102 young people vital work experience in our South African operations and offices.

We continue our work to eliminate any bias in pay relating to gender and race.

Our overall **financial performance** was a mixed bag. After relatively strong half-year results, the second six months were much weaker. Revenue increased by 21% to R16 937 million on strong beverage can volume growth and higher selling prices because of the elevated price of key commodities.

Group trading profit increased by 13% to R1 611 million, boosted by beverage can volume growth and the pension fund surplus, but was also impacted by supply chain constraints and operational challenges in settling down DivFood's restructured operations.

Increased foreign exchange losses in Nigeria, higher interest costs and an increased net devaluation impact in Zimbabwe all contributed towards disappointing full year results. Valuations were negatively impacted by a sharp increase in global risk premiums, resulting in substantial additional asset impairments.

In his report starting on page 34, the chief financial officer details these results as well as the amendments to funding arrangements agreed with our funders in September 2022.

Our **Metals** business – contributing around three-quarters to group revenue and trading profit – enjoyed strong volume growth. Our Rest of Africa operations drove the division's 17% increase in trading profit, but a shortage of hard currency in Nigeria led to significant forex losses of R606 million in the year.

In South Africa, demand for large beverage cans far exceeded expectations and ensured that Bevcan's lines that manufacture these increasingly popular sizes ran at full capacity. DivFood swung into a loss, hit by weaker demand, operational challenges and raw material shortages. The underperformance of DivFood contributed to further substantial asset impairments in this business.

The **Plastic** business was impacted in South Africa by lacklustre demand, prolonged strikes at our major customers and intermittent raw material shortages. In the Rest of Africa, strong demand and good operational performance was diluted on translation by a much weaker local currency. Similarly, the **Paper** division's strong demand growth and increased revenue in Zimbabwe did not translate into improved profitability.

Details of Nampak's operational performance start on page 56.

Outlook and appreciation

In the past few years, focusing on strategic execution, we have endeavoured to simplify and optimise our business through various initiatives, including the sale of non-core assets. As explained earlier, heightened global volatility has, however, discouraged potential buyers from committing to fair valuations.

We expect potential buyers to remain on the sidelines for now amid ongoing geopolitical factors promoting risk aversion, such as the Russia/Ukraine war, and slower global growth. In the meantime, we will continue to optimise our operations to increase their value by providing excellent customer service and quality products and will consider asset sale opportunities as they arise.

We will also be simplifying our portfolio of businesses by exiting certain markets where we do not feel the financial returns and risks justify our presence. Ultimately, we see Nampak moving towards a business based on greater economies of scale requiring higher levels of skill. This strategy likely favours the manufacture of infinitely recyclable aluminium beverage cans, two-piece food cans and liquid cartons made from renewable resources.

In times of volatility, customers increasingly look to Nampak as a trusted and reliable supplier of quality packaging products, underpinned by sound research and development. We do not take this trust for granted and would like to thank our many stakeholders for their support in the year under review and look forward to their continued confidence in the years ahead.

Through robust engagement throughout the year, the board's guidance of the Nampak executive committee has been valuable, and so has the dedication and hard work of our employees across our businesses. I would also like to thank our customers for their understanding and loyal support during a year characterised by significant cost increases. My thanks to you all and I look forward to the support of all stakeholders during a year not only critical for our balance sheet, but also one in which we can leverage various growth opportunities. For the benefit of all our stakeholders, we want to build trust through everything we do.



Erik Smuts
Chief executive officer

Bryanston
2 December 2022

Chief financial officer's report



Headwinds but weathering the storm

Overview

Nampak delivered strong revenue growth, assisted by improved volumes in selected markets and pass-through pricing mechanisms linked to elevated commodity prices. Trading conditions remained challenging in a difficult macroeconomic environment. However, green shoots of recovery were evident in certain Nampak markets. Our cost of sales was impacted by significant increases in commodity prices with concomitant increases in logistics and shipping costs. The management team took proactive steps to manage the group's supply chains, working capital levels, funding structures and operating costs. Despite inflationary pressures and higher interest rates, there were signs of improving confidence in some markets. This was particularly notable in the South African beverage can market where increased local demand compensated for export orders secured in the prior year that did not reoccur. The hospitality industry as well as schooling and sporting industries grew. Our Nigerian and Angolan beverage can operations delivered encouraging trading performances.

Supply chain constraints related to historical COVID-19 issues, along with unprecedented commodity price increases caused by the Russia/Ukraine war and constrained credit limits offered by certain suppliers required a significant investment in net working capital with concomitant increases in net funding costs.

Group revenue increased by 21%, boosted by stronger volumes in our South African beverage can market, Nigeria, Angola and Zimbabwe. Trading profit grew by 13% lagging revenue growth. This was as a consequence of the pass-through pricing mechanism in the South African beverage can market which allowed for the recovery of increased input costs. We were however unable to recover the incremental cost of funding the higher working capital. Consequently, group trading margins declined to 9.5% from 10.2% in the prior year. We managed overheads well in an inflationary environment.

In Nigeria, an in-country shortage of US dollars led to a significant gap between the official naira spot rate and the secondary market exchange rates. This resulted in cash transfers at unfavourable rates and associated material foreign exchange (forex) losses. In the second half of the year, access to US dollars improved, providing liquidity but at a significant cost. In Angola, US dollar availability was good and the kwanza strengthened by 28%.

Operating profit before net impairments declined by 4% as a consequence of capital and other items amounting to R459 million, inclusive of a R222 million credit from the Malbak Pension Fund surplus, a once off insurance loss of R50 million, net forex losses from Nigeria and Angola of R546 million and the R70 million net impact of devaluation associated with Zimbabwe.

Macroeconomic conditions adversely impacted valuations: higher country risk premiums and interest rates were reflected in a higher weighted average cost of capital (WACC). In the main, higher WACC rates contributed R392 million to net impairment losses of R512 million (2021: R264 million), including an impairment of R45 million to goodwill for Bullpak Kenya.

The year was characterised by consistently elevated levels of working capital given increased commodity prices, challenging supply chains, improved volumes and supplier credit limits that did not increase sufficiently to accommodate these trading conditions. For details of our operating environment and material issues in the year, see pages 07 and 14. Coupled with higher interest rates, net interest paid increased by 21%. This placed pressure on the EBITDA-to-interest cover covenant.

Effective 31 March 2022, the group restructured the Angolan operation, converting a significant portion of its loan into equity, thereby increasing Nampak's equity holding to 93% from 70%. The minority equity position of 7% is funded by an interest-bearing loan from the group. The transaction did not necessitate any additional funding.

Until such time as there is an economic value to this minority's shareholding, we will account for 100% of the equity of this subsidiary as this transaction is considered an out-of-the-money option held by the Angolan minority.

In 2022, the management of the group's balance sheet, gearing levels, funding structures and covenants remained a top priority. To remain nimble and responsive to the market's changing demand patterns, we were required to fund a significant increase in working capital with existing funding facilities. This impacted our ability to reduce Nampak's net interest-bearing debt.

With effect from 1 April 2022 and 28 May 2022 respectively, the group's revolving credit facility (RCF) and term funding as well as the US private placement funding became current liabilities. This was as their respective maturity dates fell within a year of the group's 30 September 2022 financial year-end. This adversely impacted the group's short-term liquidity ratios. In response, through negotiations with lenders, we extended the maturity date of the RCF and term funding from 1 April 2023 to 31 December 2023, thereby improving the structure of the group's balance sheet and hence short-term liquidity. Compliance with the group's covenants remained critical, as was the need to obtain relaxations in these covenants.

Our top five risks and our response

The group continued to identify its top risks (see page 22) and ensure that structures and processes were in place to address these.

The top five risks are:

- 1 Group liquidity, gearing and financial covenants;**
- 2 Foreign exchange liquidity in the Rest of Africa and currency movements;**
- 3 Challenging macroeconomic conditions in our key markets;**
- 4 Supply side risk for products and services; and**
- 5 Operational performance.**

1 Group liquidity, gearing and financial covenants

In a challenging macroeconomic environment, the disposal of assets at fair value proved difficult. As a result, we did not meet our target to reduce net interest-bearing debt by R1.0 billion by 30 June 2022 nor were we able to do so by 30 September 2022. We placed significant focus on our liquidity and financial covenants and complied with all covenants in the year. We successfully renegotiated the terms of Nampak's funding arrangements and covenant threshold levels. These included the extension of the debt maturity dates from 1 April 2023 and 25 September 2023 to 31 December 2023, improving the structure of the group's statement of financial position. This provided relief to short-term liquidity and gives us time to consider all alternatives to strengthen the capital structure and reduce net interest-bearing debt.

Throughout the group, we acted decisively to reduce operating costs, limit capital expenditure (capex) and proactively manage working capital levels. This was done to optimise cash flows in a market with changing demand patterns, unpredictable supply chains, forex volatility and significantly higher commodity prices. Net debt of R5.2 billion, excluding capitalised lease liabilities, was impacted by higher working capital levels and a 20% weaker rand/dollar exchange rate at 30 September 2022. R400 million of the R1.0 billion non-recourse trade finance facility and R25 million of the funds received from the Reserve Bank of Zimbabwe were used to repay debt with an equivalent reduction in banking facilities. Gearing levels, excluding capitalised lease liabilities, remained high at 108% (2021: 105%) adversely impacted by net impairment losses of R512 million.

2 Foreign exchange liquidity in the Rest of Africa and currency movements

Nampak was impacted by net forex losses from Nigeria and Angola of R546 million in the year. In Nigeria, there was a shortage of US dollars and a significant gap between the official spot naira rate and the secondary market rate. Access to US dollars in the first half of the financial year was particularly challenging. This improved in the second half, but at weaker exchange rates which resulted in forex losses of R606 million for the year.

We transferred R1 688 million from Nigeria to group suppliers of raw materials. At year-end, the group held the equivalent of R369 million at the official spot rate of the naira to the US dollar. Should the naira weaken by 40%, forex losses of R148 million will be realised on this cash balance on hand at 30 September 2022.

In Angola, the kwanza strengthened by 28% in the year, resulting in forex gains of R60 million for Nampak. Cash transfers of R717 million from Angola were unrestricted and there was a good in-country availability of US dollars.

The rand weakened by 7% on average against the US dollar, assisting reported results from US dollar functional currency operations. However, the 20% weaker rand at 30 September 2022 adversely impacted the translation of US dollar-denominated debt as well as the net debt-to-EBITDA cover covenant and gearing levels at year-end.

Although the Reserve Bank of Zimbabwe (RBZ) had a contracted commitment to transfer \$22.4 million in cash to Nampak in the year, no funds were received. In previous years, we have received a total of just \$4.0 million, or 6% of the \$67 million owed by the RBZ. The Zimbabwe dollar depreciated by 609% to the US dollar, from ZWL87.67 to ZWL621.53. With Zimbabwe classified as a hyperinflationary economy, the results of Nampak's Zimbabwe operations for the year were translated at the closing spot rate. This adversely impacted rand-reported results, and we reported a monetary adjustment for hyperinflation of R126 million (2021: R5 million).

We hedge all trading activities exposed to foreign currencies except for the US dollar component of the group's debt. However, it is not possible to hedge against currency movements in Nigeria, Angola and Zimbabwe.

3 Challenging macroeconomic conditions in our key markets

The book value of the group's equity exceeds its market capitalisation. We performed impairment testing for all operations and incorporated slow economic recovery and other global macroeconomic challenges in the group's budget for the 2023 financial year and the strategic plan to 2027. This resulted in net impairment losses of R512 million with R392 million of the net impairment impacted by higher WACC rates.

4 Supply side risk for products and services

While certain supply chains improved, in South Africa a strike at Transnet and floods in KwaZulu-Natal adversely impacted the ports. Unprecedented commodity price increases due to the Russia/Ukraine war led to supply chain disruptions and significant increases in input costs. As a result, the increased management of the group's working capital and higher inventory levels were required to meet market demand.

5 Operational performance

We focused on improving our trading performance and were pleased with the strong recovery in the beverage can operations, however these were diluted by a disappointing result from DivFood and the impact of the depreciation of the ZWL on the rand-reported results of our Zimbabwe operations. Trading profit increased by 13%, lagging turnover growth of 21% due to the impact of pass-through pricing mechanisms. Operating profit was adversely impacted by net forex losses of R546 million from Nigeria and Angola and net impairment losses of R512 million.

Other

We continued to focus on systems of internal control to enhance the group's already-strong systems and to ensure compliance with section 3.84(k) of the JSE Listings Requirements. The process includes reviewing our identified key risk categories and ensuring that appropriate risk and control matrices are in place, monitored for compliance throughout the year and — where necessary — updated.

During the 2022 audit of the group's leases, the auditors detected an error in principle on the first-time adoption of IFRS 16: Leases in 2020. The error was due to CPI increases being included in future lease payments and resulted in capitalised lease liabilities being overstated by R218 million in 2020 and R164 million in 2021, the full effects of which are set out in note 1.5 to the annual financial statements. While the impacts on earnings, related metrics and net asset value per share are not material for the 2021 financial year, the required net increase in group equity of R158 million, the reduction in lease liabilities of R164 million and increase in right of use assets of R28 million exceeded the materiality level and therefore required restatement in terms of IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors.

Key financial features

Revenue of
R16.9bn
up 21%

Trading profit of
R1.6bn
up 13%

EBITDA for covenant purposes of
R1.9bn
up 12%

Net forex losses from Nigeria and Angola
R546m
up 22%

Operating profit of
R1.22bn
before net impact of devaluation in Zimbabwe
up 3% from R1.19bn in 2021

Net impairment losses of
R512m
up from R264m in 2021

Loss for year of
R26m
compared to a profit of R377m in 2021

Headline earnings of
35.9cps
compared to 62.3cps in 2021

Complied
with all funding covenants

Renegotiated funding package, debt maturity
extended

Cash generated of
R1.5bn
from operations before working
capital changes

Earnings review

(Loss)/profit for the year

R million	2022	2021	Δ
Revenue	16 937	13 958	21
Trading profit	1 611	1 422	13
Capital and other items (excluding Zimbabwe)	(389)	(232)	
Operating profit before items below	1 222	1 190	3
Net impact of devaluation in Zimbabwe	(70)	5	
Operating profit before net impairment losses	1 152	1 195	(4)
Net impairment losses	(512)	(264)	94
Operating profit	640	931	(31)
Net finance costs	586	(485)	21
Share of net profit/(loss) in associates and joint venture	5	(1)	
Profit before taxation	59	445	(86)
Income tax expense	(85)	(68)	25
(Loss)/profit for the year	(26)	377	(93)
EBITDA*	1 624	1 655	(2)
EBITDA**	2 083	1 882	11
Net(loss)/profit attributable to Nampak shareholders	(147)	207	—
EPS — cents	(23)	32	(172)
Headline earnings	229	402	(43)
HEPS — cents	36	62	(42)

* Adjusted for impairments ** Based on trading profit

Group review

The group delivered a 21% increase in revenue due mainly to a strong recovery in the South African, Angolan and Nigerian beverage can markets. These operations delivered pleasing growth over the prior year when volumes had been hurt by the severe lockdowns in the early stages of the COVID-19 pandemic. This strong recovery was complemented by an improvement in revenue generated by DivFood and our Zambian operations. The revenue growth in our Plastic and Paper Divisions was more subdued.

Trading profit of R1.6 billion increased by 13% and lagged revenue growth despite improved volumes. Operating profit was assisted by a moderate 2% decrease in core employee costs. This was complemented by strong trading results from Bevcan South Africa and Nigeria and a recovery in Bevcan Angola. Operationally our Zimbabwe operations continued to perform well and remained self-funding.

Capital and other items	2022	2021
Foreign exchange losses arising from Angolan and Nigerian exchange rate movements	546	246
Angola — forex gains	(60)	(9)
Nigeria — forex losses	606	255
Net profit on disposal of investments	—	(10)
Retirement benefit plan surplus	(222)	—
Insurance loss	50	—
Retrenchment and restructuring costs	12	(1)
Other	3	(3)
Total	389	232

Capital and other items increased to R389 million from R232 million. This was primarily due to the increase in net forex losses in the Rest of Africa: exchange rate losses in Nigeria of R606 million were partially offset by realised gains in Angola of R60 million and the surplus of R222 million recognised related to the Malbak pension fund. The weighted average naira exchange rate for transfers during the year was NGN583. The kwanza strengthened by 28%.

We reported an operating profit of R1.22 billion before the net impact of the devaluation in Zimbabwe and net impairment costs. This compared to R1.19 billion in 2021. The significant ZWL depreciation adversely impacted the rand-reported results of the businesses in Zimbabwe, where inflation increased to 280.4%

from 51.5%. The net impact of the devaluation in Zimbabwe was R70 million in 2022 compared to a gain of R5 million in 2021.

Operating profit before net impairment losses was R1.15 billion, a 4% decrease from the prior year profit of R1.19 billion.

There was a significant increase in net impairments to R512 million from R264 million with R392 million of this impairment due to higher WACC rates. Net impairments relate mainly to DivFood South Africa, Rigid Plastic, Bevcan Angola and Metals Nigeria. The group reported an operating profit after net impairments of R640 million compared to R931 million in the prior year.

Net finance costs increased by 21% to R586 million from R485 million due mainly to the higher required investment in net working capital and interest rate increases partially offset by a reduction in ratchet interest costs to R64 million (2021: R88 million) in the year.

We reported an effective tax rate of 143.7% compared to 15.2% in 2021. This is mainly because of the tax effects of hyperinflation in Zimbabwe.

It was disappointing to report a loss for the year of R26 million, after reporting a profit of R377 million in the prior year. Despite good revenue growth, the group's results were impacted by lower trading margins, a once off insurance loss, higher forex losses, higher interest costs, a significant increase in net impairment losses, a higher effective tax rate but benefitted from the Malbak Pension Fund surplus. For 2022, we reported headline earnings of R229 million (35.9 cents per share) compared to R402 million in 2021 (62.3 cents per share) and an attributable loss of R147 million to Nampak shareholders (23.1 cents per share) compared to an attributable profit of R207 million in 2021 (32.1 cents per share).

Divisional review

The Metals division posted revenue of R12.9 billion, up 30%. Trading profit increased 17% to R1.3 billion from R1.1 billion. Trading margins declined to 9.9% from 11.0% due to the price pass-through on commodity price increases.

The Plastic division's revenue declined 1% to R3.0 billion. Trading profit of R248 million decreased 14% and trading margins fell to 8.4% from 9.6%.

Our Paper division increased revenue by 3% to R1.1 billion but reported a 2% decline in trading profit to R183 million. The trading margin of 17.1% was down from 18.1% in the prior year.

Impairments

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

Goodwill impairment assessment

Nampak's Nigerian operations are performing well with a strong recovery in volumes. The strong demand for beverage cans is expected to continue and is supported by our customers forecasts despite limited forex availability and higher can prices. Sales contracts are in place for our three major customers representing 95% of total sales volumes.

Despite the increase in the Nigerian WACC rate which negatively impacted the headroom, after careful consideration of current market conditions, selling price assumptions and the increase in the WACC rate, primarily due to an increase in the in-country risk premium, we assessed that no impairment of goodwill was required. However, the increased Nigerian WACC rate has led to a reduction in the headroom to US\$16 million from US\$93 million in the prior year. No reversal of the goodwill previously impaired is permissible in terms of IFRS.

Asset impairment assessments

We performed a group sum-of-the-parts valuation 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 considering the approved 2023 budget, strategic plans to 2027 and updated WACC rates. This resulted in a net impairment of R512 million consisting of: asset impairment of R355 million; right of use asset impairment of R143 million; an impairment of goodwill in Bullpak Kenya of R45 million and a reversal of an asset impairment of R31 million.

Nampak Angola

The Angolan economy showed signs of recovery in 2022 but the border to the Democratic Republic of the Congo (DRC) remained closed, impacting customer exports to the DRC. Domestic demand was strong with a significant improvement in profitability and cash generation. A stable government and a higher oil price resulted in a stronger kwanza which benefited the economy.

We made an asset impairment of R79 million (\$4.5 million) in 2022. This was after considering expected demand, improving profitability and cash flow generation, a conservative terminal growth rate and an increased WACC rate because of higher in-country risk premiums and higher interest rates. In 2021, we had recognised a reversal of an impairment of R70 million (\$4.7 million).

Chief financial officer's report continued

DivFood

DivFood had a challenging year, posting an operating loss. Based on expected future cash flows and a significantly higher WACC rate, we concluded that an asset impairment of R187 million and a right of use asset impairment of R105 million was required. This was influenced by the increase in the South African WACC rate to 13.6% from 11.9% in the prior year. In addition, we accounted for an impairment of R10 million on specific assets held for sale.

Rigid Plastic

Similarly, our Rigid Plastic business required a net asset impairment reversal of R2 million and a right of use asset impairment of R38 million based on expected future cash flows and the higher WACC rate.

Net impairment losses

R million	2022	2021
Net impairments		
Goodwill impairment	45	—
Asset impairments	498	437
Metals	324	44
Plastic	31	223
Right of use assets	143	170
Impairment reversals	(31)	(173)
Metals	—	(138)
Plastic	(30)	—
Right of use assets	—	(33)
Paper	(1)	(2)
Net impairment losses	512	264

COVID-19 insurance claim

We finalised the group's insurance claim for the loss of business during COVID-19 lockdowns. Estimated losses exceed the maximum limit in the insurance policy of R250 million before deductibles. We believe we have a valid claim. In line with Integrated Financial Reporting Standards, this claim has not yet been accounted for.

Financial position overview

The impact of significant increases in commodity prices, continued disruptions in supply chains and increased demand from our customers required careful planning given the associated impact on the group's funding requirements. Unprecedented increases in commodity prices resulted in elevated working capital levels for most of the year. These were funded by internally generated cash and existing borrowing facilities.

The group aims to operate a working capital funding model that funds inventory holdings through trade payables, with the group only funding its high-quality trade receivables book. In 2022, we were not able to fund all inventory holdings with funding from trade creditors as certain creditors did not have the financial flexibility to accommodate the increased demand from Nampak as well as the material increases in commodity prices. This absorbed significant working capital. Despite an easing of certain commodity prices at the end of Nampak's fourth quarter, higher shipping costs, global supply chain disruptions and the geopolitical risk of the Russia/Ukraine war remained.

The investment in working capital and higher interest rates led to increased net finance costs and pressure on the EBITDA-to-interest covenant. The weakening of the rand in the second half contributed to a delay in the anticipated release of net working capital with benefits only expected to flow in the 2023 financial year. At 30 September 2022, we had utilised R400 million of the R1.0 billion trade finance facility.

Debt refinancing, covenants and optimisation of group capital structure

In the year we placed significant focus on complying with funding covenants, renegotiating RCF and term loan facilities, prudently managing capex and optimising working capital. This all in the context of significant increases in commodity prices and challenging supply chains.

The funding agreements negotiated in September 2021 required that interest-bearing debt be reduced by R1.0 billion by 30 June 2022 or that the group be able to settle R1.0 billion by 30 September 2022, through a strategic asset disposal process or a combination of asset disposals and a rights offer. The utilisation of all cash flows generated through normal operating activities, inclusive of repayments of historical debt by the RBZ, was permitted, subject to the cancellation of commensurate committed funding facilities. As we were unable to attract fair value offers for those assets identified for disposal, we did not meet the repayment requirement of R1.0 billion of the September 2021 funding agreements and instead negotiated revised requirements with our lenders. These included:

- › an extension of the maturity date for the group's revolving credit and term loan facilities from 1 April 2023 and 25 September 2023 to 31 December 2023;
- › the maintenance of the group's current net interest-bearing-debt-to-EBITDA covenant at 3.5 times until it is lowered to 3.0 times from 31 March 2023;
- › a reduction of the minimum threshold of the EBITDA-to-interest-cover from 4.0 times to 3.0 times from 30 September 2022 until 31 December 2023; and
- › the repayment of net interest-bearing debt of at least R1.35 billion by no later than 31 March 2023.

These relaxations allow us time to continue the process of optimising the capital and funding structure and provide the necessary flexibility to operate under conditions of elevated commodity prices and higher interest rates. The extension of the maturity dates of the RCF and term loan facilities also optimises the group's funding structure at the reporting date.

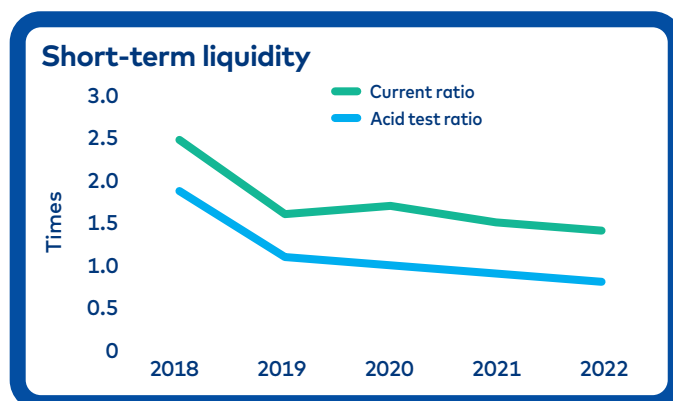
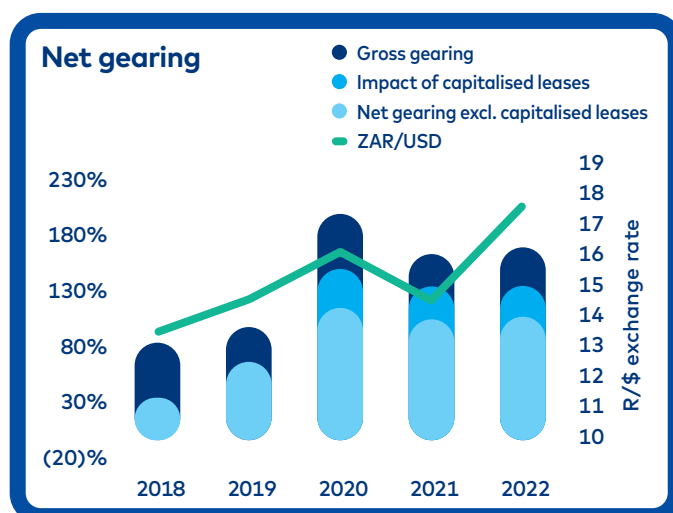
During 2022, Nampak complied with covenants at the quarterly measurement periods. We are now working to address the group's capital and funding structure, simplifying the funding structure and refinancing the debt maturing on 1 April 2023 and 25 September 2023. We continue to actively consider any potential cash proceeds from asset disposals and/or proceeds from a rights offer as part of addressing the group's funding structure. The group's asset base remained well capitalised and moderate capex requirements are expected in the short to medium term.

Net gearing

In 2020, the group's gross and net gearing levels increased significantly. This was a result of the reduction in equity because of R4.0 billion in asset and goodwill impairments, significantly reduced profitability during the COVID-19 pandemic and the first-time adoption of IFRS 16: Leases, which led to the inclusion of capitalised lease liabilities in gross gearing. Since 2020, the US dollar component of the rand-reported net debt has reduced as we used net proceeds from the disposals of Nampak Glass and Nigerian Cartons to settle dollar-denominated debt. Despite a weaker rand/dollar exchange rate at year-end, the dollar component of net debt increased marginally to 42% at 30 September 2022 from 41% in the prior year. Net gearing including and excluding the capitalised leases for 2022 was adversely impacted by impairments of R512 million; the 20% weakening in the rand/US dollar exchange rate at 30 September 2022; and the utilisation of R659 million to fund working capital during the year.

Short-term liquidity

Short-term liquidity ratios declined marginally at 30 September 2022 because the R1.0 billion (\$56 million) owed to US private placement noteholders (maturing on 28 May 2023) and R1.35 billion due to funders are now disclosed as short term liabilities. We have earmarked an unutilised banking facility to settle the US private placement debt repayment.



Chief financial officer's report continued

Net finance costs

Net finance costs increased 21% to R586 million and included R64 million in ratchet interest costs incurred in the year (2021: R88 million) and R98 million relating to capitalised leased assets (2021: R126 million). On average higher working capital, due to higher commodity prices and structural imbalances in the working capital cycle, coupled with higher interest rates. Ratchet interest decreased to R64 million from R88 million due to improvements in the covenants. The effective interest rate for the group for the year was 7.5%, from 5.4% in 2021.

Taxation

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

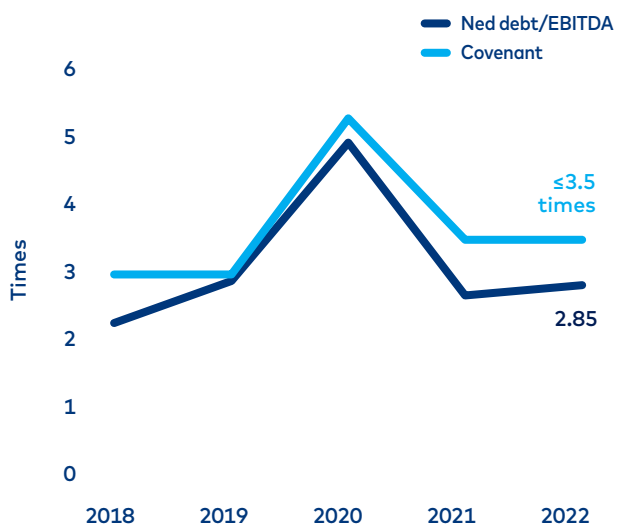
Tax rate reconciliation (%)	Audited year ended 30 Sep 22	Audited year end 30 Sep 21
Statutory group tax rate	28.0	28.0
Government incentives and exempt income	(1.9)	(2.4)
Foreign tax rate differential, withholding and other foreign taxes	(2.9)	2.4
Effective tax rate before items listed below	23.2	28.0
Prior year adjustments	(3.4)	3.2
Reduction in tax rate	2.3	—
Foreign exchange translation impacts	6.3	(0.4)
Deferred tax not recognised, disallowed expenses and other	7.6	1.2
Effective tax rate before net impairment losses	36.0	32.0
Net impairment losses	44.3	1.8
Effective tax rate before Angolan impact	80.3	33.8
Angolan tax losses utilised in current year and net deferred tax movement on assessed losses and other temporary differences	(79.6)	(24.0)
Effective tax rate before Zimbabwean hyperinflation impact	0.7	9.8
Tax effect of Zimbabwe hyperinflation impact	143.0	5.4
Effective group tax rate	143.7	15.2

The group's effective tax rate of 143.7% was mainly the result of the effect of hyperinflation in Zimbabwe and the utilisation of tax losses in Angola. The effective tax rate before net impairment losses of 36.0% (2021: 32.0%) has been normalised to adjust for net impairment losses, the impact of Angolan tax losses utilised and assessed losses as well as for the impacts of hyperinflation in Zimbabwe.

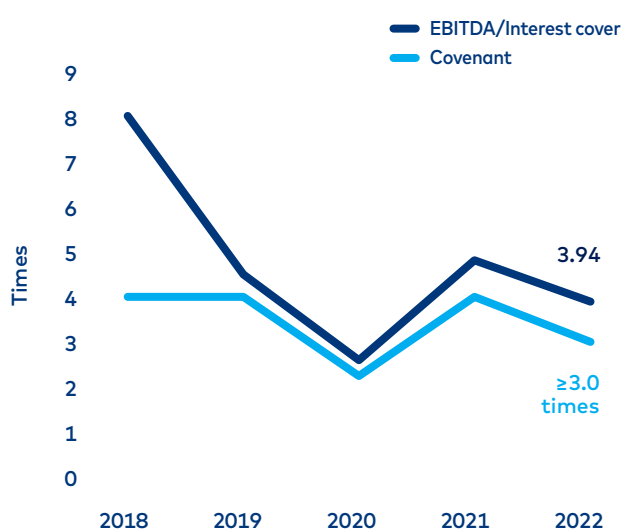
Covenants and gearing

As shown in the graphs below, the group has complied consistently with quarterly covenants over the past five years, renegotiating covenant thresholds with lenders from time to time given changing circumstances, most notably the during 2020 due to the impact of COVID-19.

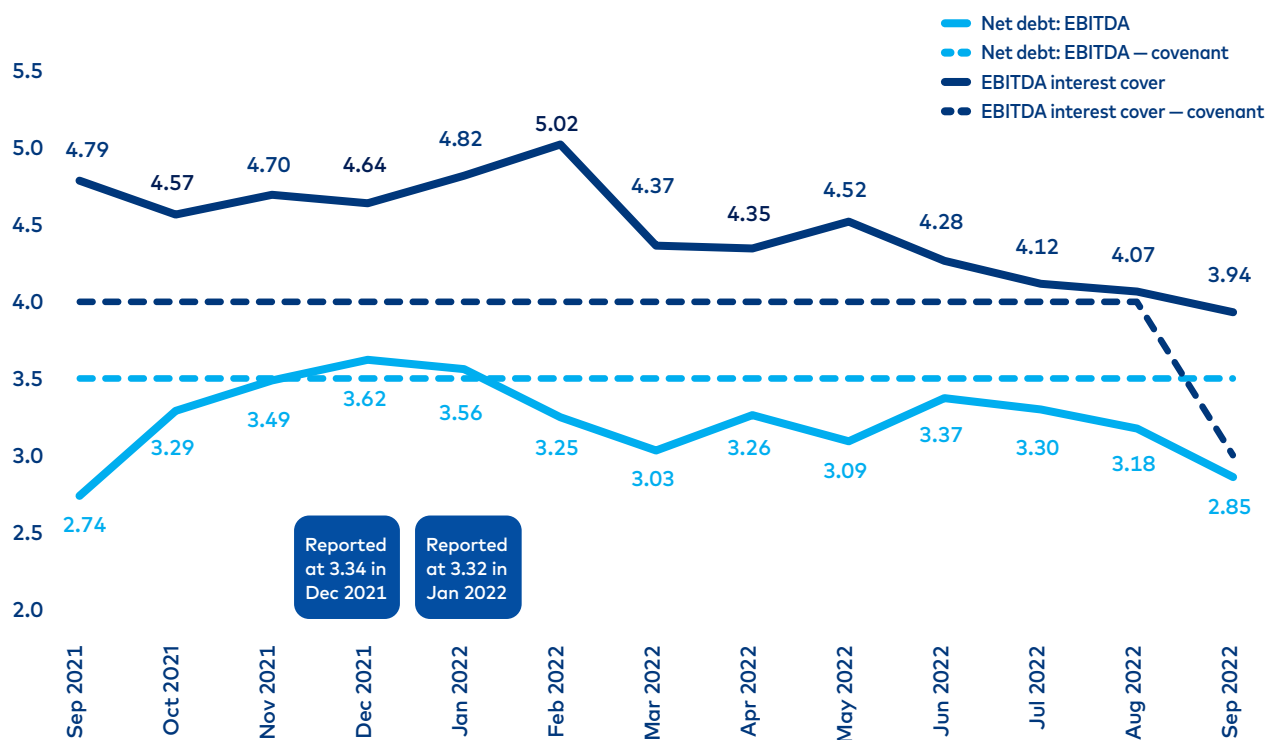
Net debt: EBITDA



EBITDA: Interest cover



Funding covenant levels for the year to September 2022



Covenant computations above reflect the adjustment for spot translation of the hyperinflationary economy – Zimbabwe and may therefore differ to the covenant reported in the specific months of the current year.

Increase in equity holding in Bevcan Angola

We restructured our Angolan operation, converting a significant portion of a group loan into equity thereby increasing our equity holding to 93% from 70% with the remaining minority equity position of 7% funded by an interest-bearing loan provided to the minorities by the group. This transaction was effective 31 March 2022 and did not require any additional funding. Until such time as there is an economic value to this minority's shareholding, the group will account for 100% of the equity of this subsidiary as currently this is considered an out of the money option held by the Angolan minority.

Cash transfers from Angola and Nigeria

R million	Angola	Nigeria	Total
30 September 2022			
Opening cash on hand – 30 September 2021	49	437	486
Cash on hand – 30 September 2022	50	369	419
Net cash movement – 2022	1	(68)	(67)
Cash transferred	717	1 688	2 405
30 September 2021			
Opening cash on hand – 30 September 2020	335	294	629
Cash on hand – 30 September 2020	49	437	486
Net cash movement – 2021	(286)	143	(143)
Cash transferred	683	877	1 560

No hedges are available in Angola, Nigeria and Zimbabwe.

Angola

Dollar liquidity in Angola continued to exceed expectations due to stable oil stocks and prices. As a result, our transfers relative to cash generated were exceptionally good and at no stage in 2022 did we have any difficulty in obtaining or transferring funds. In addition, the cost of dollars improved sharply year on year. At 30 September 2022, the exchange rate was AOA 444 from AOA 614 at the end of 2021. This assisted in the quantum of foreign currency bought and transferred.

Nigeria

Transfers from Nigeria of R1 688 million exceeded the R877 million in the prior year but attracted foreign exchange losses. Some funds were allocated through the Central Bank allocation system, but funds acquired in this way were insufficient to meet the business's requirements. The balance of the funds were sourced from the importers/exporters market as well as the secondary market. The weighted average rate at which we transferred funds was NGN 583, to pay suppliers although rates reached between NGN 718 and NGN 740 towards the end of the year. The market expects that the rates will continue to deteriorate until there is a significant structural adjustment in the way foreign flows are managed.

Zimbabwe

Zimbabwe remains self-funding.

Cash flow and working capital

	2022	2021
Cash generated from operations before working capital changes	1 504	1 680
Net working capital changes	(659)	(621)
Increase in inventories	(754)	(389)
Increase in trade receivables and other current assets	(404)	(987)
Increase in trade payables and other current liabilities	499	755
Cash generated from operations	845	1 059
Interest paid	(547)	(523)
Retirement benefits, contributions and settlements	(75)	(77)
Income tax paid	(170)	(152)
Cash generated from operating activities	53	307

Cash generated from operations before working capital changes of R1 504 million decreased 11% from R1 680 million. This was because of reduced profitability resulting from significantly higher forex losses. Increased commodity pricing and the related pass-through pricing mechanisms to customers, higher revenues, increased funding of receivables

and trade creditor limits that did not fund increased inventory holdings required an investment of R659 million in working capital. This compared to utilisation of R621 million from working capital in the prior year.

Structural imbalances in the working capital cycle of Bevcan South Africa and DivFood, supply chain impacts from the Russia/Ukraine war, floods in KwaZulu-Natal and the Transnet strike adversely impacted inventory levels.

Net cash interest costs increased by R24 million or 5% due to higher working capital levels and higher interest rates. Retirement benefits, contributions and settlements of R75 million remained in line with the prior year. Cash tax payments were R170 million, up 12%.

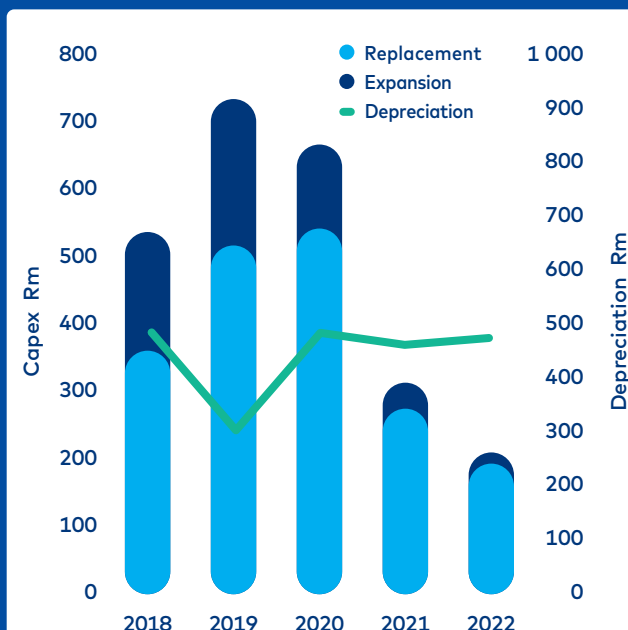
Cash generated from operating activities of R53 million represented a decline from the R307 million generated from operations in 2021. This was mainly due to the R214 million reduction in cash generated by operations and higher interest paid.

Cash flow from investing activities and financing

Cash flows from investing activities	2022	2021
Capital expenditure	(208)	(313)
Replacement	(193)	(274)
Expansion	(15)	(39)
Disposal of property, plant, equipment and investments	43	41
Proceeds on disposal of liquid bonds	—	268
Proceeds from RBZ receivable	—	57
Decrease in other non-current financial assets	3	2
Cash (outflow)/inflow from investing activities	(162)	55
Cash (utilised)/generated before financing activities	(109)	362
Cash raised/(repaid) in financing activities	408	(570)
Net increase/(decrease) in cash and cash equivalents	299	(208)
Cash and cash equivalents at end of year	1 502	1 112

Capex remains a key focus area with replacement capex reflecting the majority of the group's spend. In 2022, we reduced capex to R208 million from R313 million in 2021. The Capital Assurance Review Committee continues to critically evaluate requests for capex, expected returns and the funding required for each project.

Capital expenditure



All US dollar-linked kwanza bond proceeds were received in the prior year and the hedges offered by these instruments were no longer available in 2022. We did not receive any cash from the RBZ during the year.

The group cash and cash equivalents at 30 September 2022 of R1.5 billion was higher than the prior year due to cash raised in financing activities.

Going concern

Notes 1.3 and 1.4 to the group's annual financial statements set out the group's going concern assessment. The board has assessed the group's consolidated budget for 2023; the resultant profitability levels, financial position and cash flows, considering the material factors in each of the geographies and substrates in which Nampak operates; and the group's available funding facility, refinancing initiatives, the proposed rights offer and potential assets for disposal. It is of the view that Nampak has adequate access to liquidity for the foreseeable future.

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

Subsequent events

There were no material events after the reporting date, up to the date of the approval of the financial statements that would require disclosure.

Accounting standards

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

Error relating to the adoption of IFRS 16: Leases

During the 2022 audit of the group's leases, the auditors detected an error in principle on the first-time adoption of IFRS 16: Leases in 2020. The error was due to CPI increases being included in future lease payments and resulted in capitalised lease liabilities being overstated by R218 million in 2020 and R164 million in 2021, the full effects of which are set out in note 1.5 to the annual financial statements. While the impacts on earnings, related metrics and net asset value per share are not material for the 2021 financial year, the required net increase in group equity of R158 million, the reduction in lease liabilities of R164 million and increase in right of use assets of R28 million exceeded the materiality level and therefore required restatement in terms of IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors.

Outlook

Based on the group's levels of trading and exposure to volatile Rest of Africa markets, the group is fundamentally under-capitalised. We need to implement a rights offer to support Nampak's refinancing for the next four to five years and reduce net interest-bearing debt by at least R1.35 billion. This will strengthen the group's capital base and provide a suitable foundation from which the group can operate.

We will continue to focus on optimising our businesses through further cost reductions and improving operating efficiencies by leveraging the group's well capitalised asset base. The initiatives will be augmented by further reviews of working capital cycles and the continued prudent management of capex. The Capital Assurance Review Committee will continue to fulfil the critical role of evaluating capital projects prior to committing funding as well as to optimising the allocation of capex. Forecasting in changing market conditions remains vital. In 2023 there will be a particular focus on the management of appropriate levels of working capital and we will prudently pursue the compelling opportunities available in some of our key markets. We acknowledge the essential role of sound corporate governance structures and processes.

Appreciation

My sincere appreciation goes to my highly skilled and most professional team for their outstanding dedication and ability to navigate these dynamic times. I would like to thank the board, audit and risk committee, other group committees and our providers of funding for their continued support during 2022. Our teams remained focused and performed their work admirably and with great tenacity. In 2023, we look forward to a strengthened capital base and a refinanced group that will allow Nampak to strengthen its position across its chosen markets and to remain a trusted supplier of quality products and service excellence.

Glenn Fullerton
Chief financial officer

Bryanston
2 December 2022

Five-year financial review

Definitions

Treasury shares

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

Weighted average number of shares

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

Trading profit

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

Capital and other items

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

Net operating assets

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

EBITDA

Operating profit before depreciation and amortisation.

EBITDA (debt covenants)

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

Net debt

Loans, lease liabilities and bank overdrafts, less bank balances and deposits and other loan receivables.

Net debt (debt covenants)

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

Net finance costs (debt covenants)

Finance costs (including capitalised finance costs) less finance costs pertaining to capitalised leases less finance income.

Employee numbers used for calculations

Total number of employees adjusted for discontinued operations.

Market capitalisation

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

Return on equity

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

Return on net assets

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

Net asset turn

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

Return on invested capital

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

Current ratio

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

Acid-test ratio

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

Net debt to EBITDA (debt covenants)

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

EBITDA interest cover (debt covenants)

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

Gross gearing

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

Net gearing

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

Productivity per employee

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

Employment cost per employee

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

Earnings yield

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

Price/earnings ratio

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

R million

2022

2021

2020

2019

2018

Statistics**Earnings data**

Weighted number of ordinary shares in issue	'000	636 325	645 469	644 935	644 727	643 374
Headline earnings per share	cents	35.9	62.3	(87.7)	(19.4)	151.4
Continuing operations	cents	35.9	62.3	(77.6)	54.1	173.3
Discontinued operations	cents	—	—	(10.1)	(73.5)	(21.9)
Change over previous year (continuing operations)	%	(42)	180	(243)	(69)	(4)
Basic (loss)/earnings per share	cents	(23.1)	32.1	(537.7)	(132.1)	76.0
Continuing operations	cents	(23.1)	32.1	(594.9)	42.2	176.7
Discontinued operations	cents	—	—	57.2	(174.3)	(100.7)
Change over previous year (continuing operations)	%	(172)	105	(1 510)	(76)	—

Financial data

Return on equity						
Continuing operations	%	(3.0)	4.1	(54.5)	2.8	11.7
Continuing and discontinuing operations	%	(3.0)	4.1	(49.3)	(8.8)	5.0
Return on net assets						
Continuing operations	%	14.2	12.8	5.5	11.3	14.6
Continuing and discontinuing operations	%	14.2	12.8	5.6	9.6	12.5
Net asset turn						
Continuing operations	times	1.5	1.3	0.9	1.1	1.2
Continuing and discontinuing operations	times	1.5	1.3	0.9	1.1	1.2
Return on invested capital						
Continuing operations	%	10.6	9.8	4.4	7.9	9.9
Continuing and discontinuing operations	%	10.6	9.8	4.8	7.7	10.0
Current ratio	times	1.4	1.5	1.7	1.5	2.2
Acid-test ratio	times	0.8	0.9	1.0	1.0	1.6
EBITDA — operating profit (continuing operations)	Rm	1 623.9	1 655.3	253.6	1 606.1	2 091.2
EBITDA — covenants	Rm	1 924.5	1 716.3	1 067.9	2 026.5	2 636.1
EBITDA Interest cover — debt covenants	times	3.9	4.8	2.6	4.5	8.0
Effective rate of tax	%	143.7	15.2	8.9	(21.5)	(19.8)
Net debt		6 548.0	5 997.3	6 064.7	5 598.4	3 929.8
Net debt excluding capitalised lease liabilities		5 242.5	4 691.3	4 856.5	5 598.4	3 929.8
Gross gearing	%	167.9	162.7	197.2	98.5	84.9
Net gearing	%	134.3	134.5	149.1	68.2	37.0
Net gearing — excluding lease liabilities		107.5	105.2	115.2	68.2	37.0
Net debt to EBITDA — debt covenants	times	2.8	2.7	4.9	2.9	2.3
Number ordinary shares in issue*	'000	634 435	645 744	645 081	644 730	644 723
Net asset value per ordinary share	cents	735	772	773	1 385	1 573
— Change over previous year	%	(5)	(44)	(44)	(12)	8

Employee data

Permanent employees		4 314	4 252	4 454	5 766	6 082
Temporary employees		1 298	1 285	738	878	1 502
Total employees		5 612	5 537	5 192	6 644	7 584
Employee numbers used for calculations		5 612	5 537	5 192	5 865	6 676
Revenue per employee	R'000	3 018	2 521	2 172	2 497	2 391
Employment cost per employee	R'000	409[†]	421	400	395	378
Productivity per employee	Index	198	251	(725)	13	23

* Net of Treasury shares.

† Adjusted for R222 million Malbak Pension Fund surplus.

Five-year financial review continued

R million	2022	2021	2020	2019	2018
Operating results					
Continuing operations					
Revenue	16 936.5	13 958.4	11 277.9	14 642.4	15 963.3
Trading profit	1 611.4	1 421.5	682.1	1 557.7	1 968.4
Operating profit/(loss)	640.1	930.6	(4 303.2)	253.8	1 574.7
(Loss)/profit after tax from continuing operations	(25.7)	377.4	(4 348.8)	(389.7)	1 216.7
Discontinued operations					
Profit/(loss) from discontinued operations	—	—	368.7	(1 123.9)	(647.6)
(Loss)/profit for the year	(25.7)	377.4	(3 980.1)	(1 513.6)	569.1
Attributable to:					
Equity holders of Nampak Limited	(146.9)	207.2	(3 467.6)	(851.6)	489.2
Non-controlling interests	121.2	170.2	(512.5)	(662.0)	79.9
Total	(25.7)	377.4	(3 980.1)	(1 513.6)	569.1
Statements of financial position					
Property, plant, equipment and investment property	5 452.0	5 360.9	5 905.8	7 195.2	8 177.0
Right of use assets	679.5	694.9	871.6	—	—
Intangible assets (including goodwill)	2 117.9	1 846.7	2 042.4	3 904.3	3 708.0
Retirement benefit asset	221.6	—	—	—	—
Deferred tax and other non-current assets	559.8	505.7	492.8	1 312.5	1 996.7
Current assets	8 821.9	7 527.0	6 822.2	10 047.6	12 032.4
Total assets	17 852.7	15 935.2	16 134.8	22 459.6	25 914.1
Total equity	4 876.3	4 459.1	4 372.5	8 209.9	10 612.5
Loans – non-current	4 721.9	4 474.3	5 755.2	6 132.8	8 023.1
Lease liabilities – non-current	1 090.9	972.8	1 029.8	—	—
Retirement benefit obligations	746.3	801.2	775.5	923.9	1 478.4
Deferred tax and other non-current liabilities	106.1	188.0	257.2	546.1	266.7
Current liabilities	6 311.2	5 039.8	3 944.6	6 646.9	5 533.4
Total equity and liabilities	17 852.7	15 935.2	16 134.8	22 459.6	25 914.1

R million		2022	2021	2020	2019	2018
Cash flow						
	R million					
Cash generated from operations before working capital changes		1 503.7	1 680.4	720.1	1 846.7	2 272.2
Cash generated from operations		845.2	1 059.2	1 087.1	1 141.4	1 595.3
Cash generated from operating activities		53.4	306.6	414.7	263.5	821.1
Additions to property, plant, equipment and intangibles		(208.3)	(312.9)	(666.2)	(734.8)	(536.4)
Net increase/(decrease) in cash		299.0	(208.0)	11.1	532.8	1 983.5
Share performance						
Market price per share						
Highest	cents	437	361	1 110	1 617	1 930
Lowest	cents	185	81	60	833	1 288
Year-end	cents	185	335	90	949	1 534
Number of ordinary shares in issue	'000	690 475	690 475	689 812	689 812	689 812
Market capitalisation	R million	1 277	2 313	621	6 546	10 582
Volume of shares traded	'000	544 395	1 088 106	532 662	206 123	416 939
Value of shares traded	R million	1 855.6	2 562.6	1 742.2	2 519.0	6 656.3
Volume of shares traded as a percentage of total issued shares	%	78.8	157.6	77.2	29.9	60.4
Earnings yield	%	19.4	18.6	(97.4)	(2.0)	9.9
Price/earnings ratio	times	5.1	5.4	(1.0)	(49.0)	10.1
Exchange rates						
Rand/UK pound						
Average		20.22	20.29	20.68	18.30	17.61
Closing		20.21	20.34	21.55	18.65	18.43
Rand/Euro						
Average		17.12	17.73	18.19	16.18	15.58
Closing		17.74	17.49	19.56	16.54	16.41
Rand/US dollar						
Average		15.82	14.83	16.24	14.35	13.11
Closing		18.09	15.11	16.69	15.17	14.14
Naira/US dollar						
Average		419.25	400.33	375.15	361.55	360.61
Closing		437.74	413.05	381.75	362.04	362.79
Kwanza/US dollar						
Average		490.60	655.82	549.67	333.94	222.09
Closing		443.55	614.21	640.10	389.49	300.72
RTGS/US dollar						
Closing*		621.53	87.67	81.44	15.20	—

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

Consolidated statement of comprehensive income

for the year ended 30 September 2022

R million	2022	Restated* 2021
Revenue	16 936.5	13 958.4
Raw materials and consumables used	(10 305.7)	(7 695.8)
Employee benefit expense	(2 074.3)	(2 330.0)
Depreciation and amortisation expense	(471.7)	(460.4)
Net expected credit losses – financial instruments other than Reserve Bank of Zimbabwe financial instrument	(41.3)	(1.1)
Other operating expenses	(2 958.8)	(2 458.4)
Other operating income	137.2	177.7
Operating profit before items below	1 221.9	1 190.4
Net impact of devaluation associated with Zimbabwe	(69.7)	4.5
Net foreign exchange gains	64.8	0.8
Monetary adjustment for hyperinflation	(125.5)	(4.5)
Net expected credit losses – Reserve Bank of Zimbabwe financial instrument	(9.0)	8.2
Operating profit before net impairment losses	1 152.2	1 194.9
Net impairment losses	(512.1)	(264.3)
Operating profit	640.1	930.6
Finance costs	(605.9)	(506.2)
Finance income	19.5	21.6
Share of net profit/(loss) in associates and joint venture	5.1	(0.9)
Profit before taxation	58.8	445.1
Income tax expense	(84.5)	(67.7)
(Loss)/profit for the year	(25.7)	377.4
Other comprehensive income/(loss) for the year, net of tax	464.0	(284.6)
Items that will not be reclassified to profit or loss		
Net actuarial gain/(loss) from retirement benefit obligations	11.1	(32.4)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations excluding Zimbabwe operations	609.7	(237.1)
Exchange differences on translation and hyperinflation effects of Zimbabwe operations	(160.1)	(14.6)
Gain/(loss) on cash flow hedges	3.3	(0.5)
Total comprehensive income for the year	438.3	92.8
(Loss)/profit attributable to:		
Owners of Nampak Limited	(146.9)	207.2
Non-controlling interest in subsidiaries	121.2	170.2
Total	(25.7)	377.4
Total comprehensive income/(loss) attributable to:		
Owners of Nampak Limited	375.1	(151.9)
Non-controlling interest in subsidiaries	63.2	244.7
Total	438.3	92.8
(Loss)/earnings per share		
Basic (cents per share)	(23.1)	32.1
Diluted basic (cents per share)	(23.1)	32.1

* Represented in terms of IAS 1: Presentation of Financial Statements to disaggregate net expected credit losses relating to financial instruments other than the Reserve Bank of Zimbabwe financial instrument.

Consolidated statement of financial position

at 30 September 2022

R million	2022	Restated* 2021	Restated* 2020
Assets			
Non-current assets			
Property, plant, equipment and investment property	5 452.0	5 360.9	5 905.8
Right of use assets	679.5	694.9	871.6
Goodwill	1 976.1	1 711.8	1 877.9
Other intangible assets	141.8	134.9	164.5
Investments in associates, joint venture and other	39.3	17.5	14.9
Retirement benefit asset	221.6	—	—
Deferred tax assets	436.0	410.1	338.2
Loan and lease receivables — non-current	84.5	78.1	139.7
	9 030.8	8 408.2	9 312.6
Current assets			
Inventories	3 934.9	2 910.9	2 815.9
Trade and other current receivables	3 258.4	2 800.3	1 980.6
Tax assets	24.0	16.3	45.5
Loan and lease receivables — current	51.8	43.3	358.6
Bank balances and deposits	1 501.6	1 136.6	1 528.9
	8 770.7	6 907.4	6 729.5
Assets classified as held for sale	51.2	619.6	92.7
Total assets	17 852.7	15 935.2	16 134.8
Equity and liabilities			
Capital and reserves			
Share capital	35.5	35.5	35.5
Capital reserves	(245.9)	(226.9)	(227.6)
Other reserves	667.1	109.5	475.7
Retained earnings	4 205.7	5 069.7	4 859.3
Shareholders' equity	4 662.4	4 987.8	5 142.9
Non-controlling interests	213.9	(528.7)	(770.4)
Total equity	4 876.3	4 459.1	4 372.5
Non-current liabilities			
Loans — non-current	4 721.9	4 474.3	5 755.2
Lease liabilities — non-current	1 090.9	972.8	1 029.8
Retirement benefit obligation	746.3	801.2	775.5
Deferred tax liabilities	95.6	175.3	242.3
Other non-current liabilities	10.5	12.7	14.9
	6 665.2	6 436.3	7 817.7
Current liabilities			
Trade and other current payables	3 753.8	2 892.6	2 327.4
Provisions	115.9	192.0	275.4
Tax liabilities	68.4	36.6	34.9
Loans and lease liabilities — current	2 373.1	1 633.3	1 178.4
Bank overdrafts	—	25.0	128.5
	6 311.2	4 779.5	3 944.6
Liabilities directly associated with assets classified as held for sale	—	260.3	—
Total equity and liabilities	17 852.7	15 935.2	16 134.8

* Restated for the correction of an error relating to the adoption of IFRS 16: Leases. Refer to note 1.5 of the detailed financial statements.

Consolidated statement of changes in equity

for the year ended 30 September 2022

R million	2022	Restated ¹ 2021
Opening balance	4 459.1	4 214.5
Correction of error ¹	—	158.0
Net shares issued during the year	—	2.0
Share-based payment expense	26.5	3.3
Share grants forfeited	(2.0)	(1.3)
Disposal of liquid bonds ²	—	(10.1)
Treasury shares purchased ³	(45.5)	—
Total comprehensive income for the year	438.3	92.8
Dividends paid	(0.1)	(0.1)
Closing balance	4 876.3	4 459.1
Comprising:		
Share capital	35.5	35.5
Capital reserves	(245.9)	(226.9)
Share premium	270.9	270.9
Treasury shares	(558.9)	(513.4)
Share-based payments reserve	42.1	15.6
Other reserves	667.1	109.5
Foreign currency translation reserve	1 313.8	787.6
Financial instruments hedging reserve	3.3	—
Recognised actuarial losses reserve	(623.8)	(634.9)
Other ⁴	(26.2)	(43.2)
Retained earnings	4 205.7	5 069.7
Shareholders' equity	4 662.4	4 987.8
Non-controlling interests	213.9	(528.7)
Total equity	4 876.3	4 459.1

1. Restated for the correction of an error relating to the adoption of IFRS 16: Leases. Refer to note 1.5 of the detailed financial statements.
2. Cumulative fair value loss relating to liquid bonds measured at fair value through other comprehensive income recycled through profit/loss on disposal.
3. During the period 11 308 712 Nampak Limited shares were acquired at a cost of R45.5 million as the deferred incentive portion of the Executive Incentive Plan for 2021. The deferred incentive is structured as forfeitable shares, meaning participants are the owners of the shares, but the shares are subject to forfeiture (until vesting) and disposal restrictions (until the expiry of the holding period, where applicable).
4. Other reserves relate to deferred tax on the equity contribution by Nampak International Ltd to Nampak Zimbabwe Ltd.

Consolidated statement of cash flows

for the year ended 30 September 2022

R million	2022	2021
Cash flows from operating activities		
Cash receipts from customers	16 620.5	12 941.4
Cash paid to suppliers and employees	(15 775.3)	(11 882.2)
Cash generated from operations	845.2	1 059.2
Interest received	10.7	21.0
Interest paid	(557.4)	(544.0)
Retirement benefits, contributions and settlements	(75.4)	(77.5)
Income tax paid	(169.6)	(152.0)
Cash flows from operations	53.5	306.7
Dividends paid	(0.1)	(0.1)
Cash generated from operating activities	53.4	306.6
Cash flows from investing activities		
Capital expenditure	(208.3)	(312.9)
Replacement	(192.7)	(273.7)
Expansion	(15.6)	(39.2)
Disposal of property, plant, equipment and investments	43.0	40.9
Proceeds on disposal of liquid bonds	–	267.8
Proceeds from RBZ receivable	–	57.4
Decrease in other non-current financial assets	3.4	2.3
Cash (utilised in)/generated from investing activities	(161.9)	55.5
Net cash (utilised)/generated before financing activities	(108.5)	362.1
Cash flows from financing activities		
Non-current loans raised	912.1	1 499.6
Non-current loans repaid	(511.6)	(1 998.5)
Invoice discounting finance raised	177.9	–
Lease liabilities repaid	(125.4)	(71.2)
Treasury shares purchased*	(45.5)	–
Cash raised/(repaid) in financing activities	407.5	(570.1)
Net increase/(decrease) in cash and cash equivalents	299.0	(208.0)
Net cash and cash equivalents at beginning of year	1 111.6	1 400.4
Translation of cash in foreign subsidiaries	91.0	(80.8)
Cash and cash equivalents at end of year	1 501.6	1 111.6

* Refer to footnote 3 on the consolidated statement of changes in equity.

Operational review

Metals

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

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

South Africa Performance

Bevcan South Africa performed very well in the year, with greater production efficiencies allowing us to support our customers' increased requirements amid a local market recovery that boosted sales volumes and ensured that our production lines for large beverage cans ran at full capacity.

A steep increase in the price of aluminium for most of the year and unfavourable foreign exchange movements in the second half required a higher investment in working capital, affecting profitability. In the prior year, profits had been buoyed by a significant export contract which was not repeated in 2022 as customers in that export market were again able to fulfil their requirements locally.

In a competitive market, South African volume growth was supported by robust demand for 440ml and 500ml cans in which mainly energy drinks and beer are packaged, as well as a continued shortage of returnable glass bottles. Demand for beverage cans for carbonated soft drinks (CSDs) was largely stable.

We reported further improvements in our world-class safety performance and remained focused on providing outstanding customer service and reducing our operating costs while focusing on operational efficiencies.

Specialist skills are essential to maintaining this performance and as such we continued to invest in the mentorship and training of our people. We continued to focus on lessening our carbon footprint and to evaluate all options to reduce energy and water usage within our operations. At this stage, cost considerations mean that solar power is not yet on a scale to support our manufacturing lines, however we continue to monitor developments in renewable energy technologies while investing in solar capacity to support our non-manufacturing activities.

Trading results at **DivFood** South Africa were disappointing. Strong demand for fish cans and the recovery of sharply higher tinplate and freight costs from customers supported an increase in revenue, but demand for diversified cans and metal closures was depressed as consumer disposable income came under renewed pressure.

Asset impairments of R428 million were reported comprising R302 million for DivFood, R79 million for Bevcan Angola and R47 million for Metals Nigeria with higher WACC rates contributing significantly to these impairments.

Raw material shortages impacting customer service in the first half and operational challenges at our Paarl and Epping operations in the Western Cape adversely affected profitability for the year.

Achieving the required operational efficiencies from the relocated equipment from our Vanderbijlpark to Paarl and Epping operations in 2021 presented us with a number of challenges and took longer than expected. This impacted our ability to fully service the market and resulted in higher operational costs.

Our operation in Mobeni fortunately did not suffer direct damage in the KwaZulu-Natal floods, but it was impacted significantly by the devastation to public infrastructure and the impact on some of our customers.

During the latter part of the year, operations improved and supply chains stabilised but we increasingly experienced depressed consumer demand as disposable income came under pressure and higher inflation impacted shelf prices of goods packed in our packaging.

Outlook

Bevcan expects that strong demand for environmentally friendly packaging from customers and consumers alike will support sales volumes in the new financial year. This is despite an expected decrease in the local glass shortage as well as the recent start-up of a new can line by an energy drink producer which has brought to four the number of local beverage can manufacturers.

Safety, customer service and operational efficiency will remain the focus while we consider further capital investment ahead.

Operationally, **DivFood** enters the new financial year with improved operations and improved inventory coverage, ready to service the market. At our factories in Epping and Paarl, the improvement in efficiencies is being delivered. We will continue to focus on people development and improving the skills and capabilities of our can- and end-makers.

In an environment of high interest rates and elevated inflation, we expect customers to be even more discerning on where they channel their discretionary spending. We expect constrained demand for our packaging over the next year.

FINANCIAL CAPITAL

Revenue

R12 915m

(2021: R9 928m)

Trading profit

R1 281m

(2021: R1 091m)

Trading margin

9.9%

(2021: 11.0%)

NATURAL CAPITAL

Energy use

1 335 219GJ

(2021: 1 299 089GJ)

Water (ML)

770.1

(2021: 968.4)

HUMAN CAPITAL

Employees

2 570

(2021: 2 563)

LTIFR

0.28

(2021: 0.12)

Scope 1 and 2 greenhouse gas emissions intensity (tCO₂e/Rm revenue)

14.5

(2021: 17.9)

Scope 1 and 2 emissions (tCO₂e)

186 779

(2021: 178 504)

Rest of Africa

Performance

The overall **Bevcan Angola** performance was stronger than anticipated in the year, with good growth in sales volumes despite the continued closure of the border with the Democratic Republic of the Congo, which is the destination for many of our customer's filled products. A strong fourth quarter recovery in demand led to a pleasing improvement in profitability, however we made an impairment of R79 million (\$4.5 million).

Economic activity showed encouraging signs of improvement and the kwanza appreciated, translating into stronger consumer buying power as well as a forex gain for Nampak. We commissioned the aluminium line which had been converted from tinplate during 2021.

Bevcan Nigeria performed well on mostly steady sales volumes in 2022 after double-digit volume increases the year before, however forex losses increased because of a depreciation of the naira. The shortage of foreign currency remains a problem. The plant continued to operate at world-class levels of efficiency, spoilage and safety.

Our **general metal packaging** operations in **Nigeria** felt the impact of a weak economy and continued to restructure to align to lower demand. We saw some substitution into plastic to meet consumer price points. Despite continuing economic hardship and difficulties in securing a consistently reliable supply of foreign exchange to procure sufficient raw materials in **Zimbabwe**, demand for our products was solid and volumes increased.

Our business in **Kenya** experienced headwinds due to a changing market structure in the milling industry and reduced demand from customers who depend on favourable agricultural conditions.

Outlook

We expect economic growth in **Angola** to gather further momentum in the year ahead, and we expect to benefit from an uptick in consumer demand given our available installed production capacity for **aluminium beverage cans**. In **Nigeria**, we will consider introducing the manufacture of bigger can sizes, such as 500ml, to service market demand. We do however expect that consumer demand across the country may be negatively impacted by increases in local inflation.

In **general metal packaging**, our operations in **Zimbabwe** expect demand to remain robust, but production volumes will continue to depend on the availability of foreign exchange required to procure raw materials. General metal packaging in **Nigeria** is anticipated to continue to be impacted by lower demand as a consequence of higher inflation levels and a constrained economic climate.

Operational review

Plastic



Nampak has 12 plastic 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

Lacklustre economic activity, prolonged strikes at our major customers and ad hoc raw material shortages led to a disappointing performance by Plastic South Africa in the year, with lower sales volumes and reduced profitability. Revenue was mostly stable at 2021's levels, but lower production volumes and higher input costs negatively impacted trading profit.

Determined to optimise our operations, we critically reviewed our geographic footprint, number of facilities and product portfolio. In the highly

competitive market – characterised by aggressive pricing – we successfully defended our market share, apart from in those areas where we had chosen to rationalise our customer base and product offering.

What differentiates Nampak from other suppliers in this commodity market is our excellent customer service, the superior quality of our products and the strong reputation of the Nampak brand. We continue to work to leverage these strengths.

Demand for the **bottles and closures** in which our customers pack water, juice, milk and CSDs declined. Industrial action at two large customers dragged on for months, with a spill-over effect on other customers with whom they share logistics services. Power and water cuts further challenged the operations of many of our customers.

Raw material shortages included a production stoppage by a local manufacturer of HDPE pellets, making it necessary for us to import this material. The supply of imported product was then interrupted by a deterioration in port operations after severe floods in KwaZulu-Natal.

To counter these challenges, we developed a new range of bottles which will be the lightest and strongest PET offering in South Africa. This innovation has a reduced environmental impact and is more cost efficient. During the test phase, we were encouraged by the market's favourable reception; we plan a formal launch of this family of bottles in the second quarter of the 2023 financial year.

In our **closures** business, demand for sports caps continued to increase. Operationally, our facilities recorded improvements across all metrics, including cost and waste. Demand for our **drums and crates** was solid, although margins in the crates business continued to decline in the highly competitive sector.

Asset impairments of R28 million in South Africa's Rigid Plastic business and R3 million on our Ethiopian operation were materially impacted by increased WACC rates and expected future cash flows.

Our Rigid Plastic business required a net asset impairment reversal of R2 million and a right of use asset impairment of R38 million.

In 2022 we stabilised our **Tubes** business and improved its operational performance, after its sale was delayed. As a result, we renegotiated the main supply agreement with the customer, extending the contract for another three years and including cession rights should we sell the business.

Acknowledging concerns around single-use plastic, we continued to participate actively in the plastic industry's environmental initiatives through our membership of PETCO and Polyco. Ensuring that our products are designed for recycling and contain an increasing percentage of post-consumer content remain key priorities together with bringing fit-for-purpose and product-appropriate packaging to the market.

Our **liquid cartons** business reported improved volumes on stronger demand for the conical cartons in which traditional sorghum beer is packaged. This more than made up for a decline in Purepak volumes demanded by large customers whose operations were disrupted by lengthy strike action and operational challenges. In the year, consumers whose disposable income was under pressure opted to buy more-affordable sorghum beer rather than clear beer packaged in other beverage containers.

The unbleached board we use to produce cartons for extended shelf-life milk maintained its market position, even though fresh milk continued to lose market share to long-life milk. After the founding of the Fibre Circle in 2021, we engaged actively with this non-profit organisation, which is working to better manage the impact of paper packaging on the environment.

Outlook

With a strong base of innovation, in 2023 we will action our plans to improve our competitiveness in select categories of plastic packaging. We will launch our new internally developed lightweight PET **bottles**, leveraging our trusted brand and world-class customer service to grow our share of the market, reduce the impact of bottles on the environment, as well as reduce operational costs. We will also consider new technologies to support growth in **drums**.

Despite the dissolution of the Elopak Nampak Africa joint venture, we remain upbeat on the outlook for the **liquid cartons** business in South Africa and in the export market in sub-Saharan Africa.

Rest of Africa

Performance

In **Zimbabwe**, demand for our plastic packaging reached record highs; we supplied customers despite the limited availability of foreign currency with which to source raw material imports. This strong volume performance was diluted on translation due to the significantly weakened Zimbabwean currency.

To limit its exposure to currency fluctuations, the business self-funds all its operational and capital requirements, re-investing cash generated into raw material, operations and equipment.

In **Zambia**, we reported strong volume growth after installing a second crate manufacturing line at Ndola to fulfil the requirements of a large customer. In **Ethiopia**, performance was disappointing after demand from our primary customer decreased, resulting in suspended production for many months.

Outlook

Despite **Zimbabwe's** economic woes, the business goes from strength to strength, supporting a broad range of customers. Should economic conditions improve, the business's experienced and stable management team and good production capabilities will support a stronger financial contribution to the group in the years ahead. Zimbabwe remains self funding.



FINANCIAL CAPITAL

Revenue

R2 953m

(2021: R2 996m)

Trading profit

R247m

(2021: R287m)

Trading margin

8.4%

(2021: 9.6%)



HUMAN CAPITAL

Employees

1 131

(2021: 1 129)

LTIFR

0.38

(2021: 0.51)



NATURAL CAPITAL

Energy use

350 784GJ

(2021: 348 470GJ)

Water (ML)

140.1

(2021: 128.8)

Scope 1 and 2 greenhouse gas emissions intensity (tCO₂e/Rm revenue)

33.2

(2021: 32.9)

Scope 1 and 2 emissions (tCO₂e)

98 008

(2021: 98 705)

Operational review

Paper



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

Rest of Africa

Performance

An improved overall performance drove good revenue growth by the Paper businesses in 2022 and although the **Zimbabwe** operation continued to perform well, its profitability was adversely impacted by the sharp decline in the value of the local currency.

In this important market, demand for the large corrugated cases used to pack tobacco as well as demand for smaller corrugated boxes was strong. So too were the sales volumes of other paper packaging, despite a shortage of foreign currency.

In **Malawi**, demand for conical cartons reached record levels. Costs remained tightly controlled, leading to good profitability. We further refined the business model in **Malawi** to focus only on conical cartons. Corrugated paper products are now sold directly by **Nampak Zimbabwe** into **Malawi**.

After a strong 2021, in 2022 our **Zambian** business recorded a decline in volumes of conical cartons as several independent brewers moved their beer back into bulk containers to save on costs in a challenging economic environment.

In **Kenya**, the backward integration by flour millers into the production of self-opening bags continued to pressure the demand for our products.

We made an impairment of goodwill in Bullpak Kenya of R45 million.

Outlook

Amid increased foreign direct investment into **Zambia**, specifically the mining sector, we are confident that demand for conical cartons will pick up as economic growth, following this FDI, drives market demand for traditional beer that is hygienically packed in smaller containers.

In **Malawi**, conical cartons for sorghum beer will continue to regain pack share of the market, building on collaboration initiatives with our main customer. With demand for self-opening bags continuing to trend lower, we will switch the focus of our operation in **Kenya** to the direct supply of beverage cartons into East Africa by Nampak, following the dissolution of the Elopak Nampak Africa joint venture.

We are assessing the financial viability of our East African businesses.



FINANCIAL CAPITAL

Revenue

R1 069m

(2021: R1 034m)

Trading margin

17.1%

(2021: 18.1%)

Trading profit

R183m

(2021: R187m)



NATURAL CAPITAL

Energy use

80 058GJ

(2021: 74 544GJ)

Water (ML)

19.1

(2021: 32.4)

Scope 1 and 2
greenhouse gas
emissions intensity
(tCO₂e/Rm revenue)

11.3

(2021: 10.9)

Scope 1 and 2
emissions (tCO₂e)

12 089

(2021: 10 944)



HUMAN CAPITAL

Employees

476

(2021: 417)

LTIFR

0.15

(2021: 0.23)

Our board of directors



Peter Surgey (68)
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 and Autozone Investments (Pty) Ltd (both Ethos Fund V1 Companies).

Experience and expertise:

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



Erik Smuts (52)
Chief Executive Officer

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

Mr Smuts took over as Chief Executive Officer on 6 January 2020. He has over 25 years of experience in the manufacturing and packaging industry, having worked at Nampak for more than two decades. He was appointed Group Executive of Bevcac 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; sales, marketing and customer perspectives; manufacturing, production and commodities; risk and information technology management; economic, finance and corporate structuring; people management, reward and remuneration; governance in a complex corporate environment; international experience, including rest of Africa.



Glenn Fullerton (55)
Chief Financial Officer

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

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

Experience and expertise:

Strategic leadership; risk and information technology management; economic, finance and corporate structuring; people management, reward and remuneration; entrepreneurship, governance in a complex corporate environment and international experience, including rest of Africa.



Nooraya Khan (53)
Independent Non-executive Director

Qualifications: B Comm, B Compt (Hons), CA(SA), IDPC (Insead)
Appointment date: 1 August 2020

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

Experience and expertise:

Strategic leadership; risk and information technology management; economic, finance and corporate structuring; legal, regulatory and JSE requirements; people management, reward and remuneration and governance in a complex corporate environment.



Kholeka Mzondeki (55)
Independent Non-executive Director

Qualifications: FCCA – UK, B Comm, 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. She has fulfilled FD and CFO roles at 3M and previously sat on the Audit Committee of the United Nations World Food Programme.

Experience and expertise:

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



A **Clifford Raphiri (59)**
Independent Non-executive Director

N **S**

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 served as chairman of Adcock Ingram Holdings. He also serves as a non-executive director of Murray & Roberts Holdings, Energy Partners Holdings and Growthpoint Properties Limited.

Experience and expertise:

Strategic leadership; manufacturing, production and commodities; risk and information technology management; 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.



Simon Ridley (67)
Independent Non-executive Director

Qualifications: B Comm, 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 and information technology management; economic, finance and corporate structuring; legal, regulatory and JSE requirements; people management, reward and remuneration; socio-economic development and sustainability; governance in a complex corporate environment and international experience, including rest of Africa.



A **N** **Lesego Sennelo (45)**
Independent Non-executive Director

A **S**

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. She currently serves as a non-executive director on the boards of OneLogix Group Limited, Oceana Group Limited, Redefine Properties Limited and Assupol Holdings. She is also a board member and Treasurer of the International Women's Forum of South Africa (IWFSA). She is a qualified Chartered Accountant with 20 years of vast experience across private and public sectors.

Experience and expertise:

Strategic leadership; sales, marketing and customer perspectives; manufacturing, production and commodities; risk and information technology 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 and international experience including rest of Africa.

Committee membership is as follows:

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

Our group executive committee



Erik Smuts (52)
Chief Executive Officer

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



Glenn Fullerton (55)
Chief Financial Officer

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



Christiaan Burmeister (58)
Group Executive: DivFood and Research and Development

Qualifications: B Acc, B Comm (Hons), CA(SA) AMP (Harvard)

(Retired effective 30 November 2022)



Lynne Kidd (62)
Group Executive: Human Capital

Qualifications: BA (Hons) Industrial Psychology



Ilse van Lochem (57)
Group Executive: Legal and Secretarial
Qualifications: BA, LLB, MBA,
Postgraduate Diploma
in Corporate Law



Simon McGill (46)
Group Executive: Corporate Finance
Qualifications: B Comm (Hons), CA(SA)



Henk Nel (47)
Group Executive: Bevcan
Qualifications: B Comm (Acc) (Hons),
CA(SA), MDP, SEP



Quinton Swart (47)
Group Executive: Paper and Plastic
Qualifications: B Comm,
B Comm (Hons) Statistics

Ensuring and maintaining good corporate governance

Nampak's board of directors guides the company to achieve steady performance in challenging times through ethical leadership and effective control, based on accountability and its commitment to good governance.

Significant board deliberations in 2022 and focus areas for the year ahead

In a challenging year overshadowed in the first half by the negative impact of COVID-19 followed by global supply chain disruptions and floods, the board dealt with the following pertinent matters, in addition to attending to its regular responsibilities as set out in the board charter, which will remain key focus areas for the year ahead:

Key focus areas



Improving operational and financial performance



Strengthening the group's capital structure and liquidity management



Business and portfolio simplification together with stringent overhead and working capital control



Ethical culture, compliance and board effectiveness



People, safety, skills and transformation



Ensuring long-term sustainability

The complete relaxation of all COVID-19 restrictions towards mid-year resulted in healthy resumed growth in demand in South Africa, Angola and Nigeria and a partial recovery in the Rest of Africa.

Volume growth for beverage cans in our key markets on the back of strong demand coupled with higher selling prices due to elevated commodity prices, resulted in pleasing group revenue growth. Profitability was however impacted by supply chain constraints, increased foreign exchange losses in Nigeria, higher interest paid and an increased net currency devaluation impact in Zimbabwe.

Higher WACC rates adversely impacted valuations and resulted in net impairments amounting to R512 million (2021: R264 million).

Capital expenditure was tightly controlled and product offerings simplified in continued efforts to reduce risk, curtail costs and streamline efficiencies.

We continue to identify assets for disposal and actively seek to engage with potential buyers so as to simplify our business portfolio in line with our strategic objectives as well as apply proceeds towards the reduction of debt. Although an agreement for the sale of the Tubes business was successfully concluded in 2021, the sale was not finalised during 2022. We anticipate conditions precedent to be fulfilled during the 2023 financial year.

In terms of the funding agreements negotiated in September 2020, the group's debt funders required interest-bearing debt to be reduced by R1 billion by 30 September 2021 through a strategic asset disposal process or a combination of asset disposals and a capital raise with covenants measured on a quarterly basis. Following certain amendments to these funding agreements in September 2021, various covenants were relaxed, and certain milestones and payment dates were deferred. In September 2022 funding agreements were subsequently amended to:

- › extend the maturity date for the group's revolving credit and term loan facilities from 1 April 2023 and 25 September 2023 to 31 December 2023;
- › maintain the group's current net interest bearing debt: EBITDA covenant at 3.5 times until it is lowered to 3:00 times from 31 March 2023;
- › reduce the minimum threshold of the EBITDA: interest cover from the current 4.0 times to 3.0 times from 30 September 2022 until 31 December 2023; and

- › include an additional repayment of net interest-bearing debt of at least R1.35 billion by no later than 31 March 2023.

The group complied with its covenants for all measurement periods in the 2022 financial year.

We remain committed to addressing the group's capital and funding structure, as well as refinancing the debt which now matures on 31 December 2023. Cash proceeds from asset disposals continue to be actively considered as a means of reducing debt.

These funding agreement amendments have allowed time for the group to embark upon a process to enable it to launch a rights offer early in 2023, while providing the necessary flexibility for the group to operate under conditions with elevated commodity prices and higher interest rates.

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

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

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

Ensuring compliance and high standards of corporate governance and ethics

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

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

Environmental, social and governance considerations, safety, privacy and competition laws, together with fraud and corruption management, are key sustainability and compliance areas and receive the necessary attention on an ongoing basis. We provide training in these areas as required.

Our code of conduct and business ethics sets the minimum standards expected of all directors and employees. Training on fraud awareness, ethics and associated policies was provided to all employees during the course of this year.

Allegations of contraventions are reportable through "Tip-Offs Anonymous", which is independently administered by Deloitte and Touche and is accessible 24 hours a day, seven days a week.

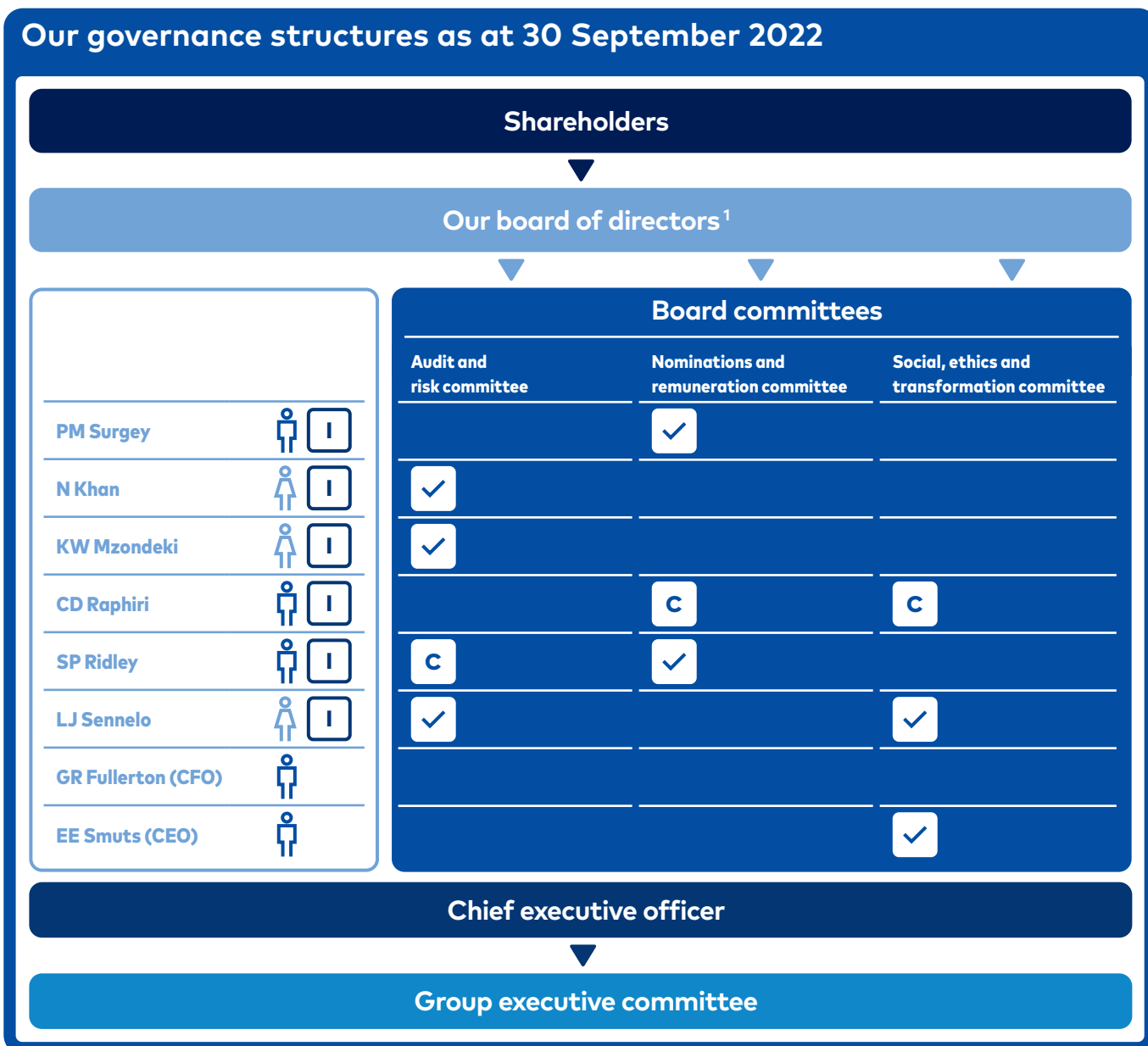
In the year under review, there were no material infringements of any laws or regulations, nor were any material penalties or fines imposed on the company or its directors for contraventions of any laws or regulations.

We are satisfied that Nampak has complied with the JSE Listings Requirements, including section 3.84(k) 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

Ensuring and maintaining good corporate governance continued

Our governance structures as at 30 September 2022



Key

	Male director		Female director
	Independent non-executive director		
	Committee chair		

A total of six board meetings were held during the year with all directors attending all meetings with the exception of Mr C Raphiri who could not attend the Special board meeting held on 30 May 2022 due to a prior commitment. Meetings were held on 3 December 2021, 16 February 2022, 25 May 2022, 30 May 2022 (special meeting), 11 July 2022 and 16 September 2022 (strategic conference).

The CEO attends meetings of the audit and risk committee and of the nominations and remuneration committee by invitation.

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

He is requested to leave the latter meeting, where appropriate, before discussions are held and decisions made which relate to his personal financial interests.

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

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

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

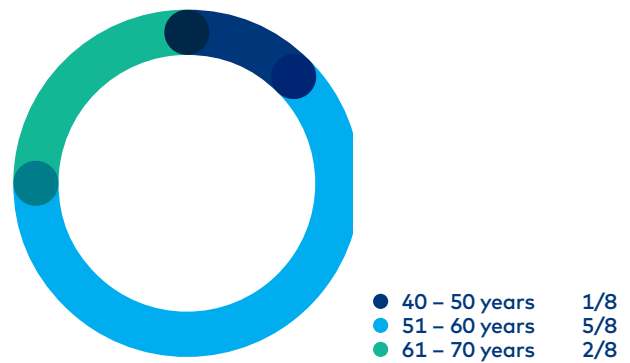
Board attendance

2022 (%)

97%

Age of directors

2022 (%)



Our board comprises diverse skills and experience

Skills are reflected as **core**¹, **significant**², or **basic**³

Economic, financial and corporate structuring	7/8	1/8	
Governance in a complex corporate environment	6/8	2/8	
People management, reward and remuneration	4/8	4/8	
Strategic leadership	3/8	5/8	
Risk and information technology management	3/8	5/8	
International experience, including rest of Africa	3/8	3/8	2/8
Manufacturing, production and commodities	3/8	2/8	3/8
Legal, regulatory and JSE requirements	2/8	4/8	2/8
Entrepreneurship	2/8	2/8	4/8
Socio-economic development and sustainability	1/8	4/8	3/8
Sales, marketing and customer perspectives	1/8	3/8	4/8

1 **Core** skills are skills of an expert nature acquired by a director through many years of application.

2 **Significant** skills are those in which a director has been formally trained or has an extensive working knowledge of the skills set.

3 A **basic** skill denotes an elementary understanding or skills set.

Board culture with a strong collective perspective

Strong values, ethics and integrity

Foster unity and commitment

Open and frank communication with management

Meaningful discussions/critical questioning

Risk-based approach

No dominant personalities

Ensuring and maintaining good corporate governance continued

Board composition

Gender diversity (% female)

2022 38

2021 38

Target >35

Race diversity

(% historically disadvantaged individuals)

2022 50

2021 50

Target >60

Tenure (%)



● 0 – 3 years 33
 ● 4 – 8 years 50
 ● >9 years 17

Independence (%)



● Independent non-executive directors 75
 ● Executive directors 25

Board level diversity results in broad-based inclusive views and relevant debates which support long-term sustainability.

Policy on the promotion of broader diversity

Diversity of race, gender, culture and age, as well as fields of knowledge, relevant skills and experience underpin a balanced and effective board and contribute towards a sustainable and competitive advantage. It is board policy to promote broader diversity at board level with all facets of diversity considered in determining the optimal composition of the board. All board appointments are made on merit, having due regard for the positive impacts of diversity on the effectiveness of the board as a whole.

Tenure, independence and succession

The independence of directors and their other commitments are considered when they are first appointed, annually, or when their circumstances change. This is done to determine whether a director has sufficient time to discharge his or her duties effectively and is free from conflicts that cannot be managed satisfactorily.

The board, duly assisted by the nominations and remuneration committee:

- is of the view that all directors, save for the executive directors, are independent and that no non-executive director is over-committed.
- has reconfirmed the independence of Mr Surgey, who has been in office for more than nine years. His experience, knowledge, independent judgement and open-minded inclusivity continue to benefit the board and company.

The board has not appointed a lead independent director. The chairman of the nominations and remuneration committee, or any other independent non-executive director nominated by the board, will lead discussions in circumstances where the chairman of the board is conflicted, unavailable or unable to act.

Board committees

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

Audit and risk committee	Nominations and remuneration committee	Social, ethics and transformation committee
<p>Mandate</p> <p>A statutory committee constituted in terms of the Companies Act and oversees:</p> <ul style="list-style-type: none"> › The quality and integrity of Nampak's integrated and financial reporting. › The qualification, independence and effectiveness of the internal and external audit functions. › The adequacy and effectiveness of internal controls, risk management, information technology and governance. 	<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 evaluation of the board, the board committees and directors.</p>	<p>Mandate</p> <p>Performs the role of a social and ethics committee as required in terms of the Companies Act.</p> <p>Assists with ensuring that the appropriate strategies, policies and processes are in place in order to drive, continued improvements in sustainability, and transformation and maintain the ethical culture within the group.</p>
<p>Key matters dealt with in 2022 and focus areas for 2023</p> <ul style="list-style-type: none"> › Ensuring effective and transparent financial reporting. › Financial management, key audit matters and significant areas of judgement — the committee continues to review and set materiality levels and ensure that financial systems, processes and controls operate effectively. › Financial performance, specifically considering the impact of supply chain disruptions, foreign exchange losses and currency volatility on the business. › Balance sheet and liquidity management. › External audit — oversaw the selection process to appoint PWC as the groups external auditors in respect of the 2024 financial year under mandatory audit firm rotation regulations. › Combined assurance, internal control and risk management — oversee the further refinement of the coordination, integration and alignment of assurance activities. 	<p>Key matters dealt with in 2022 and focus areas for 2023</p> <ul style="list-style-type: none"> › Ensuring fair, responsible and effective reward practices aligned with industry benchmarking and remuneration policy — continue to engage with our shareholders on our remuneration policy and implementation report and ensuring the appropriateness of our reward practices. › Reviewing short-term and long-term incentive plan targets and design principles to ensure effective applicability. › Composition, attraction, retention and succession practices at board and executive level remain key focus areas. 	<p>Key matters dealt with in 2022 and focus areas for 2023</p> <ul style="list-style-type: none"> › Continued focus on transformation — with an emphasis on recruitment and skills development. Nampak's level 2 B-BBEE contributor status was maintained during the year. › Ensuring processes are in place to promote an ethical, fair and caring culture. › Evolving the groups sustainability policy taking into account long-term decarbonisation strategies › Strengthening the group's environmental, social and governance structures. › Promoting the health and safety of employees across the various business operations.
<p>6 meetings (100% attendance)</p>	<p>7 meetings (100% attendance)</p>	<p>2 meetings (100% attendance)</p>
<p>Refer to the AFS for the audit and risk committee report</p>	<p>Refer to the remuneration report on pages 95 and 97 for details of directors' remuneration and other relevant remuneration information</p>	<p>Refer to page 73 for the social, ethics and transformation committee report</p>

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

Ensuring and maintaining good corporate governance continued

Mandates and focus areas of our board committees

The board reviews and approves the board committee charters annually. In executing their responsibilities, the committees place reliance on the work and reports of management, advisors or other board committees.

The mandates and focus areas of the board committees are set out in the infographic on page 71.

The board is satisfied that it comprises an appropriate combination of executive and non-executive directors with a balance of skills, experience and independence to conduct the business of the company in a professional and effective manner and to bring independent, informed and effective judgement to bear on material decisions and that it properly fulfilled all its duties and obligations in the 2022 financial year.

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

The company has a formal induction programme, which includes the opportunity for new directors to visit key operations.

Performance

The board is assessed formally every two years. Every other year opportunity is provided for discussion and reflection of the performance of the board as a whole, including the performance of its committees as well as that of the chairman.

The performance and effectiveness of the board, its committees, individual directors and the chairman was formally assessed in 2022 with the assistance of a global board and leadership advisory service.

The exercise affirmed that:

- › the board and its committees function effectively and professionally;
- › discussion and decision-making processes are frank and robust;
- › the chairman leads the board in an effective and appropriate manner; and
- › a good working relationship exists both between the chairman and the CEO and between management and the board as a whole.

Priority focus recommendations for the year ahead include:

- › the bedding down of executive performance management;
- › re-shaping and adapting Nampak's strategy;
- › building a high-performance culture with a clear purpose, talent management; and
- › transformation with focused succession planning for the positions of CEO and CFO.

The company secretary

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

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

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

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

Social, ethics and transformation report

for the year ended 30 September 2022

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.

- › sustainability;
- › health and safety; and
- › consumer and customer relationships.

The charter was amended during the year to ensure that the committee takes cognisance of environmental, social and governance considerations in its deliberations, policy setting and reporting as well as the triple context and six capitals to ensure long-term sustainability and value for stakeholders.

A formal, external performance assessment of the committee was undertaken during the year and the committee was considered to be functioning well.

Responsibilities

In executing its social and ethics responsibilities in 2022, the committee reviewed and monitored Nampak's activities relating to social and economic development, the environment, the health and safety of our employees and consumer relationships, having regard to human rights, relevant legislation and prevailing best practice. Matters we specifically focused on during the year included:

- › transformation;
- › corporate social investment;
- › enterprise and supplier development;
- › social, ethics and the environment;

Report on focus areas

Transformation

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

Employment equity remains a key focus area and the following table shows the percentage achievement against targets in 2022 as well as the targets for 2025:

%	Black				Black female			
	2021 actual	2022 target	2022 actual	2025 target	2021 actual	2022 target	2022 actual	2025 target
Non-executive directors	67	60	67	67	50	50	50	50
Executive directors	0	0	0	33	0	33	0	33
Group executives	0	0	0	0	0		0	0
Senior management	38	46	40	45	10	12	10	6
Middle management	53	54	55	53	24	24	28	16
Junior management	74	75	76	76	28	28	27	22
Semi-skilled	93		94		16		17	
Unskilled	99		99		32		33	

There was a marginal improvement in employment equity during the year but due to low staff turnover in senior positions it has again not been possible to achieve our employment equity targets. Higher targets, indicative of the commitment to transformation within Nampak, have been set for 2025.

A structured long-term process to improve transformation in the group's senior management structures is underway with a focus on the recruitment and development of black, and particularly black female, management talent.

Corporate social investment

Due to the pressure on profits, CSI expenditure has had to be curtailed in recent years. The COVID-19 pandemic also disrupted causes that were being supported. During the past year continued support was provided to six hospices in areas where our employees live. We also rented photocopiers for use by the schools which we previously partnered. The amount contributed in 2022 was R1.0m compared to R0.8m in 2021.

In addition to the CSI contribution, Nampak also provided temporary employment to 102 interns in 2022 as part of its ongoing commitment to the YES4Youth initiative. Nampak's contribution to this initiative exceeded R6 million in 2022, bringing its total investment in this programme since inception to more than R26 million.

Enterprise and supplier development

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

The environment

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

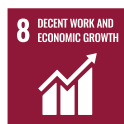
- › proactive management of emissions in terms of applicable carbon tax legislation;
- › participation in standards certification and audit programmes;
- › recycling initiatives;
- › water management; and
- › hazardous waste management protocols.

Nampak participates in several industry bodies which promote recycling and sustainability. We are invested in Collect-A-Can (a recovery and recycling organisation), which together with other recycling organisations recovers approximately 80% of scrap aluminium beverage cans, which is a world-leading performance. Informal recyclers, who are very active in the collection and recycling of aluminium beverage cans, currently receive approximately 26c per recovered can with over R100 million estimated to have been returned to the informal sector this year. Nampak actively works with its customers to assist in reducing the negative impact of a number of 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.](http://www.nampak.com)

Ethics

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



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

Our code of conduct and business ethics was revised in 2021 to meet current conditions and forms the basis of ethical behaviour in the group as it 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 by Deloitte & Touche, allows complainants to confidentially report any violations of Nampak's policies and procedures. The committee exercises ongoing oversight over the management of the response to calls received.

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

	2022	2021
Reports received	61	49
Management reviews	19	20
Disciplinary hearings	4	4
Dismissals	0	2
Forensic reviews	42	29
Resigned/separation agreement pending:		
› Investigation/enquiry	8	—
› Disciplinary hearings	13	7
› Sanction	3	7

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

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

Sustainability

The sustainability governance structure was strengthened by the addition of an environmental executive committee at group executive level and environmental steering committees at the operating divisions to drive the development of a group sustainability policy with a particular focus on long-term decarbonisation strategies thereby meeting the requirements of the extended producer responsibility (EPR) waste recycling schemes.



The Committee approved the inclusion of UN Sustainable Development Goal 13 (Climate Action) as one of the focus areas for the group.

Health and safety

Health and safety is a top priority for Nampak and safety is one of our values. Safety audits are regularly conducted. Some sites have achieved safety certifications. Performance is monitored against safety tolerance levels. The last time injury frequency rate (LTIFR) in 2022 remained at 0.27 compared to the tolerance level of 0.32. The table below shows the LTIFR statistics over the past five years:

2022	2021	2020	2019	2018
0.27	0.27	0.36	0.34	0.27

Certain individual incentive bonus payments are linked to safety targets. See the remuneration report on page 76.

The COVID-19 pandemic continued to impact on our business and the lives of our employees. We were faced with a number of lockdowns at various levels but in most cases our factories continued to operate albeit under strict protocols. Management continued to encourage employees to become vaccinated and as at 30 September 2022, 54% of employees (other than the members of the Group Executive Committee ("GEC") all of whom were vaccinated) had been vaccinated against COVID-19.

There were 203 positive cases amongst Nampak employees 202 have returned to work and one is still recovering.

Consumer and customer relationships

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

CD Raphiri
Chairman

Social, ethics and transformation committee
2 December 2022

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

Remuneration report

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

SECTION 1

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

SECTION 2

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

SECTION 3

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

SECTION 1: Report from the chairman

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

Shareholder engagement

At the AGM in February 2022, less than 75% of shareholders supported the remuneration policy and the implementation report (71.27% and 72.17% in favour, respectively, compared to 89.56% and 89.52%, respectively, in 2021). Dissenting shareholders were invited to submit their reasons for voting against the policy and implementation report to the committee. A series of consultations with various shareholders followed, both those in favour of the policy and implementation report and those against, to obtain their feedback on the remuneration report and their view of the remuneration practices.

Mixed and differing views were expressed during the consultations. Some shareholders had no major concerns whilst others expressed specific concerns around Executive Incentive Plan (EIP), which was implemented during the 2021 financial year.

Together with our external remuneration advisors, we revised certain aspects of the EIP's structure and functioning to address the issues raised and proactively engaged with shareholders to establish whether there was support for the proposed amendments before finalising the approach for the 2023 financial year.

In the current economic conditions, setting three-year forward-looking performance conditions remains a challenge. We are of the view that the enhanced EIP remains the optimal structure to support the business in executing its current strategy. The enhancements provide the best middle ground between the current structure (including its performance period of one-year, with the automatic deferral and delayed delivery of a portion of awards) and the more conventional separate short-term and long-term incentive plans (with performance periods of, for example, one- and three-years, respectively).

The table below summarises the action taken by Nampak in response to the feedback received.

	Shareholder feedback	Nampak action taken
EIP target disclosure	The disclosure was inadequate for shareholders to determine the appropriateness of the incentive payouts relative to company performance.	The retrospective disclosure for the 2022 outcomes as well as the prospective disclosure for the 2023 measures and targets have been enhanced in this report.
EIP structure — cash versus equity	Shareholders indicated a preference for a 40% to 60% split between cash and equity.	The split between cash and equity was revised to 40%:60%, from the 50%:50%. We believe the greater weighing on the equity portion, coupled with the additional measures we have introduced as depicted below, will further align executive and shareholder interests over the long-term. As part of the review, we will implement the EIP as conditional shares going forward.
EIP structure — length of the performance period	Longer performance and vesting periods were preferred.	Two additional measures were introduced: <ul style="list-style-type: none"> › the vesting period was extended from 3 to 4 years › a sustained performance underpin was introduced in the 2023 design, to effectively measure financial performance over a longer performance period (being the vesting period of the equity portion of awards) up to year 2 and 3 respectively.
EIP measures	Preferences for the use of returns measures and for externalised targets such as CPI growth, rather than increase on prior year or budget, were indicated.	While cash generation remains a strategic imperative, it is appropriate to include as a scorecard measure. Return measures will be considered for inclusion in 2024. The Headline Earnings measure will be retained and assessed against externalised targets.

Overview of the year and impact on remuneration outcomes

Whilst trading conditions during the 2022 financial year were healthy, with good demand for the majority of our products, the significant increase in commodity prices and shipping costs along with delays in the raw material supply chains, resulted in continued pressure on working capital, debt levels and interest costs during the year. In addition, foreign exchange losses and the increased net devaluation impact in Zimbabwe impacted negatively on operating performance.

This is reflected in the EIP scorecard for 2022 where the incentive pay outcomes for the EBITDA measure reached well into the stretch range, while the HEPS and debt reduction measures resulted in no incentive payments as they fell below the threshold levels. The overall company performance translated into incentive pay outcomes for the year that were approximately 40% down on the prior year.

There were no changes within the group executive structure during the year. The Group Executive: DivFood retired in November 2022.

Activities undertaken in 2022

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

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

Achievement of objectives

Total guaranteed package

The mandated annual increase to guaranteed packages for the executive levels and all other non-bargaining unit employees during the 2022 financial year was 4.5%, with adjustments for individual performance and position in ranges against benchmark data. The committee reviewed the performance ratings and approved the total guaranteed packages for executive directors and group executives.

Variable pay

The committee approved the vesting of the first tranche (50%) of the forfeitable shares awarded in terms of the 2021 EIP outcome, based on performance in the prior financial year, without applying a once-off downward vesting modifier and approved the cash incentive and settlement of the deferred incentive under the EIP for the 2022 financial year for executive directors and group executives after considering achievement against the balanced scorecard measures and plan rules.

The first release, equal to one third of the vested September 2019 Performance Share Plan (PSP) awards, is due in December 2022. The vesting percentage was confirmed at 24% in the 2021 remuneration report. The committee approved the release of the performance shares and the release of the matching shares awarded under the Deferred Bonus Plan (DBP) in December 2019.

The performance condition applicable to the September 2019 Share Appreciation Plan (SAP) awards was not achieved. A portion of the December 2019 and March 2020 PSP awards will be available for release in December 2022 as result of the achievement against the RONA target. The HEPS and TSR conditions were not achieved. The March 2020 award was a top-up allocation to the new CEO, appointed in that January, with the performance conditions aligned to the December award. Based on the achievement levels, the committee confirmed 30% vesting for release in December 2022.

The actual earnings reported under section three of this document on pages 91 to 95 reflect the levels of achievement against the performance targets for the executive directors and group executives.

Looking forward

Agreement was reached through the Nampak Enterprise Bargaining Forum (NEBF) on the wage increases for the two-year period from 1 July 2022 to 31 June 2024. The percentage increases ranged between 5% at the more senior bargaining unit job levels and 6% at the lower levels, applied to the benchmarked wage rates for similar job levels, which resulted in a fixed increase amount per job level.

The productivity initiative committed to by the company and Labour was established and implemented. This initiative will continue into 2023.

The committee considered and approved the continued use of the EIP for the performance period 1 October 2022 to 30 September 2023, together with the participants, balanced scorecard measures and targets for the period as well as the rules of the management short-term incentive plan (STI) with financial targets aligned to the EIP.

The EIP has been enhanced for 2023 to ensure better alignment with shareholder interests and our incentive structures overall will continue to be reviewed in terms of appropriateness to support the delivery of the business strategy into 2024. Specifically, a sustained performance underpin will be applied to 2023 EIP awards (to aid in answering long-term performance measurement concerns) and conditional shares will be used rather than forfeitable shares (as done for 2021 and 2022), which will aid cashflows and ease the administrative requirements of the structure. More detail on these changes is set out in Section 2.

The fee recommendations for non-executive directors and committee fees, excluding the fees for the nominations and remuneration committee were reviewed by the committee before submission to the board for consideration and recommendation to shareholders for approval by the way of special resolution in terms of the Companies Act requirements.

Following a favourable vote at the 2022 AGM of 99.38% (97.14% in 2021) in support of the non-executive directors' fees and committee membership fees, the board recommended that the current fee structure of a base fee and fees for meeting attendance remain in place and unchanged for 2023. The chairman fee will remain on a single-fee basis, with a reduction.

Future areas of focus

The committee will continue to review the appropriateness of the EIP structure and will consider changes as circumstances dictate.

The company will continue to address pay anomalies in a structured fashion in order to ensure consistent application of pay and performance linked principles across all job levels. This will include focus on eliminating any bias in pay relating to gender and race.

Confirmation

The committee monitored the implementation of the remuneration policy and confirmed that there were no deviations from policy to report. Overall it is satisfied that the policy has achieved its stated objectives during the reporting period.

In addition, the committee is satisfied that it has executed its duties over the reporting period, according to its terms of reference, relevant legislation, regulations and in accordance with governance standards.

In conclusion, the committee continues to strive towards achieving an appropriate balance between fair and equitable remuneration that reflects alignment to company performance, whilst still ensuring that the correct calibre talent is attracted and retained.



CD Raphiri
Chairman of the nominations
and remuneration committee

Bryanston
2 December 2022

SECTION 2: Remuneration policy

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

The policy remains largely unchanged from the previous period other than the amendments to the EIP, applicable from the 2023 financial year. As mentioned in Section 1, following the unfavourable votes at the AGM and the subsequent engagements with shareholders, certain aspects of the plan have been enhanced to further align the interests of the executive directors and group executives with those of the shareholders.

Remuneration governance

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

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

Details of the committee composition, meetings, attendance, mandate and focus has been included in the integrated report on page 71.

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

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

The committee is satisfied that the remuneration policy is fair, transparent and responsible in that it is reviewed and approved annually.

Remuneration report continued

Fair and responsible remuneration

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

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

Remuneration framework

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

Overview

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

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

The components

Basic salary and benefits

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

Variable pay – Short-term incentive plan (STI)

Participants	Managerial staff, excluding executives who participate in the EIP.
Review period	The STI component of the remuneration structure is reviewed annually to ensure appropriateness.
Calculation of the STI	<p>The STI is calculated in accordance with the following formula:</p> $STI = [\text{Total Guaranteed Pay} \times \text{on-target percentage}] \times \text{percentage achievement against targets.}$ <p>Achievement against targets is weighted 40% toward individual performance and 60% toward group/divisional financial targets.</p>
On-target percentage	<p>The quanta of the incentive are set with reference to guaranteed pay. STIs for on-target performance are capped at levels ranging between 7.5% and 65% of guaranteed package per annum.</p> <p>There is potential for senior management to earn an additional 25% of the total on-target percentage of guaranteed package where stretch financial targets are achieved</p>

Remuneration report continued

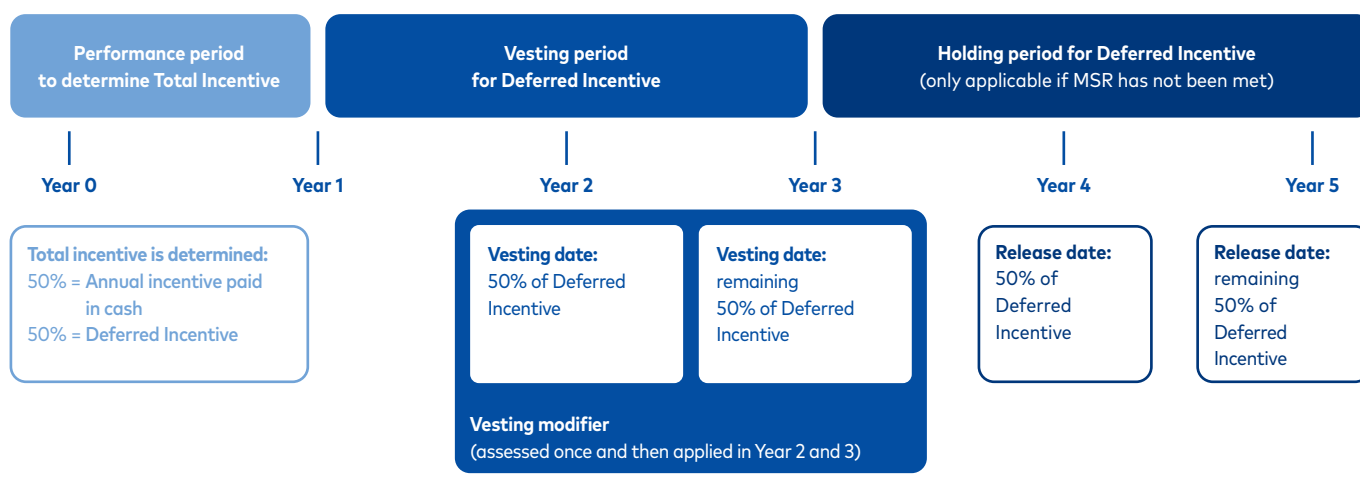
Scorecard	The STI uses a combination of individual performance and divisional financial performance targets. Emphasis is placed on delivering against strategic imperatives covering all aspects that underpin sustainable profitability and ethical governance. The STI drives transformation through the application of a discount factor for the non-achievement of employment equity targets.
Performance period	Achievement against targets is assessed over a one-year performance period, aligned to the financial year. Specific milestone-based goals could be measured at milestone dates.
Delivery of the STI	The STI is paid through payroll in December, after authorisation of the quantum by the committee.
Termination of employment	Participants are required to be in the employ of the company at the end of the performance period for the STI to be payable. In the case of retirement, death or permanent disability during the performance period a pro rata payment will be considered. Payment will take place in December, in the normal course.
Malus and clawback	STI awards are subject to malus and clawback (further details are included on page 89).

Variable pay – Executive incentive plan (EIP)

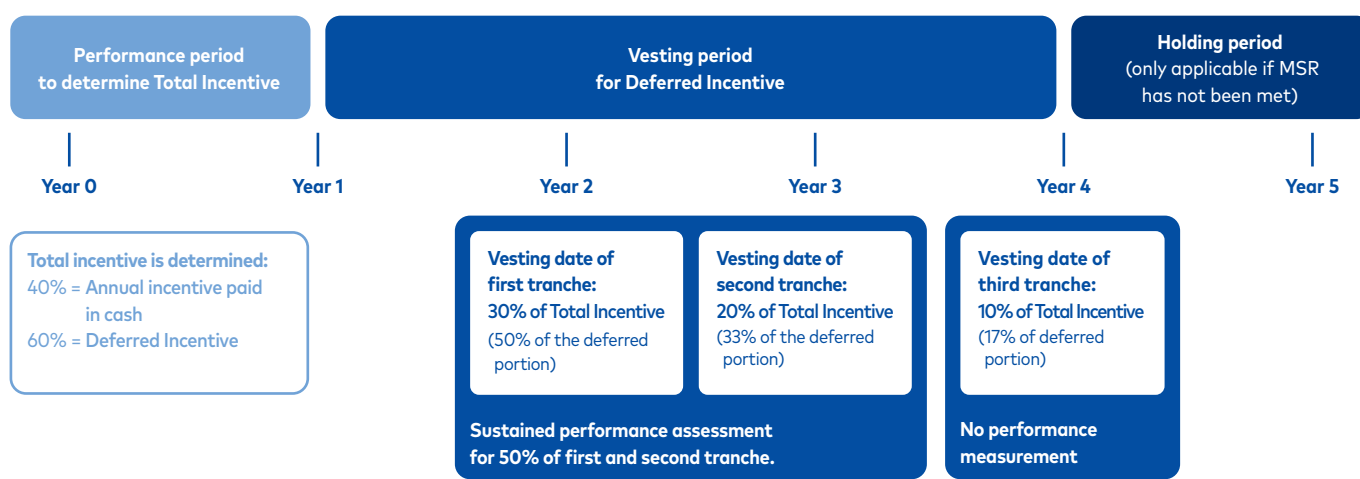
The EIP represents the total variable pay opportunity for the CEO, CFO and other group executives and is aligned with the current strategy. For application in the 2023 financial year, the structure has been enhanced to address the concerns previously raised by shareholders.

The operation of the EIP and comparison to prior year is illustrated below.

2022



2023



The following table summarises the key differences between the 2022 and 2023 EIP application:

Key aspect	2022	2023
Deferral percentage	<p>Annual incentive: 50%</p> <p>Deferred incentive: 50%</p> <p>Prior to 2023, the annual (cash) and deferred portions (equity) of EIP awards were equally weighted.</p>	<p>Annual incentive: 40%</p> <p>Deferred incentive: 60%</p> <p>From 2023, the weighting increases so that 60% of EIP awards will be automatically deferred. This increase in percentage, as well as the restructured operation of the vesting modifier to focus on sustained performance (discussed below), places increased emphasis on long-term performance.</p>
Vesting modifier vs performance modifier	<p>May be applied once-off to the deferred incentive, at the discretion of the committee. This is assessed at the end of year 2 at which time the outcome is applied, affecting the number of shares available for release at the end of year 2 and year 3. The vesting modifier would be applied where an erosion of value of the earnings of the core business has occurred and can be attributed to the performance of the executive directors and group executives.</p>	<p>The historical vesting modifier has been replaced by a new performance modifier. 50% of the deferred incentive (being 30% of the total EIP award) will be assessed for sustained performance and, where performance has not been sustained, will be subject to a downward adjustment, measured at the end of year 2 and at the end of year 3.</p> <p>The outcome of the balanced scorecard's financial performance measures in year 1 will determine the target for the sustained performance assessment. The target will be the lower of the on-target and the actual outcome (in the case where the outcome exceeded on-target).</p> <p>The adjustment will range from 0% to 100%.</p> <p>This replacement of the vesting modifier mechanism with that of the performance modifier automatically guarantees that a portion of EIP awards remains at risk during its vesting period, ensuring that participants will only receive the full amount of their award in the event that performance levels have been sustained, which is aligned with the need to create and sustain value for Nampak's shareholders.</p> <p>The performance modifier does not allow for an upward adjustment of the at-risk portions of the incentive. This means that participants can never increase the award amount originally earned.</p>
Instrument	<p>Forfeitable shares - the shares are all settled at the end of performance period and are then forfeited where the vesting modifier is applied or where employment is terminated (under certain circumstances), before the respective vesting dates. The free cash flow condition to settle the shares is tested at the end of the performance period where after the shares are settled and the Company is "hedged" against future share price movements.</p>	<p>Conditional shares - these are rights to shares that are only settled on the respective vesting dates. This implies that only the number of vested rights are settled as shares – this instrument is preferred over forfeitable shares as it avoids a situation where shares are settled and then forfeited due to the application of the performance modifier at the end of year 2 and 3. The free cash flow condition to settle the shares is tested before each vesting date as the cash cost to settle the shares will be equal to the share price at the time of vesting.</p>
<p>The details of the plan are set out below:</p>		
Participants	<p>Permanent employees are eligible to participate however the EIP is primarily used for the CEO, CFO and other executives that are critical in the execution of the turnaround strategy.</p>	
Calculation of Executive Incentive (cash and deferred portions)	<p>The EIP represents all variable pay elements and is calculated in accordance with the following formula:</p> <p>Executive Incentive = [Total Guaranteed Pay x On-target Percentage] x Balanced Scorecard Modifier</p>	
Combined on-target percentage	<p>Given that the EIP comprises the combined short-and long-term variable pay offering for the participants, after benchmarking performed by PwC, the following combined allocation levels will be applied in 2023 to each participant's total guaranteed pay (TGP) to determine the executive incentive:</p> <p>CEO: 190% CFO: 170% group executives: 155%</p> <p>The allocation levels remain unchanged from 2022.</p>	

Remuneration report continued

Balanced Scorecard Modifier	<p>The balanced scorecard for the 2023 financial year which will form the basis of determining the Balanced Scorecard Modifier, has been set out below, aligning the performance measures to the strategy.</p> <p>The Balanced Scorecard Modifier will be determined based on the outcomes of the Balanced Scorecard. Threshold and on-target levels are set for all performance measures. Stretch performance of up to 150% of the on-target percentage may be attained through the achievement of stretch targets.</p>
Performance period	<p>Achievement against the Balanced Scorecard will be assessed over a one-year performance period. Where appropriate, specific milestone-based goals may be measured at milestone dates within the performance period.</p> <p>The financial measures will be subject to a sustained performance assessment at the end of years 2 and 3, based on the original level of achievement at the end of year 1.</p> <p>The deferred incentive is subject to share price fluctuations and the performance modifier over the deferral period.</p>
Delivery of the executive incentive	<p>40% of the Executive Incentive will be paid in cash annually after the expiry of the performance period, i.e. year 1 (this is referred to as the annual incentive)</p> <p>The remaining 60% will automatically be deferred and awarded in the form of rights to Nampak shares, structured as conditional shares, which will in turn vest to the extent applicable, in staggered tranches following the first, second and third vesting dates, (this is referred to as the deferred incentive). Only the number of vested rights, subject to the employment condition and performance modifier, will be settled as shares following the respective vesting dates.</p> <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. The free cash flow condition to settle the shares is tested before each vesting date as the cash cost to settle the shares will be equal to the share price at the time of vesting.</p> <p>In the event that the free cash flow condition is not met at the time of intended payment or settlement, it shall be retested again every three months for a period of three years. Where the Free Cash Flow Condition has not been met as at testing in the 36th month from the determination date, the total incentive (or relevant portion thereof as an annual incentive and/or deferred incentive), shall lapse.</p>
Vesting period for the deferred incentive	<p>Subject to continued employment and the application of the performance modifier, the conditional shares will vest in staggered tranches on the vesting dates as indicated below:</p> <ul style="list-style-type: none">› First anniversary of determination date – 50% of the deferred incentive as adjusted by the performance modifier› Second anniversary of determination date – 33% of the deferred incentive as adjusted by the performance modifier› Third anniversary of determination date – the remaining 17% of the deferred incentive.
Performance modifier	<p>50% of the first and second tranches of the deferred incentive will subject to a sustained performance assessment on or just prior to vesting date. Each tranche may be adjusted downward at the time of vesting, where the Company's financial performance has worsened over the vesting periods, through the application of the performance modifier. The deferred incentive cannot be adjusted upward for improved performance.</p> <p>Achievement against the target for sustained performance, being the lower of the on-target and the actual outcome in the original scorecard, will determine the performance modifier. It will range from 0% to 100% and is calculated as the sum of the weighted outcomes for the financial performance conditions in the original scorecard.</p>
Settlement of deferred incentive	<p>The delivery of shares will be through a market purchase of shares at each vesting date, after the application of the sustained performance modifier and assuming continued employment. There will be no dilutionary impact on shareholders. The settlement will be subject to the satisfaction of a free cash flow condition at each vesting date.</p>
Holding period	<p>The vested shares will be subject to a holding period if the participant's minimum shareholding requirement obligation has not been met. The shares may not be disposed of or encumbered during this period.</p>

Termination of employment

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

Fault

Fault terminations will forfeit the entire 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), during the second vesting period i.e. until the end of year three (50% of deferred incentive forfeited) or during the third vesting period, i.e. until the end of year four (17% of the deferred incentive forfeited).

There will be no forfeitures for fault terminations which occur after the end of the third vesting period but during a holding period, however the vested shares will remain subject to the holding period until the lapsing thereof.

No-fault

No fault terminations will forfeit the entire 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 during the second and third vesting periods (100% of deferred incentive will vest).

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

Change of control

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

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

Variation of shares

In the event of a capitalisation issue, unbundling or any other corporate action affecting the shares of the company or in the event of the company making distributions, other than a dividend payment, before the vesting date in respect of the forfeitable shares, the committee may make an adjustment to the number of forfeitable shares in order to place the participant in substantially the same economic position as they would have been prior to the event occurring. This does not include the issue of shares as consideration for an acquisition.

In the event of a rights issue, EIP participants may participate as ordinary shareholders in respect of their forfeitable shares. The rights issue shares will not be subject to any restrictions in terms of the EIP and will vest immediately on acquisition.




















Malus and clawback

EIP awards are subject to malus and clawback (further details are included on page 89)

Balanced scorecard

Executive directors

The balanced scorecard for the executive directors for 2023 is set out below.

	Alignment to strategy				Rationale for inclusion and target basis
	Reduce risk		Grow profits		
	Capital structure	Simplify	Optimise	Innovate and grow	
Financial measures					
EBITDA for covenant purposes					Critical component in meeting lender covenant terms. On-target performance is determined using prior year as a base, adjusted for non-repeatable items, plus CPI growth. Threshold is set at 90% of on-target performance and stretch at 115% of on-target performance.
Headline earnings					Strong alignment to shareholders. On-target performance is determined using prior year as a base, adjusted for non-repeatable items, plus CPI growth. Threshold is set at 90% of on-target performance and stretch at 115% of on-target performance.
Cash generated from operations					Strengthening the balance sheet is a core strategic objective. On-target performance is determined using prior year as a base, adjusted for non-repeatable items, plus CPI growth. Threshold is set at 90% of on-target performance and stretch at 115% of on-target performance.
Non-financial measures					
Operational initiatives					Maintain focus on key strategic objectives for the group. Targets are specific to each initiative.
ESG measures					
Safety – LTIFR tolerance level					Ongoing focus on safety. The prior year on-target level is set as the current year's threshold level. Tolerance levels are set by operation and rolled up into group measures.
Environmental metrics					Growing focus area, addressing energy and water usage.
Employment equity					Changed from a discount factor applied in previous years to a focussed scorecard measure to progress transformation.
Total potential incentive					

Vesting levels for executive directors			
Linear between threshold and target and between target and stretch			
Measurement	Threshold	On-target performance	Stretch performance¹
	0%	60%	110%
Linear Threshold and on-target performance levels. Extends into stretch	0%	20%	37%
Linear Threshold and on-target performance levels. Extends into stretch	0%	20%	36%
Linear Threshold and on-target performance levels. Extends into stretch	0%	20%	37%
	0%	40%	40%
Based on completion percentage and substantive assessment of identified initiatives. CEO and CFO are assessed by the Chairman of the board and or audit and risk committee.	0%	20%	20%
	0%	20%	20%
Linear Threshold and on-target tolerance levels.	0%	5%	5%
Based on completion percentage and substantive assessment of identified initiatives by SET committee.	0%	5%	5%
Targets are determined by the SET committee, weighted per management level for the group and rolled down to each division.	0%	10%	10%
	0%	100%	150%

Sustained performance measured in year 2 and year 3²

1. Outperformance is only applied to financial measures. For the non-financial measures, the vesting levels will be the same at on-target and stretch.
2. The sustained performance target for each financial measure is the lower of the original scorecard on-target level and actual performance. Linear measurement between 0% and 100%.

Group executives

The scorecard for the executive directors, in the previous section, is also applied to the group executives. Portions of their EBITDA, safety and employment equity measures have been attributed to divisional targets, while maintaining a collective view through the group targets. The total weightings per measure are consistent.

Operational initiatives for the group executives have been set, and will be assessed, by the CEO. The operational group executive scorecards include a weighting for improvement in operational efficiency.

Target setting principles

Targets are set for threshold and on-target levels for all measures in the scorecard. Due to the nature of the company's current strategy, stretch targets were set for the performance conditions that support sustainable growth in the long-term and create alignment with shareholders. Outperformance is only applied to financial measures.

Threshold represents minimum level of performance required for the payment of any incentive, on-target relates to good performance incorporating some level of stretch while stretch represents truly exceptional performance in the current business and economic environments.

Targets for the financial measures are based on back-tested results, increased by CPI growth for on-target performance. Threshold is set at 90% and stretch at 115% of the on-target levels.

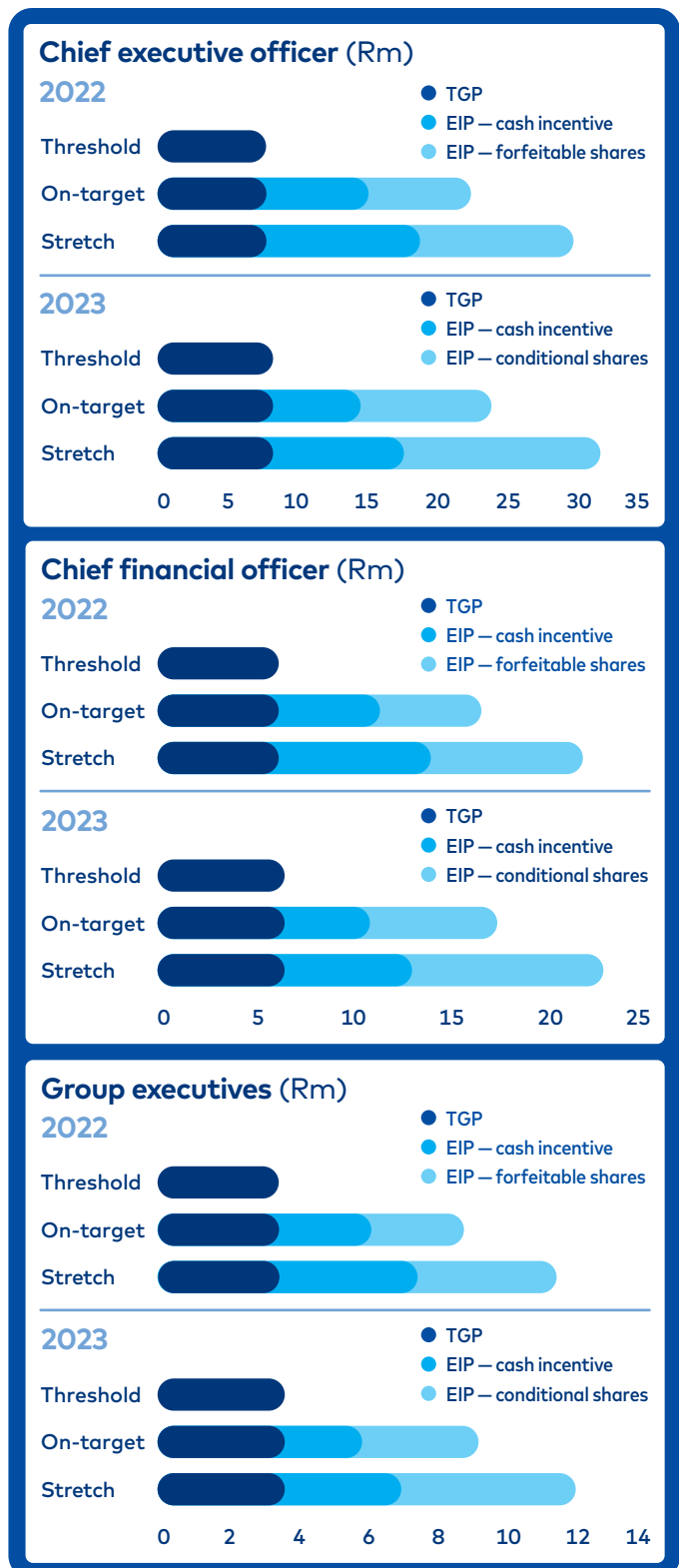
The targets are referenced to external sources, sense-checked back prior year achievement and assessed for adequate stretch to drive the strategic objectives of the business and create shareholder value. The targets are reviewed and approved by the committee after the interrogation of outcome scenarios against varying levels of company performance to ensure fair alignment.

Targets for the strategic/operational measures are determined for each individual measure, with a view to driving the specific imperative in the business, set in consultation with the committee.

Absolute targets for 2023 have not been disclosed due to commercial sensitivity. Retrospective disclosure of the outcome against these targets will be presented in the 2023 implementation report on a basis similar to the retrospective disclosure of targets provided for the 2022 scorecard outcomes.

Pay for performance and remuneration mix

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



While the combined on-target percentages remain unchanged from 2022, the total potential values have increased year on year but only to the extent that TGP has increased. The cash incentive has decreased as a result of the change in allocation between cash and equity from 50%:50% to 40%:60%, with a commensurate increase in the deferred equity portion, that will be subject to the application of the performance 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.

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

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

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

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

Minimum shareholding requirement policy

The EIP is designed to facilitate executive ownership of Nampak shares. Effective 1 October 2020, a formal minimum shareholding requirement policy was implemented to formalise and encourage the holding of Nampak shares by executives, which aligns their interests with those of Nampak and our shareholders by exposing some of the executive's personal wealth to Nampak's share price movement. In terms of the policy, executives are 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 applicable role to achieve the required holdings. Unencumbered shares acquired by the executive's own funds as well as vested shares acquired in terms

of the EIP or any of the historical Nampak long-term incentive plans will count towards the executive's shareholding based on the cost at acquisition (which ensures that the value of the input investment is considered, rather than affected by subsequent fluctuations in Nampak's share price over the period of share acquisition).

The current minimum shareholding requirement targets, as benchmarked against the market, remain:

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

Malus and clawback policy

In line with market practice, incentive remuneration will be subject to malus and/or clawback, in the event of a trigger event occurring. The provisions are formalised in terms of Nampak's Malus and Clawback Policy. The list of trigger events includes 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; and/or
- › events or behaviour of a participant, or the existence of events attributable to a participant, which led to the censure of the company or a member of the group, by a regulatory authority or have had a significant detrimental impact on the reputation of the company.

Malus (pre-payment/pre-vesting)

Unpaid or unvested incentive remuneration will be subject to malus provisions. This means the incentive remuneration may be reduced or forfeited if a trigger event is discovered prior to payment or vesting, as applicable.

Clawback (post-payment/post-vesting)

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

Non-executive director remuneration

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

The committee recommends the non-executive fee structures annually after obtaining benchmarks from the Deloitte non-executive director report, survey data and published remuneration within an industry and company size peer group. Comparisons are made against the benchmark data for the JSE top 100 listed companies and as it remains relevant to attract and retain the correct calibre of director. In addition, the median for companies comparable in size to Nampak, is considered when recommending non-executive director remuneration to shareholders. Total policy fees are calculated using the number of scheduled meetings for the year. Actual fees paid may differ due to unplanned additional meetings, owing to the current variability and business requirements.

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 incentive plans.
- › Fees disclosed are exclusive of value-added tax (VAT).
- › Non-executive directors are reimbursed for travel expenses, where necessary.

Fees in respect of the 2022 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 2023, and that the fees for board and sub-committee participation increase resulting in an overall increase in fees of 3.7%, excluding the fee for the chairman. The fee for the chairman remains a single fee and it is proposed that it will reduce from R1 575 000 to R1 500 000.

The proposed fees for 2023 are set out on page 101 of the integrated report.

Non-binding advisory shareholder votes

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

Nampak will table this year's remuneration policy together with the implementation report for two separate non-binding advisory votes by the shareholders at the 2023 AGM, in line with best practice, King IV™ and the JSE Listings Requirements. Should a dissenting vote of 25% or more be received for either the remuneration policy or the implementation report, or both, we will include an outline of the process and timing of our proposed engagement with shareholders to resolve unsatisfactory results in the SENS announcement of the voting results of the AGM. The committee will respond and provide feedback on shareholders' queries and/or concerns. Following this engagement, the committee may amend aspects of the remuneration policy.

SECTION 3: Implementation report

The implementation report details the outcomes of executing the remuneration policy for executive directors and group executives in the 2022 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.

Contractual terms and payments on termination of employment

There were no terminations of employment in the executive levels during the year.

Guaranteed remuneration increases in the context of fair and responsible remuneration

The mandated 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	Mandated increase	
	2022 (%)	2021 (%)
Executive directors (1 October 2021)	4.5	0
Senior executives (1 October 2021)	4.5	0
Managers and supervisors (1 January 2022)	4.5	0
Bargaining unit employees (1 July 2022) ¹	5 to 6	5

1. The increase percentages are applied to the benchmarked wage rates for similar job levels, which resulted in a fixed increase amount per job level. The percentage increases ranged between 5% at the more senior bargaining unit job levels and 6% at the lower levels. The 2022 settlement agreement is for a two-year period and will be applied annually.

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

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

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

EIP performance assessment

Scorecard outcomes — executive directors

The committee's assessment of performance against targets set in the balanced scorecard for the executive directors for the 2022 EIP is included below:

	Alignment to strategy				Rationale for inclusion	Targets		
	Reduce risk		Grow profits			Threshold	On-target	Stretch
	Capital structure	Simplify	Optimise	Innovate and grow				
Profitability measures								
Group EBITDA					Critical in meeting lender covenant terms. Threshold was set at budget. To achieve full on-target levels, EBITDA could not drop below prior year, which included the once off export contracts. Full stretch target was set at 115% of on-target.	R1 559.5m	R1 716.2m	R1 973.6m
						R1 924.5m		
HEPS					Per share measure with strong alignment to shareholders. Threshold at 90% of on-target and stretch at 115% of on-target. On-target level required the HEPS to not drop below the prior year, despite the once-off export contracts included in 2021.	56.2cps	62.3cps	71.6cps
						35.9		
Funding measures								
Covenant ratio compliance								
Net debt: EBITDA					Meeting lender covenant terms and reducing debt remained critical to ensure ongoing liquidity, access to credit and the sustainability of the business. Threshold targets reflected lender requirements. Full on-target achievement was set at prior year.	3.0 times	2.85 times	
						2.85		
EBITDA interest cover						4.5 times	4.8 times	
						3.94		
Debt reduction – aligned to lender agreements					Defined criteria under the lender agreements.	R400m	R600m	R800m
						0		
Operational measures								
Capital structure optimisation					Optimisation and rationalisation with a view to simplifying the structures, reducing both cost and administrative time.	Specific initiatives		
						85%		
Divisional/functional initiatives					Maintain focus on key strategic objectives for the group.	Specific initiatives		
					CEO	63%		
					CFO	84%		
ESG measures								
Group safety – LTIFR tolerance level					Ongoing focus on safety. The prior year on-target level was set at the current year's threshold level. Tolerance levels were set by operation and rolled up into group measures.	0.34	0.32	
						0.27		
Environmental metrics					Growing focus area, addressing energy and water usage.	Specific initiatives		
						88%		
Total weighted achievement						Level	Target	Achieved
Strategic imperative linked to employment equity targets. The total incentive earned including stretch achievement may be subject to a discount of up to 7.5%						Senior management	45%	40%
						Middle management	54%	55%
						Junior management	75%	76%
Balanced scorecard modifier						Targets are determined by SET committee for the group and rolled down to each division.		

Achievement	On-target performance			Stretch performance ¹			Total performance outcome		
	Weighting	Achieved CEO	Achieved CFO	Weighting	Achieved CEO	Achieved CFO	Weighting	Achieved CEO	Achieved CFO
	45%	30%	30%	37.5%	20.2%	20.2%	82.5%	50.2%	50.2%
Measured on a linear basis. Group EBITDA reflected growth on prior year of 12%. Full on-target level was achieved, reaching well into the stretch range.	30%	30%	30%	25%	20.2%	20.2%	55%	50.2%	50.2%
Measured on a linear basis. HEPS achievement for the year fell below the threshold target level.	15%	0.0%	0.0%	12.5%	0.0%	0.0%	27.5%	0.0%	0.0%
	25%	7.5%	7.5%	12.5%	0.0%	0.0%	37.5%	7.5%	7.5%
Measured on a linear basis. Resulted in full on-target achievement.	7.5%	7.5%	7.5%				7.5%	7.5%	7.5%
Measured on a linear basis. Achievement fell below the threshold level.	2.5%	0.0%	0.0%				2.5%	0.0%	0.0%
Measured on a linear basis. Although approximately R400 million was repaid through the trade finance facility, absorption into net working capital negated the reduction. Threshold level was not attained.	15%	0.0%	0.0%	12.5%	0.0%	0.0%	27.5%	0.0%	0.0%
	20%	14.8%	16.9%				20%	14.8%	16.9%
Overall delivery against the planned initiatives to refinance facilities and rationalise consortium members was assessed at an 85% achievement.	10%	8.5%	8.5%				10%	8.5%	8.5%
Measurement is based on the assessment of specific initiatives.									
Assessment by the Chairman of the Board. Overall achievement of 63% against planned initiatives.	10%	6.3%	8.4%				10%	6.3%	8.4%
Assessment by the Chairman of the Audit and Risk Committee. Overall achievement of 84% against planned initiatives.									
	10%	9.4%	9.4%				10%	9.4%	9.4%
Measured on a linear basis. Actual achievement for the year was 0.27 with no on-site fatalities.	5%	5.0%	5.0%				5%	5.0%	5.0%
Initiatives are determined and progress assessed by the SET committee. Overall achievement assessed as 88% for the development of policy and progress on planned initiatives.	5%	4.4%	4.4%				5%	4.4%	4.4%
	100%	61.7%	63.8%	50%	20.2%	20.2%	150%	81.9%	84.0%
Targets at the senior management level were not achieved largely due to a freeze on new positions and internal restructuring due to cost saving initiatives. Targets for middle and junior management were exceeded. A discount was 2.5% was applied to the full calculated incentive.	-2.5%	-1.5%	-1.6%	-2.5%	-0.5%	-0.5%	-2.5%	-2.0%	-2.1%
	100%	60.1%	62.2%	50%	19.7%	19.7%	150%	79.8%	81.9%

1. Outperformance is only applied to financial measures.

Remuneration report continued

Scorecard outcomes — group executives

The scorecard outcomes for the executive directors also applied to the group executives. The operational group executives had portions of their EBITDA, safety and employment equity measures attributed to divisional targets, while maintaining a collective view through the group targets. An additional 5% weighting was allocated to operational/functional measures, reducing the weighting of funding measures, with a focus on performance drivers in their individual businesses, improving operational efficiency and reducing spoilage. Divisional/functional initiatives for the group executives were set and assessed by the CEO.

Incentive calculations

The total executive incentive as determined under the EIP for the performance period ending 30 September 2022 was calculated based on the outcomes of the balanced scorecard per participant.

Rand	TGP (A)	On-target (%) (B)	Balanced scorecard modifier (%) (C)	Total incentive		
				Total (A x B x C)	Annual — cash (50%)	Deferred — equity (50%)
Executive directors						
EE Smuts	7 717 500	190	79.8	11 706 278	5 853 139	5 853 139
GR Fullerton	6 114 600	170	81.9	8 513 982	4 256 991	4 256 991
Group executive						
C Burmeister ¹	3 345 000	155	45.1	2 338 444	1 169 222	—
LD Kidd	3 496 900	155	78.3	4 245 253	2 122 626	2 122 626
SB McGill	3 345 000	155	81.8	4 242 830	2 121 415	2 121 415
H Nel	3 745 300	155	83.2	4 829 358	2 414 679	2 414 679
Q Swart	3 345 000	155	68.6	3 556 724	1 778 362	1 778 362
IH van Lochem	3 255 400	155	80.7	4 070 144	2 035 072	2 035 072

1. C Burmeister retired with effect 30 November 2022, resulting in the deferred incentive falling away in terms of the plan rules.

The incentives achieved are shown against the total potential by scorecard area, depicting the extent that the measures resulted in incentive payments.



Historical LTI performance assessment

There were no further allocations in terms of the historical plans as the full variable pay offering was awarded in terms of the EIP.

The three-year performance period for the December 2019 and March 2020 PSP awards ended on 30 September 2022. The March 2020 award was a top up award to the newly appointed CEO in January 2020. The performance condition and period were aligned to the December 2019 awards, being:

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

The HEPS and TSR conditions were tested and were not achieved. The RONA of 14.3% for the current financial year resulted in an achievement of 100% on this measure. Overall 30% of the award will become available for release on 1 December 2022.

The performance condition linked to the September 2019 Share Appreciation Plan (SAP) awards was improvement in HEPS of cumulative CPI growth over the three-year performance period which ended on 30 September 2022. Actual HEPS was below the target HEPS and therefore no awards will vest and be settled in December 2022.

The single total figure of remuneration

Remuneration 2022

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	Executive incentive plan ²		Historical LTI ³	Total single figure remuneration
					Annual incentive (cash)	Deferred incentive (equity)		
Executive directors								
EE Smuts	7 658 538	58 962	7 717 500	20 442	5 853 139	5 853 139	596 820	20 041 040
GR Fullerton	6 067 884	46 716	6 114 600	12 234	4 256 991	4 256 991	475 365	15 116 181
Total	13 726 422	105 678	13 832 100	32 676	10 110 130	10 110 130	1 072 185	35 157 221
Group executive								
C Burmeister ⁴	3 273 892	71 108	3 345 000	6 693	1 169 222	—	124 851	4 645 766
LD Kidd	3 422 563	74 337	3 496 900	11 997	2 122 626	2 122 626	192 079	7 946 228
SB McGill	3 319 444	25 556	3 345 000	6 693	2 121 415	2 121 415	74 128	7 668 651
H Nel	3 716 686	28 614	3 745 300	7 494	2 414 679	2 414 679	74 128	8 656 280
Q Swart	3 319 444	25 556	3 345 000	6 693	1 778 362	1 778 362	74 128	6 982 545
IH van Lochem	3 230 529	24 871	3 255 400	6 514	2 035 072	2 035 072	192 079	7 524 137
Total	20 282 558	250 042	20 532 600	46 084	11 641 376	10 472 154	731 393	43 423 607

1. Other benefits refer to group personal accident cover and 25-year long service awards paid to EE Smuts and LD Kidd to the value of R5 000 during the year, in terms of the group policy.
2. The incentive disclosed under executive incentive plan (EIP) is based on the one-year performance period ended 30 September 2022. In terms of the plan, 50% of the determined amount will be paid in cash as an annual incentive, payable in December 2022, subject to the satisfaction of a free cash flow condition. The remaining 50% will be delivered as forfeitable shares subject to forfeiture and disposal restrictions. The shares will be purchased on the open market post closed period and the actual number of shares acquired will be disclosed in the 2023 report. The full incentive value is disclosed in the table above, however, the deferred incentive will only be recognised in the directors and prescribed officers' remuneration note in the financial statements on vesting.
3. Historical LTI disclosed refers the December 2019 and March 2020 PSP awards, to the extent that the performance conditions were satisfied. PSP awards were valued at the 30-day VWAP at year-end.
4. C Burmeister retired with effect 30 November 2022, resulting in the deferred incentive falling away in terms of the plan rules.

Remuneration report continued

Remuneration 2021

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

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

1. Guaranteed packages are reflected net of the remaining 3 months' salary sacrifice deduction, where applicable.
2. Other benefits refer to group personal accident cover. Included in other benefits for Q Swart is a pay adjustment for assuming responsibility for the plastics business.
3. The incentive disclosed under executive incentive plan (EIP) is based on the performance period ended 30 September 2021. In terms of the plan 50% of the determined amount will be paid in cash as an annual incentive, payable in December 2021, subject to the satisfaction of a free cash flow condition. The remaining 50% will be delivered as forfeitable shares subject to forfeiture and disposal restrictions. The shares will be purchased on the open market post closed period. The actual number of shares acquired is disclosed in the share disclosure tables for 2022. The full incentive value is disclosed in the table above, however, the deferred incentive will only be recognised in the directors and prescribed officers' remuneration note in the financial statements on vesting.
4. Historical LTI disclosed includes the award of matching shares under the DBP in December 2020, based on STI payments for the 2020 performance period, valued at market value at purchase date and the September 2019 PSP awards, to the extent that the performance conditions were satisfied. PSP awards were valued at the 30-day VWAP at year-end.
5. CB Farndell resigned with effect 30 June 2021. Termination pay comprises leave pay of R260 068.
6. SB McGill was appointed to the group executive with effect 1 October 2020.

Minimum shareholding requirement (MSR) compliance

The company's MSR policy has been in operation for two years. Executives are expected to comply with the policy by 30 September 2025 (or within a period of 5 years, if they were appointed to an applicable role after 1 October 2020) and can build the minimum shareholding up by purchasing shares in their personal capacity or by retaining vested shares from long-term incentives.

A key element of the EIP design was to encourage executives to build their holding in Nampak shares, reinforcing alignment with shareholders. The first 50% tranche of the forfeitable shares awarded under the EIP 2021 is due to vest on 3 December 2022. Once vested, this holding will be included in the calculation of the minimum shareholding levels, even though they may remain subject to a holding period.

The EIP vesting will have a significant impact on MSR progress, the detail of which will be included in future implementation reports.

Share disclosure tables

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

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

Non-executive directors' remuneration 2022/2021

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

Rand	Directors fees	Audit and risk	Nomination and remuneration	Social, ethics and transformation	Total fees 2022	Total fees 2021
N Khan	365 650	220 300	—	—	585 950	585 900
KW Mzondeki	365 650	220 300	—	—	585 950	585 900
CD Raphiri	342 050	—	295 300	210 300	847 650	782 000
SP Ridley	365 650	431 100	156 800	—	953 550	980 100
L Sennelo	365 650	220 300	—	107 300	693 250	683 300
PM Surgey	1 575 000	—	—	—	1 575 000	1 575 000
Total	3 379 650	1 092 000	452 100	317 600	5 241 350	5 192 200

Shareholders' diary

at 30 September 2022

Annual general meeting

Wednesday, 15 February 2023

Interim statement and ordinary dividend announcement for the half-year ending 31 March 2023

May 2023

Group results and ordinary dividend announcement for the year ending 30 September 2023

December 2023

Dividend

Ordinary

Final dividend for the year ended 30 September 2022

No dividend being paid

Interim dividend for the half-year ending 31 March 2023

To be paid in July 2023, 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 55th annual general meeting of Nampak Limited shareholders will be held entirely virtually at 14:00 on Wednesday, 15 February 2023.

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

Nampak 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, 10 February 2023, (collectively the "holders" or "you"), are entitled to participate in and vote electronically at the annual general meeting in person or by proxy/ies.

The board of directors of Nampak Limited ("the board") has determined, in accordance with section 59 of the Companies Act, No. 71 of 2008 ("the Companies Act"), that the record date for purposes of determining which shareholders are entitled to receive this notice is Friday, 9 December 2022. The record date for persons to be recorded as shareholders in the securities register of the Company in order to be able to attend, participate in and vote at the annual general meeting, is Friday, 10 February 2023. Accordingly, the last date to trade in order to be registered in the Company's securities register is Tuesday, 7 February 2023.

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 to pass with or without modification, if approved, 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 the financial statements and the 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 2022, together with the directors' report, the audit and risk committee report and the report from the external auditors, are available and can be obtained from the Nampak website at www.nampak.com. Summarised annual financial statements are included with this notice of annual general meeting; and

2. Social and ethics report

The social and ethics report of the social, ethics and transformation committee for the financial year ended 30 September 2022, as required in terms of regulation 43(5)(c) of the Companies Regulations, 2011 ("the Regulations") is set out on page 73 of the integrated report.

Ordinary resolutions

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

3. Re-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:

Notice of annual general meeting continued

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

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

3.2 Ordinary resolution number 2 — re-election of N Khan

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

The nominations and remuneration committee has recommended the eligibility of the directors after due consideration of inter alia, independence, 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 relevant experience, skills and diversity and enable it to maintain a balance of executive, and independent non-executive directors on the board.

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

4. Ordinary resolution number 3 — appointment of external auditors

A new external audit firm must be appointed for the financial year ending 30 September 2024 in line with the Independent Regulatory Board for Auditors' rule on mandatory audit firm rotation. The board has endorsed the recommendation by the audit and risk committee, to appoint PricewaterhouseCoopers Inc (“PwC”) as the Company's external auditors, with effect from 1 October 2023. 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 Mark Holme will undertake the audit during the financial year ending 30 September 2023 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 & Touche's internal quality control procedures and

the Independent Regulatory Board for Auditors' report on the firm, the committee concluded further that the quality and effectiveness of the external audit process remain satisfactory.

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

5. Appointment of members of the audit and risk committee

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

5.1 Ordinary resolution number 4 — appointment of N Khan

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

5.2 Ordinary resolution number 5 — appointment of KW Mzondeki

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

5.3 Ordinary resolution number 6 — appointment of SP Ridley

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

5.4 Ordinary resolution number 7 — appointment of LJ Sennelo

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

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

The board has reviewed the proposed composition of the audit and risk committee against the requirements of the Companies Act and the Regulations*, and has confirmed that the proposed audit and risk committee will comply with the prescribed requirements, and has

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

the necessary knowledge, skills and experience to enable the audit and risk committee to perform its duties in terms of the Companies Act. The board recommends the election by holders of the directors listed above as members of the audit and risk committee, to hold office until the end of the next annual general meeting.

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

Non-binding advisory votes

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

6. Remuneration policy of the Company

"Endorse on an advisory basis the Company's remuneration policy (excluding the remuneration of the non-executive directors for their services as directors and members of board committees and the audit and risk committee) as set out on pages 91 to 96 of the Company's integrated report for the year ended 30 September 2022;" and

7. Implementation report of the Company's remuneration policy

"Endorse on an advisory basis the implementation report of the Company's remuneration policy as set out on pages 76 to 95 of the Company's integrated report for the year ended 30 September 2022."

Reason for the advisory endorsements

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

Proposed fees¹

Rand (exclusive of VAT)	Base fee per annum	Fee per meeting for attendance
Board/Committee²		
Non-executive chairman ³	1 500 000	n/a
Non-executive director	234 150	43 550
Audit and risk committee chairman	182 300	42 300
Audit and risk committee member	108 850	19 650
Chairman of other board committees	181 600	17 500
Member of other board committees	91 450	10 350

1 Other than the chairman's fees, dealt with in Note 3 hereunder, all non-executive director fees have been increased by 3.7%.

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 reduced from R1 575 000 to R1 500 000.

Special resolutions

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

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

"Resolve that for the period commencing 1 October 2022 until this resolution is specifically replaced, the remuneration payable to non-executive directors of the Company for their services as directors is set out in the table below.

Reason and effect of special resolution number 1

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

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

9. Special resolution number 2 — general authority to repurchase the Company's ordinary shares

The holders are requested to:

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

Notice of annual general meeting continued

- (i) the number of shares acquired in any one financial year shall not exceed 10% (ten per cent) of the ordinary shares in issue 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 ordinary shares will be subject to the requirements of sections 114 and 115 of the Companies Act;
- (iii) no voting rights attached to the Company's ordinary shares repurchased by a subsidiary of the Company may be exercised while ordinary 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 15 (fifteen) months after the date on which this special resolution is passed;
- (v) any repurchase may not be made at a price greater than 10% (ten per cent) above the weighted average of the market value of the ordinary 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, (as defined in paragraph 3.67 of the JSE Listings Requirements), unless a repurchase programme is in place and full details of the repurchase programme have been submitted to the JSE in writing prior to the commencement of the prohibited period. In such event, the Company must instruct only one independent third party, which makes its investment decisions in relation to the Company's ordinary shares independently of, and uninfluenced by, the Company, prior to the commencement of the prohibited period to execute the repurchase programme;
- (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 cumulatively repurchased 3% of the initial number of ordinary shares in issue at the time that the general authority is granted and for each 3% in aggregate of the initial number of ordinary shares acquired thereafter;
- (ix) at any point in time, the Company may only appoint one agent to effect any repurchase(s) on its behalf;
- (x) a board resolution confirming that it has authorised the repurchase and 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 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 securities 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 repurchase or acquire 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 ordinary shares replaces the general authority granted at the annual general meeting of the Company held on 16 February 2022.

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 the repurchase, are of the opinion that for a period of 12 months after the date of this notice:

- (i) the Company and the group will be able to pay its debts;
- (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 the group will be in excess of the liabilities of the Company and the group;
- (iii) the share capital and reserves of the Company and the group will be adequate for ordinary purposes;
- (iv) the working capital of the Company and the group will be adequate for ordinary business purposes; and
- (v) a resolution being passed by the board that it had authorised the repurchase, 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 group.

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) Major shareholders as at 30 September 2022 (page 121 of the annual financial statements);
- (ii) There have been no material changes in the financial or trading position of the Company and its subsidiaries between the date of publication of the financial results for the financial year ended 30 September 2022 and the date of this notice;

- (iii) Share capital of the Company as at 30 September 2022 (pages 17 and 105 of the annual financial statements).

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

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

The holders are requested to:

“Resolve that, when any general repurchase by the Company of its shares takes place in accordance with special resolution number 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 3), 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.

Notice of annual general meeting continued

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

I H Van Lochem
Company secretary

15 December 2022

Nampak Limited

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

Notes to the notice of annual general meeting

Registration, identification, voting and proxies

1. The annual general meeting will be conducted entirely by electronic communication, giving shareholders the opportunity to attend and participate in the annual general meeting using a compatible smartphone, tablet or computer. Shareholders who wish to attend the annual general meeting can access an online registration portal to register for electronic participation in the annual general meeting ("the Online Portal") by following the link: <https://meetnow.global/ZA> (or type it into the web browser). You will need the latest versions of Chrome, Safari, Edge or Firefox. Please ensure that your browser is compatible.
2. Registration:
 - a. Shareholders are requested, for administration purposes, to register on the Online Portal (by following the link: <https://meetnow.global/ZA>) by no later than 14:00 on Monday, 13 February 2023.
 - b. Shareholders may, however, still register via the Online Portal to participate in, and/or vote electronically at the annual general meeting after this date provided that such shareholders have verified their right to attend and register prior to exercising any rights at the annual general meeting.
 - c. In terms of section 63(1) of the Companies Act, any person attending or participating in a meeting of shareholders must present reasonably satisfactory identification and the person presiding at the annual general meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as shareholder or as proxy for a shareholder) has been reasonably verified. The following documents will therefore be required to be uploaded via the Online Portal as part of the registration process:
 - (i) Proof of identity (i.e. identity document, driver's licence or passport);
 - (ii) Authority if acting in a representative capacity; and
 - (iii) In the case of dematerialised shareholders without "own-name" registration who wish to attend the annual general meeting electronically, the necessary letter of representation from your CSDP or stockbroker. Please refer to note 6 below for further details regarding the letter of representation.
3. Following successful registration, the transfer secretary will provide you with a link to access the meeting, as well as an invitation code to connect electronically to the annual general meeting by no later than 12 hours before the annual general meeting starts.
4. Although voting will be permitted by way of electronic communication, shareholders are encouraged to submit votes by proxy before the annual general meeting.
5. Shareholders connecting to the annual general meeting electronically will be able to participate in the general meeting. Shareholders present in person, by proxy or by authorised representative shall, have one vote each and, on a poll, have one vote in respect of each share held. It is intended that voting will be conducted electronically by way of a poll.
6. Dematerialised shareholders without "own-name" registration who wish to participate electronically at the annual general meeting will require their CSDP or broker to provide them with the necessary letter of representation in accordance with the relevant custody agreement. Dematerialised shareholders without "own-name" registration who do not wish to attend the annual general meeting but wish to be represented at the annual general meeting must advise their CSDP or broker of their voting instructions. Such shareholders should contact their CSDP or broker with regard to the cut-off time for their voting instructions.
7. Certificated shareholders and dematerialised shareholders with "own-name" registration who are unable to participate at the annual general meeting and who wish to be represented at the annual general meeting, must complete and return the attached proxy form in accordance with the instructions contained in Notes to form of proxy hereunder.

8. In compliance with the provisions of section 58(8) (b)(i) of the Companies Act, a summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Companies Act, is set out below:
- (i) A shareholder entitled to attend and vote at the annual general meeting may appoint one or more individuals, who need not be shareholders of the Company, concurrently as proxies and may appoint more than one proxy to attend, participate in and exercise voting rights attached to different securities held by such shareholder.
 - (ii) A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid until the end of the meeting.
 - (iii) A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.
 - (iv) The appointment of a proxy is suspended at any time, and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.
 - (v) The appointment of a proxy is revocable by the shareholder in question cancelling it in writing and delivering a copy of the revocation instrument to the proxy and to the Company before the proxy exercises any rights of the shareholder at the annual general meeting on Wednesday, 15 February 2023 at 14:00 or any adjournment thereof. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of:
 - (a) the date stated in the revocation instrument, if any, and
 - (b) the date on which the revocation instrument is delivered to the Company as required in the first sentence of this paragraph.
 - (vi) If the instrument appointing the proxy has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the MOI to be delivered by the Company to the shareholder, must be delivered by the Company to:
 - (a) the shareholder or
 - (b) the proxy, if the shareholder has:
 - (i) directed the Company to do so in writing and
 - (ii) paid any reasonable fee charged by the Company for doing so.
- (vii) Attention is also drawn to the notes to the form of proxy. The completion of a form of proxy does not preclude any shareholder from attending the annual general meeting.
9. The Company does not accept responsibility and will not be liable for any failure on the part of the broker, CSD Participant, banker, attorney, accountant or other appropriate professional advisor of any holder of dematerialised securities to notify the holder thereof of the contents of this document.
10. The cost of electronic participation in the annual general meeting is for the expense of the shareholder ("Participant") and will be charged separately by the Participant's own service provider. The electronic communication services are provided by third parties and neither the Company nor its service providers can be held liable for any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else. Neither the Company nor any of its service providers can be held accountable, and Participants in the annual general meeting will have no claim against the Company, whether for consequential damages or otherwise, arising from the use of the electronic services or any defect in it or from total or partial failure of the electronic services and connections linking the Participant via the electronic services to the annual general meeting such as insufficient airtime or data, internet connectivity, internet bandwidth and/or power outages.
11. If you have disposed of all of your Nampak securities, this document should be handed to the purchaser of such securities or to the broker, CSDP, banker, attorney, accountant or other person through whom the disposal was effected.
12. If you are in any doubt as to what action you should take arising from this document, please immediately consult your broker, CSDP, banker, attorney, accountant or other appropriate professional advisor.

Form of proxy

For the 55th annual general meeting

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

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

Shareholders are advised that the Company has appointed Computershare Investor Services (Pty) Ltd as its proxy solicitation agent. If you are a Nampak shareholder entitled to attend and vote at the annual general meeting you can appoint a proxy to attend, participate in, speak and vote in your stead. You must complete and return this form of proxy, in accordance with the instructions contained herein, to Computershare Investor Services (Pty) Ltd, to be received by them on or before 14:00 on Monday, 13 February 2023 or alternatively the form of proxy can be handed in before the relevant resolution on which the proxy is to vote, is considered at the annual general meeting.

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

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

(address) _____

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

email address _____

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

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 conducted entirely through electronic communication on Wednesday, 15 February 2023 at 14:00 or at any adjournment thereof as follows:

Number of voting rights

Insert an "x" or the number of voting rights held in the Company (see note 3)	Number of voting rights		
	For	Against	Abstain
1. Re-election of retiring directors			
1.1 Ordinary resolution number 1: PM Surgey			
1.2 Ordinary resolution number 2: N Khan			
2. Ordinary resolution number 3: Appointment of external auditors			
3. Appointment of members of the Audit and Risk Committee			
3.1 Ordinary resolution number 4: Appointment of N Khan			
3.2 Ordinary resolution number 5: Appointment of KW Mzondeki			
3.3 Ordinary resolution number 6: Appointment of SP Ridley			
3.4 Ordinary resolution number 7: Appointment of LJ Sennelo			
4. Non-binding advisory vote: Remuneration policy of the Company			
5. Non-binding advisory vote: Implementation report of the Company's remuneration policy			
6. Special resolution number 1: Approval of non-executive directors' remuneration			
7. Special resolution number 2: General authority to repurchase the Company's ordinary shares			
8. Special resolution number 3: Company acquiring the Company's shares from a director or prescribed officer			

My/our proxy/ies may (subject to any restriction set out herein)/may not delegate the proxies authority to act on behalf of me/us to another person (delete as appropriate). This form of proxy will lapse and cease to be of force and effect immediately after the annual general meeting of the Company to be held at virtually on 15 February 2023 at 14:00 or any adjournment(s) thereof, unless it is revoked earlier.

Signed at _____ on _____ 20 _____

Signature _____

Notes to form of proxy

1. Each holder entitled to attend and vote at the meeting is entitled to appoint one or more proxies (none of whom need be a shareholder of the Company) to attend, participate in, speak and vote or abstain from voting in the place of that holder at the meeting.
2. A holder may insert the name of a proxy, or alternative proxies of the holder's choice in the space provided, with or without deleting the words "the chairman of the meeting". Any such deletion must be initialled by the holder. The person whose name appears first on this form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A holder's instructions to the proxy must be indicated by the insertion of an "X" or the insertion of the relevant percentage of voting rights exercisable by that holder in the appropriate space provided. If you fail to comply with the above, you would be deemed to have authorised the proxy to vote or abstain from voting at the meeting, as he/she deems fit, in respect of all the holder's voting rights exercisable thereat, but where the proxy is the chairman, failure to comply will be deemed to authorise the proxy to vote in favour of the resolution.
4. A holder or his/her proxy is not obliged to use all the voting rights exercisable by the holder or by his/her proxy, but the total of the voting rights cast and in respect whereof abstention is recorded, may not exceed the total of the voting rights exercisable by the holder or by his/her proxy.
5. A holder's authorisation to the proxy, including the chairman of the meeting, to vote on his/her behalf, shall be deemed to include the authority to vote on procedural matters at the meeting.
6. The completion and lodging of this form of proxy will not preclude the holder from attending, participating in, and voting in person at the meeting to the exclusion of any proxy appointed in terms hereof, should such holder wish to do so.
7. In case of joint holders, the vote of the most senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders, for which purpose seniority will be determined by the order in which the names appear on the Company's register of shareholders in respect of the joint holding.
8. Proxy appointments must be in writing, dated and signed by the holder. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy. Without limiting the generality hereof, the Company will accept a valid identity document, a valid driver's licence or a valid passport as satisfactory identification.
9. Any alteration or correction to this form of proxy must be initialled by the signatory/ies.
10. A holder may revoke the proxy appointment by cancelling it in writing and delivering a copy of the revocation instrument to the proxy/ies and to the Company, to be received before the proxy exercises any rights of the holder at the annual general meeting on Wednesday, 15 February 2023 at 14:00 or adjournment thereof.
11. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's/proxies' authority to act on behalf of the shareholder as of the later of (i) the date stated in the revocation instrument, if any; or (ii) the date on which the revocation instrument was delivered as required in note 10 above.
12. Proxy forms should be lodged with, or mailed to Computershare Investor Services Proprietary Limited (Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 or Private Bag X9000, Saxonwold, 2132) or emailed to proxy@computershare.co.za to be received by no later than 14:00 on Monday 13 February 2023 (or 48 hours before any adjournment of the annual general meeting, which date, if necessary, will be notified on SENS and in the press). Proxies may be submitted after this time via email at proxy@computershare.co.za at any time prior to the proxy exercising any rights of the shareholder at the annual general meeting, subject to the transfer secretary verifying the proxy form and proof of identification before shareholder rights are exercised at the annual general meeting (or any adjournment thereof).
13. Please note that the reason why holders are asked to send in their form of proxy before the meeting is because the scrutineers must consider each proxy to determine whether it is validly given and whether the voting rights have been correctly inserted. Significant delays could be caused at the annual general meeting if these checks have to be carried out by the scrutineers while the annual general meeting is in progress.

Glossary

B-BBEE

Broad-based black economic empowerment

CAGR

Compound annual growth rate

Capex

Capital expenditure

CDP

Formerly Carbon Disclosure Project

COVID-19

Novel coronavirus

CSD

Carbonated soft drinks

DBP

Deferred bonus plan

DRC

Democratic Republic of the Congo

EBITDA

Earnings before interest, taxation, depreciation and amortisation

EPS

Earnings per share

ESG

Environmental, social and governance issues

FMCG

Fast-moving consumer goods

GDP

Gross domestic product

GEC

Group executive committee

GHG

Greenhouse gas

GRI

Global Reporting Initiative

HDPE

High-density polyethylene

HEPS

Headline earnings per share

IFRS

International Financial Reporting Standards

IIRC

International Integrated Reporting Council

IOM

Isle of Man

IMS

Information Management Services

ISO

International Organisation for Standardisation

IT

Information technology

Just transition

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

KPI

Key performance indicator

LTI

Long-term incentive

LTIFR

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

MTI

Medium-term incentive

NAFEX

Nigerian Autonomous Foreign Exchange Rate

NIL

Nampak International Limited

OHSAS

Occupational Health and Safety Assessment Series

PET

Polyethylene terephthalate

POPIA

Protection of Personal Information Act

PRMA

Post-retirement medical aid

PRO

Producer responsibility organisations

PSP

Performance share plan

R&D

Research and development

RBZ

Reserve Bank of Zimbabwe

rHDPE

Recycled HDPE

ROE

Return on equity

RONA

Return on net assets

rPET

Recycled polyethylene terephthalate

SAP

Share appreciation plan

SDG

United Nations' Sustainable Development Goals

SKU

Stock-keeping unit

STI

Short-term incentive

UHT

Ultra-high temperature milk

VPN

Virtual private network

Corporate information

Business address and registered office

Nampak House

Hampton Office Park
20 Georgian Crescent East
Bryanston, 2191, South Africa

PO Box 69983, Bryanston, 2021

T +27 719 6300

www.nampak.com

Auditors

Deloitte & Touche

5 Magwa Crescent
Waterfall City, 2090 South Africa

Private Bag X6, Woodmead, 2052
South Africa

Company secretary

Ilse van Lochem

T +27 11 719 6327

E Ilse.vanlochem@nampak.com

Sponsor

Nedbank Corporate and Investment Banking

A division of Nedbank Limited
(Registration number 1951000009/06)
3rd Floor, Corporate Place
135 Rivonia Road
Sandton, 2196, South Africa

PO Box 1144, Johannesburg, 2000

Share registrar

Computershare Investor Services (Pty) Ltd

Rosebank Towers
15 Biermann Avenue, Rosebank, 2196

Private Bag X9000, Saxonwold, 2132

T +27 11 370 5000

F +27 11 688 5200

Shareholder hotline

T +27 11 373 0033

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packaging excellence

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