



**Nampak**  
packaging excellence

**NAMPAK LIMITED**

**NOMINATIONS AND REMUNERATION  
COMMITTEE CHARTER**

## 1. INTRODUCTION

The Nominations and Remuneration Committee (the “Committee”) is constituted as a committee of the board of directors of Nampak Limited (the “Company” or “Nampak”) (hereinafter referred to as “the Board”) in respect of the functions assigned to it by the Board. The duties and responsibilities of the members of the Committee are in addition to those as members of the Board.

The Charter is subject to the provisions of the Companies Act 71 of 2008 (“the Companies Act”), the Company’s memorandum of incorporation (the “MOI”), the Listings Requirements of the JSE Limited (the “Listings Requirements”) and any other applicable law or regulatory provision.

## 2. PURPOSE OF THIS CHARTER

The purpose of this charter is to set out the Committee’s role and responsibilities as well as the requirements for its composition and meeting procedures.

## 3. COMPOSITION

- 3.1 The Committee shall consist of not less than three non-executive directors appointed by the Board, the majority of whom shall be independent non-executive directors.
- 3.2 The Board shall appoint an independent non-executive director as the Chairman of the Committee. The Chairman of the Board is not eligible to be appointed as Chairman of the Committee.
- 3.3 The members of the Committee as a whole must have sufficient qualifications and experience to fulfil their duties.

## 4. ROLE

- 4.1 The Committee acts independently and as Nominations and Remuneration Committee of the Company and all direct and indirect subsidiaries of Nampak Limited (“the Group”) in respect of which the Company has the right, or power, to fulfil the functions as detailed in this charter.
- 4.2 The Committee makes recommendations to the Board for its consideration and approval as appropriate. The Committee does not assume the functions of management, which remain the responsibility of the executive directors, the group executive committee members and other members of senior management.

## 5. RESPONSIBILITIES

The Committee is responsible for:

### 5.1 Composition of the Board and appointment of directors

- 5.1.1 making recommendations to the Board on the appointment and re-appointment of executive and non-executive directors and recommending the most appropriate composition of the Board to enable the Board to execute its duties effectively, taking into account the following:

- a) the appropriate mix of knowledge, skills and experience, including the business, commercial and industry experience needed to govern the Company;
  - b) the appropriate mix of executive, non-executive and independent non-executive members;
  - c) the extent of other professional commitments as well as statements from any potential candidates that confirm sufficient time availability to fulfil responsibilities required from the position;
  - d) the need to secure a quorum at meetings and for a sufficient number of members that qualify to serve on the committees of the Board; and
  - e) the promotion of broader diversity policy and any applicable targets related to the composition of the Board;
- 5.1.2 putting in place a formal process for the appointment of directors;
- 5.1.3 identifying and nominating candidates for approval by the Board to fill Board and committee vacancies as and when they arise;
- 5.1.4 recommending for re-election directors that are retiring by rotation, or otherwise in terms of the MOI of the Company;
- 5.1.5 making recommendations to the Board regarding the promotion of broader diversity at Board level and the setting of voluntary targets;
- 5.1.6 reviewing the Board and Committee structures, the size and composition, in respect of skills, roles and diversity and taking into consideration the Board's succession plans, make recommendations to the Board with regards to any adjustments that are deemed necessary;
- 5.1.7 annually reviewing the independence (categorisation) of non-executive directors, taking into account all applicable corporate governance requirements, including considering any existing or potential conflict of interest or questionable situations of a material nature and making recommendations to the Board as appropriate;
- 5.1.8 ensuring that the appointment of directors is formalised through an agreement between the Company and the director;

## **5.2 Succession planning**

- 5.2.1 ensuring that formal succession plans for the Board, the Chairman, the Chief Executive Officer and executive committee members are in place;
- 5.2.2 leading the process for the replacement of the Chairman and the Chief Executive Officer as and when required and making recommendations to the Board as appropriate;
- 5.2.3 leading the process for the appointment of a lead independent director as and when required and making recommendations to the Board as appropriate;

## **5.3 Performance of the Board, the Board Committees and directors**

- 5.3.1 assisting the Chairman and the Board in evaluating the performance of the Board, its Committees, the Chairman and individual directors at least every two years;

- 5.3.2 considering the performance of directors and taking steps to remove directors who do not make an appropriate contribution;
- 5.3.3 recommending to the Board the appointment of a non-executive director to lead the evaluation of the Chairman's performance in the absence of a lead independent director;
- 5.3.4 considering and making recommendations to the Board on the extent of outside professional obligations that the Chairman and the Chief Executive Officer are allowed to hold;
- 5.3.5 overseeing the development of a formal induction programme for new directors;
- 5.3.6 ensuring continuous professional development of directors and where necessary, the implementation of mentorship programmes;

#### **5.4 Reward practices**

- 5.4.1 assisting the Board in ensuring that the Group remunerates its directors and employees fairly, responsibly and transparently by, amongst others, implementing affordable, competitive and fair reward practices in order to promote the achievement of strategic objectives;
- 5.4.2 assisting the Board in ensuring the disclosure of the remuneration of the directors and prescribed officers of the Company is accurate, complete and transparent;
- 5.4.3 overseeing the setting and administration of remuneration at all levels in the Group;
- 5.4.4 approving, regularly reviewing and objectively assessing the appropriateness of the fixed to variable remuneration mix used to ensure alignment with the remuneration strategy and ensuring that the overall annual general salary increase percentage for all employees in the Group is aligned with the agreed remuneration strategy;
- 5.4.5 reviewing standard conditions of service and benefits offered to employees;
- 5.4.6 ensuring that all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued;
- 5.4.7 approving the annual incentive payments, deferred incentives and long-term incentive awards to all eligible employees;
- 5.4.8 satisfying itself as to the accuracy of recorded performance measures that govern the vesting of incentives and assessing the appropriateness of applying a vesting modifier;
- 5.4.9 regularly reviewing the incentive plans (design- and allocation principles as well as target setting) to ensure continued contribution to shareholder value and that these are administered in terms of the rules;
- 5.4.10 considering the appropriateness of early vesting of incentives at the end of employment;
- 5.4.11 approving all retention schemes, with or without corporate performance targets;

## **5.5 Non-executive directors' remuneration**

- 5.5.1 considering and recommending to the shareholders for approval, the remuneration (and any increases thereof) payable to non-executive directors in respect of their services rendered to the various boards and committees of the Company and other Group companies as the case may be;

## **5.6 Directors' and group executive committee members' remuneration**

- 5.6.1 ensuring that the Company's executive directors and group executive committee members are fairly rewarded for their individual contributions to the Group's overall performance, after giving due regard to the interests of the shareholders and to the financial and commercial health of the Group;
- 5.6.2 approving specific remuneration packages for executive directors and group executive committee members of the Company, including but not limited to basic salary, benefits in kind, short- and long-term incentives, pensions and other benefits;
- 5.6.3 selecting and approving an appropriate comparator group when comparing remuneration levels for non-executive directors, executive directors and group executive committee members;
- 5.6.4 considering and approving the annual remuneration (and any increases thereof) payable to executive directors and group executive committee members;
- 5.6.5 considering the results of the evaluation of the performance of the Chief Executive Officer and other executive directors, both as directors and as executives in determining remuneration and confirming that there is alignment between individual performance and rewards;
- 5.6.6 approving the annual incentives of executive directors and group executive committee members;

## **5.7 Service agreements**

- 5.7.1 determining the policy for and scope of service agreements for the executive directors and group executive committee members, termination payments and remuneration commitments for new appointments;
- 5.7.2 reviewing (at least annually) the terms and conditions of executive directors' service agreements;

## **5.8 Remuneration policy and report**

- 5.8.1 overseeing the establishment of a remuneration policy:-
- a) that will promote the achievement of strategic objectives and encourage individual performance;
  - b) that articulates and gives direction on fair, responsible and transparent remuneration; and
  - c) which is designed to achieve the following objectives:
    - (i) to attract, motivate, reward and retain human capital;
    - (ii) to promote the achievement of strategic objectives within the organisation's risk appetite; and

(iii) to promote positive outcomes.

- 5.8.2 ensuring that the remuneration policy and implementation report are put forward separately for non-binding advisory votes at the annual general meeting of shareholders;
- 5.8.3 reviewing the outcomes of the implementation of the remuneration policy for whether the set objectives are being achieved;
- 5.8.4 overseeing the preparation of the remuneration report and ensuring it:
  - a) is accurate, complete and transparent;
  - b) provides a clear explanation of how the remuneration policy has been implemented; and
  - c) provides sufficient forward-looking information for the shareholders to pass a special resolution in terms of section 66 (9) of the Companies Act.
- 5.8.5 recommending to the Board the inclusion of the remuneration report in the integrated report, and referral thereof to shareholders as may be required by law or any applicable regulatory requirements; and
- 5.8.6 ensuring that the internal and disclosure controls over reporting on matters for which the Committee has responsibility has been implemented and are effective.

## **6. AUTHORITY, REPORTING AND SHAREHOLDER ENGAGEMENT**

- 6.1 The Committee acts in terms of authority delegated to it by the Board as recorded in this charter. It has the power to investigate any activity within the scope of its charter.
- 6.2 The Committee will deal with any other matters that may be delegated or referred to the Committee by the Board from time-to-time.
- 6.3 The Chairman of the Committee shall report back to the Board. The Committee shall keep the Board fully informed of its actions, decisions or recommendations, unless there are relevant legal or regulatory restrictions on its ability to do so.
- 6.4 The Committee, in the fulfilment of its duties, may call upon the chairmen of the other Board committees, any of the executive directors, the Company Secretary or any other employee to provide it with information.
- 6.5 The Committee has the right to obtain access to the Company's records, facilities and any other resources in order for it to perform its duties.
- 6.6 The Committee has the right to obtain independent outside professional advice to assist with the execution of its duties at the Company's cost, subject to the Company's internal approval policies and processes.
- 6.7 The Committee may form, and delegate authority to, sub-committees and may delegate authority to one or more designated members of the Committees.
- 6.8 The Committee may make recommendations to the Board relating to any area within the ambit of its charter where action or improvement is required.
- 6.9 The Committee shall ensure sufficient disclosures are provided as required by the

Companies Act and the Listings Requirements and as recommended in terms of the King Report on Corporate Governance for South Africa 2016 ("King IV").

- 6.10 The Chairman of the Committee or in his/her absence, any other member of the Committee, shall attend the annual general meeting or similar forums to respond to questions regarding any matter within the Committee's mandate.
- 6.11 In the event that the remuneration policy and/or the implementation report is voted against by 25% or more of the votes exercised at the annual general meeting, the Chairman of the Committee, and/or its members and/or any other employee to whom the Committee has delegated the responsibility, must engage with shareholders to ascertain the reasons for the dissenting votes and to appropriately address legitimate and reasonable objections and/or concerns raised.
- 6.12 The Committee or its members shall engage with key shareholders on an annual basis if required to do so and will promote meaningful and transparent dialogue with stakeholders, with a particular focus on shareholders and investors, and make efforts to resolve concerns raised by shareholders.

## **7. MEETING PROCEDURES**

### **Frequency and duration**

- 7.1. Meetings of the Committee will be held as the Committee deems to be appropriate. However, the Committee should meet at least two times per year.
- 7.2. The Chairman of the Committee or any member of the Committee, or the Chief Executive Officer may call further meetings as and when required. A meeting of the Committee may also be held at any time at the insistence of the Board.
- 7.3. The meetings of the Committee may be held in person, by telephone, or other form of long-distance conference facility as circumstances may require (such person shall be deemed as being present at the meeting), provided that the required quorum is met.

### **Attendance**

- 7.4. The Chief Executive Officer, any other executive director, executive committee members or members of senior management as may be required; assurance providers, professional advisors and Board members may attend Committee meetings, but by invitation only. Invitees may not vote.
- 7.5. No person attending a Committee meeting shall participate in any discussion or decision in respect of their own individual remuneration or any other matter they have a conflict of interest with.
- 7.6. Committee members must attend all scheduled meetings of the Committee, including meetings called on an *ad hoc*-basis for special matters, unless prior apology, with reasons, has been submitted to the Chairman or Company Secretary.
- 7.7. The Committee will appoint a committee secretary.
- 7.8. If the Chairman of the Committee is not present at a meeting, the members present must elect one of the independent members present to act as chairman.

## **Agenda and minutes**

- 7.9. The Committee must have an annual work plan to ensure that all relevant matters are discussed. The work plan must ensure proper coverage of the matters laid out in this charter; any other critical matters will need to be attended to as and when required.
- 7.10. An agenda, together with supporting documentation if applicable, must be circulated approximately 5 (five) business days prior to each meeting to the members of the Committee as well as invitees as appropriate.
- 7.11. Committee members must be fully prepared for Committee meetings to be able to provide appropriate and constructive input on matters for discussion.
- 7.12. The committee secretary shall take minutes of meetings. Any director may, provided that there is no conflict of interest and with the consent of the Chairman, obtain copies of the Committee's minutes.

## **Quorum**

- 7.13. The quorum of the Committee shall be a majority of independent non-executive directors present throughout the meeting. A decision shall be deemed as passed if a majority vote on the matter for decision is passed by the members present at the Committee.
- 7.14. Individuals in attendance at Committee meetings by invitation may participate in discussions but do not form part of the quorum for Committee meetings.
- 7.15. A decision that could be voted on at a meeting of the Committee may instead be adopted by written consent of a quorum of members, given in person, or by electronic means, provided that each member received notice of the matter to be decided. A decision made in such manner has the same effect as if it had been approved at a meeting.
- 7.16. Where decisions are required by way of written resolution, a quorum shall constitute a majority of independent non-executive directors, of whom one shall be the Chairman of the Committee.

## **8. CONFIDENTIALITY**

Committee members, invitees and the committee secretary are required to keep confidential and not disclose any information of whatsoever nature unless:

- 8.1 such disclosure is required specifically for the performance of the individuals' functions; or
- 8.2 such disclosure has been authorised by the Committee or Board; or
- 8.3 such disclosure takes place in compliance with the provisions set out herein.

## **9. MEMBERS' REMUNERATION**

- 9.1 Having regard to the functions performed by the members of the Committee in addition to their functions as directors, and pursuant to the MOI of the Company, members of the Committee may be paid such remuneration in respect of their appointment as shall be recommended by the Board and approved by the shareholders.
- 9.2 Such remuneration shall be in addition to any fees payable to directors.

**10. EVALUATION OF THE COMMITTEE**

The performance of the Committee and Committee members must be assessed at least every two years.

**11. REVIEW OF THE CHARTER**

The Committee will annually review this charter and make recommendations with respect to amendments, if any, to the Board for approval.