

FIT FOR THE **FUTURE**

2019 Remuneration report



Nampak
packaging excellence

50 years of being listed on the JSE

Remuneration report

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

SECTION 1

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

SECTION 2

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

SECTION 3

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

SECTION 4

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

For details of the composition of the committee and attendance at meetings, please refer to [F](#) 60 to 62 of the integrated report.

SECTION 1: REPORT FROM THE CHAIRMAN

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

At the AGM in February 2019, we received the required number of votes in favour of the remuneration policy and the implementation report after a series of consultations with various shareholders to obtain feedback on the remuneration report and their view of the remuneration practices.

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

Percentage vote in favour	Required percentage	February 2019	February 2018
Remuneration policy and framework	75% non-binding	84.04%	62.98%
Implementation report	75% non-binding	85.85%	62.50%
Non-executive directors' fees and committee membership fees	75% binding	99.42%	99.82%

Shareholders are encouraged to provide feedback and contributions regarding their position on the various voting requirements. We therefore invite shareholders wishing to engage with the chairman of the remuneration committee to do so via email at corporategovernance@nampak.com. Should a dissenting vote of 25% or more be received for either the remuneration policy or the implementation report, or both, we will include an outline of the process and timing of our proposed engagement with shareholders to resolve unsatisfactory results in the SENS announcement of the voting results of the AGM.

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

The significant financial underperformance of the group in the 2019 financial year is a further factor that needs to be considered in the remuneration policy and targets for 2020.

External independent review – changes for 2020

In response to shareholder feedback at the 2019 AGM and to regularly review the current approach against best practices, 21st Century was appointed to provide an independent review of the company's remuneration policy and practices and to provide recommendations to ensure that the STI and LTI achieved their stated objectives. The review confirmed that the remuneration policy and framework followed good practices and were appropriately market related. However, certain important aspects relating to the setting of performance metrics were highlighted for further consideration by the committee. After consultation with key large shareholders,

some minor changes were made to the STI metrics, targets and weightings. A further important change is that the committee considered alignment between executives and shareholders would be better served if the earnings measure for financial performance is changed to fully inclusive HEPS rather than the narrower definition of HEPS for continuing operations which has been used up to 2019. This will apply to both STI and LTI targets going forward. Had this change been in place for 2019, there would have been no impact on incentives but the committee believes an important principle for the future is for all group operations to be taken into account for key performance measures. The STI structure for 2020 is shown in the table below. The targets are detailed on [7](#).

STI metrics for 2020

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

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

¹ Based on headline earnings as defined by Circular 3/2013 of the South African Institute of Chartered Accountants (SAICA).

Remuneration report continued

Proposed LTI metrics for the performance share plan 2020 awards

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

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

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

The committee considered the suggestion by overseas proxy advisers to introduce performance conditions aligned to the release of matching awards. The DBP remains the preferred vehicle in the overall remuneration structures for encouraging executives to hold shares in the company as well as being a practical retention solution. In terms of this plan, a portion of the after-tax STI of executives and senior managers may be voluntarily invested in shares to encourage share ownership. These shares need to remain invested in the company for three years prior to the release of a matching number of shares. In order to participate in the DBP, participants needed to have earned a STI which would have been subject to challenging performance conditions. The committee views this position annually and remains of the view that there is sufficient stretch in the performance conditions for achievement of the annual STI and that the opportunity for matching awards will increase executive and senior management shareholding over time without specifically setting minimum shareholding requirements at this stage. For the overall weighting in the remuneration structure, please refer to the remuneration mix on [pages 5 and 6](#).

Other changes for 2020

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

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

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

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

These proposals have been incorporated into the remuneration policy and framework and more details are available on [pages 5 to 10](#).

Other activities undertaken in 2019

The committee attended to all activities set out in its charter and the annual committee work plan during the year. *The committee charter is available on the website at <http://www.nampak.com/Content/Documents/About/remuneration-committee-charter.pdf>.* 

Achievement of objectives

The absolute change to guaranteed packages for executive directors and group executive committee members overall amounted to a 10.9% decrease when compared to the average annual increases granted to other staff. This is in line with our objective to improve wages and the socio-economic conditions of our lower level workers.

The group headline earnings per share targets linked to the STI were improvement in HEPS on continuing operations of 4.13% to 10.13%. These were not achieved and consequently there was zero STI awarded to executives for the group financial results component of the measure. This was the key reason that total STI awarded to executive directors was down by 68% from the prior year. Various levels of EBITDA adjusted for interest, trading income, safety and individual performance objectives were achieved and these are reflected in the incentives earned by the operational and support executives.

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

The actual earnings reported under section three of this document on [pages 12 to 16](#) reflect the levels of achievement against the performance targets at executive director and group executive committee levels.

Decisions taken during 2019

The committee:

- approved the guaranteed packages for executive directors and group executives;
- reviewed and approved three-month notice periods in terms of the contracts of employment of the chief executive officer and chief financial officer;
- approved the STI payments for executive directors and group executives after considering achievement against performance conditions;
- approved the LTI awards for all participants and determined the performance conditions;
- suspended the allocation of LTI awards (normally issued in December each year) while the company remained in a prohibited period and the executives and employees were unable to trade in company shares. The PSP awards and the SAP rights approved in December 2018 were implemented in September 2019 when the prohibited period terminated;
- suspended implementation of the December 2018 release of share awards/allocations while the company

was in a prohibited trading period and the executives and employees were unable to trade in company shares. These share awards/allocations will be released once the September 2019 results have been published and executives will be provided an opportunity to purchase shares in terms of the rules of the DBP in respect of STI awards for the September 2018 financial period;

- reviewed the defined benefit retirement fund liability strategy and implementation against plans; and
- reviewed the fee recommendations for non-executive directors and committee fees, excluding the fees for the nominations and remuneration committee before submission to the board for consideration.

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



SP Ridley
Chairman of the nominations and remuneration committee

26 November 2019

Remuneration report continued

SECTION 2: REMUNERATION POLICY

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

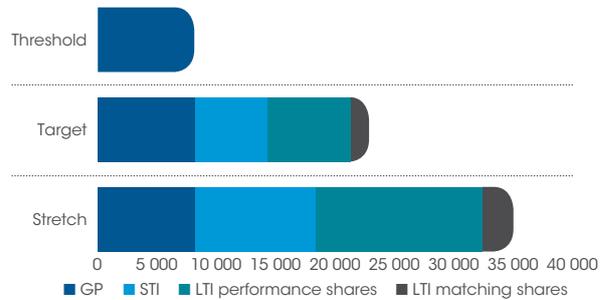
The components of the remuneration structures applicable to other managerial and non-managerial employees are set out in the table on 9 and 10.

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

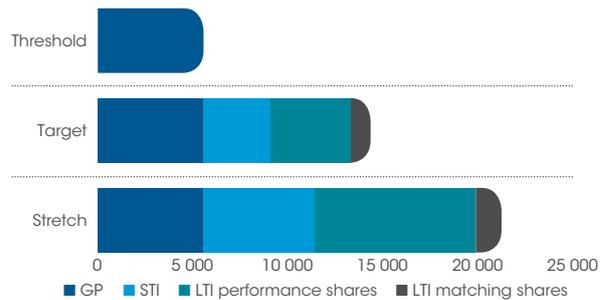
Remuneration mix

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

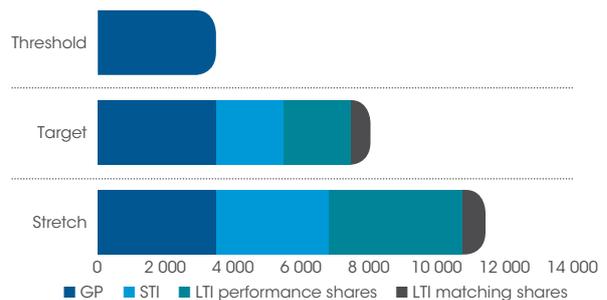
Chief executive officer (R'000)



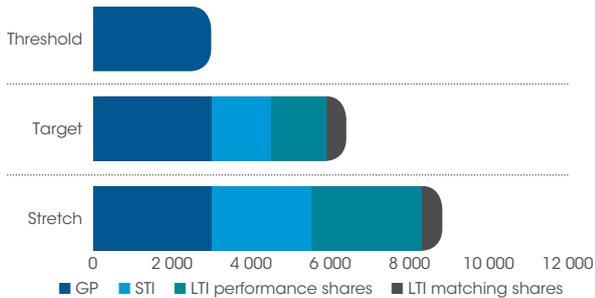
Chief financial officer (R'000)



GEC - operations (R'000)



GEC – support (R'000)



Alignment to value creation

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

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

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

- where necessary, appropriate site consolidations and operational footprint;
- a competitive fixed cost baseline; and
- management of governance and ethics.

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

Contractual terms and payments on termination of employment

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

In the event of redundancy, executive directors and other group executive members are entitled to receive payment, in addition to notice pay, in terms of the Nampak redundancy policy. Redundancy pay is calculated based on length of service and age and varies between two weeks and four weeks for every completed year of service. The payment is calculated using 75% of guaranteed package. The maximum entitlement is capped at 60 weeks. Certain long-service executives are entitled to a retirement gratuity from a legacy policy which was capped at R500 000 and then closed to future appointments after December 2013. The executive directors are not entitled to the retirement gratuity, however, certain of the other group executive committee members have retained this capped benefit.

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

Remuneration report continued

Elements of remuneration and policy

Basic salary	Benefits	Short-Term Incentive (STI)																																																																													
<p>Remuneration principles</p> <p>Designed to attract and retain executives with appropriate competence and experience levels and diversity of skills and views to deliver sustainable profitability for the benefit of all stakeholders</p>	<p>Remuneration principles</p> <p>There is a trade-off between receiving compulsory benefits and voluntary benefits from an employee value proposition. The company understands the importance of saving for retirement from an early age and therefore continues to provide the benefit</p>	<p>Remuneration principles</p> <p>Intended to provide a variable pay element for executive directors and group executive committee members which is earned against stretch performance targets</p> <p>Places emphasis on delivering strategic imperatives which may impact negatively on short-term financial performance and which are vital to long-term sustainability</p> <p>Covers all aspects which underpin sustainable profitability and ethical governance</p>																																																																													
<p>External advisers</p> <p>The Deloitte SA Executive Guide</p> <p>PwC Research Services' REMchannel®</p>	<p>External advisers</p> <p>Various professional advisers and administrators recognised in their respective jurisdictions</p>	<p>External advisers</p> <p>21st Century</p> <p>The Deloitte SA Executive Guide</p> <p>PwC Research Services' REMchannel®</p>																																																																													
<p>Competitiveness of offer</p> <p>Benchmarked using survey data from external advisers. The published remuneration of other listed companies of similar size and complexity is also considered</p>	<p>Competitiveness of offer</p> <p>Compulsory levels of retirement saving and life and disability cover are set using published survey data</p> <p>Optional medical aid membership</p> <p>Car allowance linked to requirements for business travel</p>	<p>Competitiveness of offer</p> <p>Benchmarked using survey data from external advisers</p> <p>Relevant to strategic intent</p>																																																																													
<p>Performance metrics</p> <p>Individual performance, contribution and future growth potential are considered</p>	<p>Performance metrics</p> <p>Not applicable</p>	<p>Performance metrics</p> <p>A combination of group, divisional and individual metrics for 2019 are set out in the table below:</p> <table border="1"> <thead> <tr> <th>Weighting within STI</th> <th>Component</th> <th>Metric</th> <th>Threshold</th> <th>On-target</th> <th>Stretch</th> </tr> </thead> <tbody> <tr> <td>Between 20% and 70%</td> <td>Group financial</td> <td>Improvement in HEPS</td> <td>CPI</td> <td>CPI + 3.6%</td> <td>CPI + 6%</td> </tr> <tr> <td>Operational executive only - up to 50%</td> <td>Divisional financial</td> <td>EBITDA adjusted for interest or trading income</td> <td colspan="3">Sufficient stretch and aligned to achievement of the group financial target</td> </tr> <tr> <td>Up to 60% (all executives)</td> <td rowspan="2">Individual key performance indicators</td> <td rowspan="2">Linked to strategic issues and material matters that underpin sustainable profitability</td> <td colspan="3" rowspan="2"></td> </tr> <tr> <td>Up to 40% (other managers)</td> </tr> </tbody> </table> <p>Total calculated incentives are subject to a discount of up to 10% for non-achievement of the B-BBEE target. The metrics for 2020 are as follows:</p> <table border="1"> <thead> <tr> <th>Participant category</th> <th>Strategy</th> <th>Group (weighting)</th> <th>Divisional (weighting)</th> <th>Individual (weighting)</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Executive directors</td> <td>Actively manage our portfolio</td> <td>HEPS¹ (40%)</td> <td></td> <td>KPI (40%)</td> </tr> <tr> <td>Prudently manage cash</td> <td>EBIT (10%)</td> <td></td> <td></td> </tr> <tr> <td rowspan="4">Group executive committee: Operational</td> <td></td> <td>Working capital (10%)</td> <td></td> <td></td> </tr> <tr> <td></td> <td>Combined group (10%)</td> <td>EBIT (30%)</td> <td>KPI (10%)</td> </tr> <tr> <td>Prudently manage cash</td> <td></td> <td>Working capital (20%)</td> <td></td> </tr> <tr> <td>Buying, making and selling better</td> <td></td> <td>Operational efficiencies (10%)</td> <td></td> </tr> <tr> <td></td> <td>Manage cash fixed costs</td> <td></td> <td>Cost saving initiatives (10%)</td> <td></td> </tr> <tr> <td></td> <td>Safety</td> <td></td> <td>Safety (10%)</td> <td></td> </tr> <tr> <td>Group executive committee: Support</td> <td></td> <td>Combined group (60%)</td> <td></td> <td>KPI (40%)</td> </tr> </tbody> </table> <p>Total calculated incentives are subject to a discount of up to 15% for non-achievement of employment equity targets.</p> <p>The group targets for improvement in HEPS for 2020 are as follows:</p> <table border="1"> <tbody> <tr> <td>Threshold</td> <td>CPI</td> </tr> <tr> <td>On-target</td> <td>CPI + 4.8%</td> </tr> <tr> <td>Stretch</td> <td>CPI + 8%</td> </tr> </tbody> </table>	Weighting within STI	Component	Metric	Threshold	On-target	Stretch	Between 20% and 70%	Group financial	Improvement in HEPS	CPI	CPI + 3.6%	CPI + 6%	Operational executive only - up to 50%	Divisional financial	EBITDA adjusted for interest or trading income	Sufficient stretch and aligned to achievement of the group financial target			Up to 60% (all executives)	Individual key performance indicators	Linked to strategic issues and material matters that underpin sustainable profitability				Up to 40% (other managers)	Participant category	Strategy	Group (weighting)	Divisional (weighting)	Individual (weighting)	Executive directors	Actively manage our portfolio	HEPS ¹ (40%)		KPI (40%)	Prudently manage cash	EBIT (10%)			Group executive committee: Operational		Working capital (10%)				Combined group (10%)	EBIT (30%)	KPI (10%)	Prudently manage cash		Working capital (20%)		Buying, making and selling better		Operational efficiencies (10%)			Manage cash fixed costs		Cost saving initiatives (10%)			Safety		Safety (10%)		Group executive committee: Support		Combined group (60%)		KPI (40%)	Threshold	CPI	On-target	CPI + 4.8%	Stretch	CPI + 8%
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Performance Share Plan (PSP)

Remuneration principles

Aimed at aligning executive remuneration directly with that of shareholders' interests

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

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

External advisers

21st Century

PwC People and Organisation (Reward) (PwC)

Deferred Bonus Plan (DBP)

Remuneration principles

Provides a retention element to the remuneration structure

Encourages executives to build shareholding in Nampak Limited

Aligns executive remuneration with share price and dividend performance experienced by shareholders

External advisers

21st Century

PwC

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

Remuneration principle

Provides the chief executive officer with a reward and retention element for employees at middle management levels

External advisers

21st Century

PwC

Competitiveness of offer

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

Competitiveness of offer

PwC as advisers to the remuneration component offset potential earnings under the DBP when determining the recommended awards under the PSP

Competitiveness of offer

In order to simplify and streamline Nampak's LTI structures, the committee has taken the decision to cease making awards to senior managers under the SAP, and to rather make awards under the PSP. Another reason for this decision is to align the entire management structure of Nampak under the PSP. Unvested awards under the SAP will remain in operation under the scheme

Performance metrics

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

Weighting within allocation	Performance condition	Target range
40%	Cumulative improvement in HEPS	Straight-line vesting between entry of CPI + 3% to CPI + 15%
30%	Cumulative improvement in total shareholder return (TSR)	Straight-line vesting between entry of CPI + 3% to CPI + 15%
30%	Return on net assets	60% release for 11.5% 70% release for 12% 80% release for 12.5% 90% release for 13% 100% release for 13.5%

The metrics and targets for the 2020 financial year remain unchanged except for the use of all in HEPS and an adjusted 2019 HEPS base as defined on [page 3](#).

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

Performance metrics

Executives and group executive committee members are able to use a percentage of after-tax STI earnings which are paid after achieving challenging performance conditions annually to purchase shares in Nampak Limited

Executives will receive a matching number of shares after three years provided they have remained in employment

No shares will vest for resignation or dismissal

Pro-rated shares will vest for good leavers such as retirees

Performance metrics

The threshold performance target for the 2019 allocation was cumulative CPI growth over the three-year performance period

No shares will vest for resignation or dismissal

Pro-rated shares will vest for good leavers such as retirees

Remuneration report continued

Basic salary	Benefits	Short-Term Incentive (STI)																									
Maximum limits	Maximum limits	Maximum limits																									
Target level for guaranteed packages for executives and group executive committee members is clustered around the median	Flexibility within guaranteed package governed by income tax regulation	The maximum limits for 2019 were as follows:																									
		Maximum potential STI as percentage of guaranteed package																									
		<table border="1"> <thead> <tr> <th>Role</th> <th>Total</th> <th>Group</th> <th>Divisional</th> <th>Individual</th> </tr> </thead> <tbody> <tr> <td>CEO</td> <td>125%</td> <td>85%</td> <td>-</td> <td>40%</td> </tr> <tr> <td>CFO</td> <td>105%</td> <td>53%</td> <td>-</td> <td>52%</td> </tr> <tr> <td>GEC – Operations</td> <td>95%</td> <td>19%</td> <td>45%</td> <td>31%</td> </tr> <tr> <td>GEC – Support</td> <td>85%</td> <td>34%</td> <td>-</td> <td>51%</td> </tr> </tbody> </table>	Role	Total	Group	Divisional	Individual	CEO	125%	85%	-	40%	CFO	105%	53%	-	52%	GEC – Operations	95%	19%	45%	31%	GEC – Support	85%	34%	-	51%
Role	Total	Group	Divisional	Individual																							
CEO	125%	85%	-	40%																							
CFO	105%	53%	-	52%																							
GEC – Operations	95%	19%	45%	31%																							
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		The maximum limits for 2020 are as follows:																									
		Maximum potential STI as percentage of guaranteed package																									
		<table border="1"> <thead> <tr> <th>Role</th> <th>Total</th> <th>Group</th> <th>Divisional</th> <th>Individual</th> </tr> </thead> <tbody> <tr> <td>CEO</td> <td>125%</td> <td>75%</td> <td>-</td> <td>50%</td> </tr> <tr> <td>CFO</td> <td>105%</td> <td>63%</td> <td>-</td> <td>42%</td> </tr> <tr> <td>GEC – Operations</td> <td>95%</td> <td>9%</td> <td>76%</td> <td>10%</td> </tr> <tr> <td>GEC – Support</td> <td>85%</td> <td>51%</td> <td>-</td> <td>34%</td> </tr> </tbody> </table>	Role	Total	Group	Divisional	Individual	CEO	125%	75%	-	50%	CFO	105%	63%	-	42%	GEC – Operations	95%	9%	76%	10%	GEC – Support	85%	51%	-	34%
Role	Total	Group	Divisional	Individual																							
CEO	125%	75%	-	50%																							
CFO	105%	63%	-	42%																							
GEC – Operations	95%	9%	76%	10%																							
GEC – Support	85%	51%	-	34%																							
Performance period	Performance period	Performance period																									
Annual review	n/a	Annual cash award payable in December Performance period 1 October to 30 September																									
Governance requirement	Governance requirement	Governance requirement																									
Set out in contracts of employment	Set out in group policies	The committee has discretion to withdraw or change the STI. In addition, the committee holds overriding discretion on incentive bonus payments should circumstances warrant Approval of STI payments only takes place after the annual financial statements have been audited and approved by the board																									
Other employees	Other employees	Other employees																									
Managerial employees receive guaranteed packages Other employees receive a basic salary, shift allowances, overtime and benefits on a build-up basis The target guaranteed package for other employees is the median. The 75th percentile is considered for top performers and positions where we have scarce skill risks Our levels of pay and benefits for our shopfloor employees are significantly higher than the agreed sector wage levels	Employees in all jurisdictions have access to retirement funding and insured benefit arrangements in line with local regulations. Expatriate employees in certain countries receive remuneration for retirement funding and insured benefits where local options are not appropriate Employees have voluntary access to medical aid or similar arrangements Employees have access to EAP counselling	All managerial employees participate in the group's STI scheme at different capped levels ranging between 7.5% and 65% of guaranteed package per annum Individual KPIs generally form up to 40% of the maximum potential incentive with the balance accruing based on achievement of the divisional performance targets Key performance targets address sustainable drivers for future success on a line of sight basis to their role requirements Various productivity incentives provide line of sight rewards for non-managerial employees																									

Performance Share Plan (PSP)	Deferred Bonus Plan (DBP)	Share Appreciation Plan (SAP) (not applicable for executive directors and group executive committee members)
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Maximum limits

	Set to deliver a percentage of guaranteed package	
	Expected value	For superior performance
CEO	80%	160%
CFO	70%	140%
GEC operations and support	60%	120%

Maximum limits

Role	Maximum limit of after-tax STI
CEO	up to 50%
CFO	up to 45%
Other group executives	up to 40%

Maximum limits

The maximum allocations are recommended to the committee after taking into account individual contribution, skills and future career progression

Performance period

Share awards vest to the level of achievement of the performance conditions at the end of the three-year performance period and are released in three equal tranches at the end of the third year, fourth year and fifth year from the original award date

Performance period

Vesting and release of matching awards after three years

Performance period

Share allocations vest after three years if the performance condition is achieved. Participants have seven years from the allocation date to exercise their awards

Governance requirement

Governed in accordance with the share plan rules as approved by shareholders

Share awards are allocated annually usually in December to avoid allocations during closed periods

The extent of achievement against the performance targets is reviewed by PwC

Governance requirement

Governed in terms of the share plan rules as approved by shareholders

Eligible participants are provided with an option to purchase shares immediately after receipt of the STI payments and once the stock market had sufficient time to adjust to the published results

Governance requirement

Governed in terms of the share plan rules as approved by shareholders

The extent of achievement against the performance targets is reviewed by PwC

Other employees

Certain senior managers may receive awards under the PSP after considering remuneration benchmarks provided by PwC

Other employees

Certain senior managers may use up to 35% of their after-tax STI to purchase shares

Other employees

It is proposed to close the SAP to future allocations to senior managers.

Future awards to certain senior managers will be benchmarked by PwC and will be considered under the PSP

Remuneration report continued

SECTION 3: IMPLEMENTATION REPORT

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

Deviations from policy

The remuneration committee monitored the implementation of the remuneration policy and is able to confirm that there are no deviations from policy to report.

Contractual terms and payments on termination of employment

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

Fair and responsible remuneration

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

Grouping	Percentage change 2019	Percentage change 2018
Executive directors	(13.6)	5.7
Group executive committee members	(8.7)	5.5
Overall executive	(10.9)	5.6
Managers	7.0	7.0
Other employees	8.6	9.5

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

- higher merit increases for staff than those granted to executive management (other than promotion and market alignment);
- total levels of executive remuneration that are not excessive in comparison to market benchmarks for the role and complexity;
- other staff are paid competitively against benchmarks and are managed where practical within the overall budget mandate;
- performance and contribution are considered when determining annual increases for non-bargaining unit employees; and
- the increase percentages reflect implementation of the last year of a three-year wage agreement for the vast majority of South African unionised employees

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

STI

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

- The group target in respect of HEPS was not achieved.
- There were varying levels of achievement against the divisional financial targets, with some divisions not achieving the required threshold and others achieving 100%.
- There were differing levels of achievement against the divisional safety targets.

- There were varying levels of achievement by executive directors and group executive committee members against their individual key deliverables which covered the following broad categories:

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

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

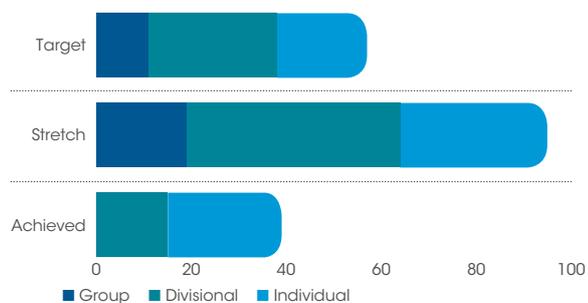
STI achievement (as a percentage of guaranteed package)

The results of applying the financial and non-financial performance achievements are reflected graphically below against target and stretch levels. The B-BBEE target was achieved.

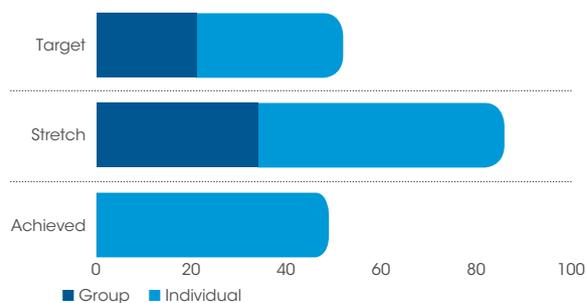


Remuneration report continued

GEC – operations



GEC – support



Prohibited period – share trading restrictions

The company remained under a prohibited period for most of the financial year as a result of ongoing corporate activity. After extensive consultation with various external advisers, the committee agreed that it was appropriate to suspend all awards and allocations under its various share plans which ordinarily would have taken place in December 2018. These awards and allocations were made in September 2019 when the prohibited period was lifted as a result of the announcement of the Glass transaction.

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

LTI awarded

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

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

The PSP awards will vest in December 2022 to the extent that the performance conditions are achieved. Awards are valued taking into account targeted vesting. The performance targets are set out on [page 8](#). No shares were purchased under the DBP during the financial year.

LTI performance assessment

Performance share plan

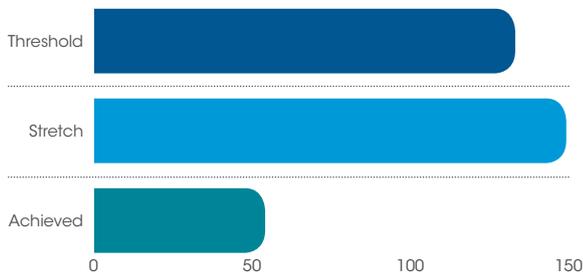
The performance conditions linked to the PSP awards in December 2016 were tested and were not achieved. The performance conditions for the three-year period were:

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

HEPS performance

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

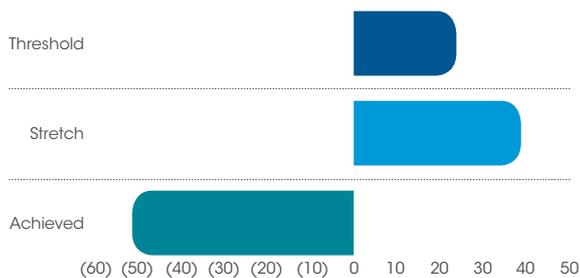
HEPS performance (cents)



TSR performance

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

TSR performance (%)

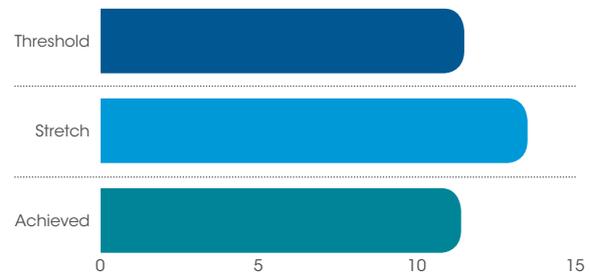


Return on net assets (RONA)

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

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

Return on net assets (%)



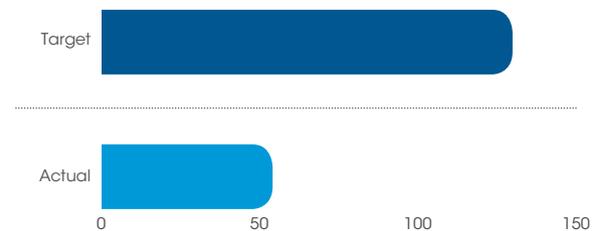
Share appreciation plan

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

HEPS performance

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

HEPS performance (cents)



Remuneration report continued

The single total figure of remuneration Remuneration 2019

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

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

¹ Other benefits refer to group personal accident cover.

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

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

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

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

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

Remuneration 2018

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

	Basic salary (rand)	Company contribution to retirement (rand)	Guaranteed package (rand)	Value of other benefits ¹ (rand)	Retention/ termination (rand)	STI ² (rand)	LTI ³ (rand)	Total single figure remuneration (rand)
Executive directors								
AM de Ruyter	7 574	103	7 677	21	-	8 846	1 749	18 293
GR Fullerton	5 049	98	5 147	14	-	5 305	656	11 122
MMF Seleokane	2 916	119	3 035	8	-	2 406	131	5 580
	15 539	320	15 859	43	-	16 557	2 536	34 995
Group executive committee members								
C Burmeister	2 887	120	3 007	8	-	1 708	234	4 957
M Khutama	2 794	94	2 888	8	-	784	-	3 680
LD Kidd	2 730	118	2 848	8	-	2 220	-	5 076
RG Morris	3 566	96	3 662	10	-	1 987	183	5 842
EE Smuts	3 767	92	3 859	10	-	3 666	610	8 145
IH van Lochem	2 400	110	2 510	7	-	1 956	44	4 517
	18 144	630	18 774	51	-	12 321	1 071	32 217

¹ Other benefits refer to group personal accident cover.

² STI disclosed is based on performance during the 2018 financial year, but actual STI payments were only made in December 2018.

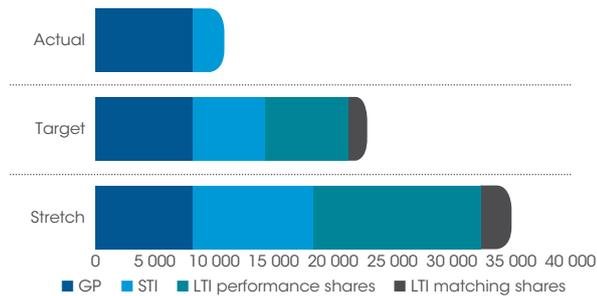
³ LTI disclosed is the award of matching shares under the DBP scheme in December 2017. Values are calculated using market value at purchase date. The performance conditions aligned to the PSP and SAP were not achieved. None of the December 2015 awards have vested.

Remuneration mix

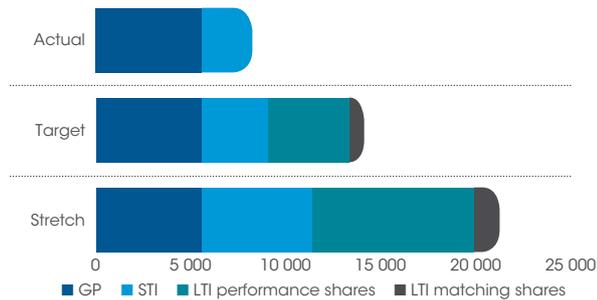
Remuneration implementation

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

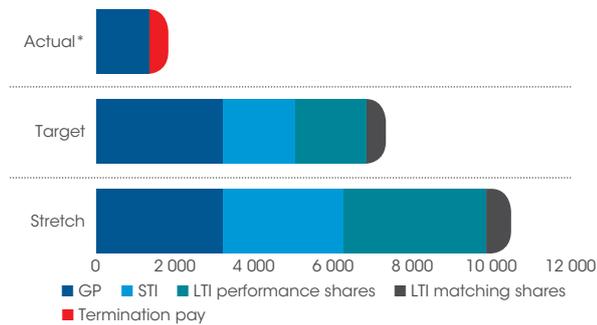
Chief executive officer (R'000)



Chief financial officer (R'000)

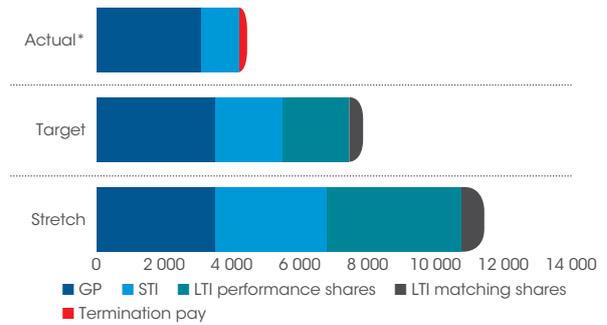


Group - HRD (R'000)



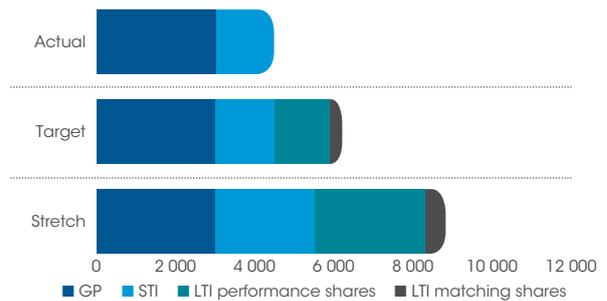
* Actual is for the period of employment to 28 February 2019.

GEC - operations (R'000)



* Actual includes M Khutama for the period of employment to 28 February 2019.

GEC - support (R'000)



Share dilution

The level of share dilution of the share plans is within the parameters set by the committee and approved by shareholders. Details of the number of new shares that can be issued or treasury shares that can be utilised are set out below, together with the current allocations.

	Maximum number that can be used	Number of shares actually used
SAP	18 000 000	4 335 053
PSP	9 000 000	7 076 751
DBP	5 000 000	504 904
Total number of shares under plans	32 000 000	11 916 708
Total number of issued ordinary shares	689 811 504	689 811 504
Dilution	4.6%	1.7%

Neither the maximum dilution of 4.6% (2018: 4.6%) nor the actual dilution of 1.7% (2018: 1.3%) exceeded the 5% limit placed on the total number of shares utilised for the share plans. It should be noted that due to the application of performance vesting criteria on the performance share plan and share appreciation plan, the real dilution will be lower than the maximum.

There is also a limit on the number of shares which can be allocated and remain unvested to any one individual under the three share plans.

The limit, also approved by shareholders, is 2 200 000 shares and has not been exceeded.

Remuneration report continued

Share disclosure tables

Disclosure on the quantum and value of awards outstanding at the beginning of the reporting period, as well as new awards made during the reporting period are indicated in the tables below. No LTI awards were settled during the year due to the suspension of all share trading during the prohibited period.

2018

	Grant date	First release date	Second release date	Third release date	Strike price	Number of outstanding awards				Closing balance
						Opening balance	Granted in the year	Forfeited in the year	Released in the year	
AM de Ruyter										
Share appreciation plan										
	15.12.2014	15.12.2017			42.20	100 229	-	(100 229)	-	-
	17.12.2015	17.12.2018			24.29	140 080	-	-	-	140 080
	14.12.2016	14.12.2019			17.20	157 449		-	-	157 449
Performance share plan										
	02.01.2014 ⁷	02.01.2017	02.01.2018	02.01.2019	37.81	25 660	3 053	-	(15 883)	12 830
	15.12.2014	15.12.2017	15.12.2018	15.12.2019	42.20	187 272	-	(187 272)	-	-
	17.12.2015	17.12.2018	17.12.2019	17.12.2020	24.29	325 850	-	-	-	325 850
	15.12.2016	15.12.2019	15.12.2020	15.12.2021	17.20	486 336	-	-	-	486 336
	11.12.2017	11.12.2020	11.12.2021	11.12.2022	14.91		752 000	-	-	752 000
	27.09.2019	01.12.2022	01.12.2023	01.12.2024	9.23					
Deferred bonus plan										
	17.12.2014	17.12.2017			42.14	39 459	-	-	(39 459)	-
	15.12.2015 ⁷	15.12.2018			23.57	25 617	-	-	-	25 617
	15.12.2017	15.12.2020			15.16		122 563	-	-	122 563
Totals										
GR Fullerton										
Share appreciation plan										
	17.12.2015	17.12.2018			24.29	78 268	-	-	-	78 268
	14.12.2016	14.12.2019			17.20	105 566	-	-	-	105 566
Performance share plan										
	17.12.2015	17.12.2018	17.12.2019	17.12.2020	24.29	153 823	-	-	-	153 823
	15.12.2016	15.12.2019	15.12.2020	15.12.2021	17.20	278 442	-	-	-	278 442
	11.12.2017	11.12.2020	11.12.2021	11.12.2022	14.91		441 000	-	-	441 000
	27.09.2019	01.12.2022	01.12.2023	01.12.2024	9.23					
Deferred bonus plan										
	15.12.2015 ⁷	15.12.2018			23.57	1 011	-	-	-	1 011
	19.12.2016	19.12.2019			17.27	14 409	-	-	-	14 409
	15.12.2017	15.12.2020			15.16		45 961	-	-	45 961
Totals										
MMF Seleokane⁵										
Performance share plan										
	11.12.2017	11.12.2020	11.12.2021	11.12.2022	14.91		260 000	-	-	260 000
Deferred bonus plan										
	15.12.2017	15.12.2020			15.16		9 192	-	-	9 192
Totals										

Remuneration report continued

						2018				
						Number of outstanding awards				
	Grant date	First release date	Second release date	Third release date	Strike price	Opening balance	Granted in the year	Forfeited in the year	Released in the year	Closing balance
C Burmeister										
Share appreciation plan										
	15.12.2014	15.12.2017			42.20	26 683	-	(26 683)	-	-
	17.12.2015	17.12.2018			24.29	38 346	-	-	-	38 346
	14.12.2016	14.12.2019			17.20	43 101	-	-	-	43 101
Performance share plan										
	03.12.2012	03.12.2015	03.12.2016	03.12.2017	30.67	2 415	727	-	(3 142)	-
	03.12.2013 ⁷	03.12.2016	03.12.2017	03.12.2018	37.81	8 039	903	-	(4 923)	4 019
	15.12.2014	15.12.2017	15.12.2018	15.12.2019	42.20	36 112	-	(36 112)	-	-
	17.12.2015	17.12.2018	17.12.2019	17.12.2020	24.29	91 533	-	-	-	91 533
	15.12.2016	15.12.2019	15.12.2020	15.12.2021	17.20	139 604	-	-	-	139 604
	11.12.2017	11.12.2020	11.12.2021	11.12.2022	14.91		220 000	-	-	220 000
	27.09.2019	01.12.2022	01.12.2023	01.12.2024	9.23					
Deferred bonus plan										
	17.12.2014	17.12.2017			42.14	6 761	-	-	(6 761)	-
	15.12.2015 ⁷	15.12.2018			23.57	15 316	-	-	-	15 316
	19.12.2016	19.12.2019			17.27	22 639	-	-	-	22 639
	15.12.2017	15.12.2020			15.16		16 399	-	-	16 399
Totals										
M Khutama⁶										
Share appreciation plan										
	17.12.2015	17.12.2018			24.29	38 346	-	-	-	38 346
	14.12.2016	14.12.2019			17.20	43 101	-	-	-	43 101
Performance share plan										
	17.12.2015	17.12.2018	17.12.2019	17.12.2020	24.29	85 923	-	-	-	85 923
	15.12.2016	15.12.2019	15.12.2020	15.12.2021	17.20	137 454	-	-	-	137 454
	11.12.2017	11.12.2020	11.12.2021	11.12.2022	14.91		210 000	-	-	210 000
Deferred bonus plan										
	15.12.2015 ⁷	15.12.2018			23.57	791	-	-	-	791
	19.12.2016	19.12.2019			17.27	5 763	-	-	-	5 763
Totals										

Value on release ¹	Value (rand)		Estimated dividend shares payable as at 30 September ⁴	Number of outstanding awards			2019		Value (rand)		Estimated dividend shares payable as at 30 September ⁴
	Estimated fair value at 30 September ²			Granted in the year	Forfeited in the year	Released in the year	Closing balance	Value on release ¹	Estimated fair value at 30 September ³		
-	-			-	-	-	-	-	-	-	
-	-			-	(38 346)	-	-	-	-	-	
-	173 266			-	-	-	43 101	-	-	-	
49 917	-		-	-	-	-	-	-	-	-	-
78 212	62 495		11 535	-	-	-	4 019	-	38 422		11 535
-	-		-	-	-	-	-	-	-	-	-
-	-		-	-	(91 533)	-	-	-	-	-	-
-	1 518 892		-	-	-	-	139 604	-	-	-	-
-	1 984 400		-	-	-	-	220 000	-	1 262 800		-
				150 274	-	-	150 274	-	862 573		-
108 866	-			-	-	-	-	-	-		-
-	238 164			-	-	-	15 316	-	146 421		-
-	343 434			-	-	-	22 639	-	216 429		-
-	243 853			-	-	-	16 399	-	156 774		-
236 995	4 564 504		11 535					-	2 683 419		11 535
-	-			-	(38 346)	-	-	-	-		-
-	173 266			-	(11 336)	-	31 765	-	-		-
-	-		-	-	(85 923)	-	-	-	-		-
-	1 495 500		-	-	(36 278)	-	101 176	-	-		-
-	1 894 200		-	-	(124 658)	-	85 342	-	489 866		-
-	12 300		-	-	-	-	791	-	7 562		-
-	87 425		-	-	(1 542)	-	4 221	-	40 352		-
-	3 662 691		-					-	537 780		-

Remuneration report continued

2018

						Number of outstanding awards				
	Grant date	First release date	Second release date	Third release date	Strike price	Opening balance	Granted in the year	Forfeited in the year	Released in the year	Closing balance
LD Kidd										
Share appreciation plan										
	15.12.2014	15.12.2017			42.20	66 972	-	(66 972)	-	-
	17.12.2015	17.12.2018			24.29	97 353	-	-	-	97 353
	14.12.2016	14.12.2019			17.20	104 407	-	-	-	104 407
Performance share plan										
	03.12.2012	03.12.2015	03.12.2016	03.12.2017	30.67	2 475	745	-	(3 220)	-
	03.12.2013 ¹	03.12.2016	03.12.2017	03.12.2018	37.81	4 616	518	-	(2 826)	2 308
	15.12.2014	15.12.2017	15.12.2018	15.12.2019	42.20	17 310	-	(17 310)	-	-
	17.12.2015	17.12.2018	17.12.2019	17.12.2020	24.29	25 570	-	-	-	25 570
	15.12.2016	15.12.2019	15.12.2020	15.12.2021	17.20	46 070	-	-	-	46 070
	11.12.2017	11.12.2020	11.12.2021	11.12.2022	14.91		209 000	-	-	209 000
	27.09.2019	01.12.2022	01.12.2023	01.12.2024	9.23					
Deferred bonus plan										
	17.12.2014	17.12.2017			42.14	6 695	-	-	(6 695)	-
	15.12.2015 ²	15.12.2018			23.57	2 979	-	-	-	2 979
	19.12.2016	19.12.2019			17.27	33 717	-	-	-	33 717
Totals										
RG Morris										
Share appreciation plan										
	15.12.2014	15.12.2017			42.20	30 091	-	(30 091)	-	-
	17.12.2015	17.12.2018			24.29	38 346	-	-	-	38 346
	14.12.2016	14.12.2019			17.20	43 101	-	-	-	43 101
Performance share plan										
	03.12.2012	03.12.2015	03.12.2016	03.12.2017	30.67	4 561	1 374	-	(5 935)	-
	03.12.2013 ¹	03.12.2016	03.12.2017	03.12.2018	37.81	13 371	1 502	-	(8 188)	6 685
	15.12.2014	15.12.2017	15.12.2018	15.12.2019	42.20	46 631	-	(46 631)	-	-
	17.12.2015	17.12.2018	17.12.2019	17.12.2020	24.29	98 183	-	-	-	98 183
	15.12.2016	15.12.2019	15.12.2020	15.12.2021	17.20	151 084	-	-	-	151 084
	11.12.2017	11.12.2020	11.12.2021	11.12.2022	14.91		269 000	-	-	269 000
	27.09.2019	01.12.2022	01.12.2023	01.12.2024	9.23					
Deferred bonus plan										
	17.12.2014	17.12.2017			42.14	13 036	-	-	(13 036)	-
	15.12.2015 ²	15.12.2018			23.57	5 985	-	-	-	5 985
	19.12.2016	19.12.2019			17.27	24 797	-	-	-	24 797
	15.12.2017	15.12.2020			15.16		12 808	-	-	12 808
Totals										

Value on release ¹	Value (rand) Estimated fair value at 30 September ²	Estimated dividend shares payable as at 30 September ⁴	2019				Closing balance	Value on release ¹	Value (rand) Estimated fair value at 30 September ³	Estimated dividend shares payable as at 30 September ⁴
			Number of outstanding awards							
			Granted in the year	Forfeited in the year	Released in the year					
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	(97 353)	-	-	-	-	-	
-	419 716	-	-	-	-	104 407	-	-	-	
49 144	-	-	-	-	-	-	-	-	-	
43 131	35 889	6 624	-	-	-	2 308	-	22 064	6 624	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	(25 570)	-	-	-	-	-	
-	501 242	-	-	-	-	46 070	-	-	-	
-	1 885 180	-	-	-	-	209 000	-	1 199 660	-	
			93 281	-	-	93 281	-	535 433	-	
107 803	-	-	-	-	-	-	-	-	-	
-	46 323	-	-	-	-	2 979	-	28 479	-	
-	511 487	-	-	-	-	33 717	-	322 335	-	
200 078	3 399 837	6 624					-	2 107 971	6 624	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	(38 346)	-	-	-	-	-	
-	173 266	-	-	-	-	43 101	-	-	-	
94 290	-	-	-	-	-	-	-	-	-	
130 084	103 952	19 186	-	-	-	6 685	-	63 909	19 186	
-	-	-	-	-	-	-	-	-	-	
-	-	-	-	(98 183)	-	-	-	-	-	
-	1 643 794	-	-	-	-	151 084	-	-	-	
-	2 426 380	-	-	-	-	269 000	-	1 544 060	-	
			150 274	-	-	150 274	-	862 573	-	
209 906	-	-	-	-	-	-	-	-	-	
-	93 067	-	-	-	-	5 985	-	57 217	-	
-	376 170	-	-	-	-	24 797	-	237 059	-	
-	190 455	-	-	-	-	12 808	-	122 444	-	
434 279	5 007 084	19 186					-	2 887 262	19 186	

Remuneration report continued

	Grant date	First release date	Second release date	Third release date	Strike price	2018 Number of outstanding awards				
						Opening balance	Granted in the year	Forfeited in the year	Released in the year	Closing balance
EE Smuts										
Share appreciation plan	15.12.2014	15.12.2017			42.20	26 683	-	(26 683)	-	-
	17.12.2015	17.12.2018			24.29	38 346	-	-	-	38 346
	14.12.2016	14.12.2019			17.20	43 101	-	-	-	43 101
Performance share plan	03.12.2012	03.12.2015	03.12.2016	03.12.2017	30.67	2 749	828	-	(3 577)	-
	03.12.2013 ⁷	03.12.2016	03.12.2017	03.12.2018	37.81	10 271	1 154	-	(6 290)	5 135
	15.12.2014	15.12.2017	15.12.2018	15.12.2019	42.20	38 762	-	(38 762)	-	-
	17.12.2015	17.12.2018	17.12.2019	17.12.2020	24.29	94 343	-	-	-	94 343
	15.12.2016	15.12.2019	15.12.2020	15.12.2021	17.20	150 724	-	-	-	150 724
	11.12.2017	11.12.2020	11.12.2021	11.12.2022	14.91		283 000	-	-	283 000
	27.09.2019	01.12.2022	01.12.2023	01.12.2024	9.23					
Deferred bonus plan	17.12.2014	17.12.2017			42.14	10 465	-	-	(10 465)	-
	15.12.2015 ⁷	15.12.2018			23.57	5 942	-	-	-	5 942
	19.12.2016	19.12.2019			17.27	13 448	-	-	-	13 448
	15.12.2017	15.12.2020			15.16		42 714	-	-	42 714
Totals										
IH van Lochem										
Share appreciation plan	15.12.2014	15.12.2017			42.20	35 000	-	(35 000)	-	-
	17.12.2015	17.12.2018			24.29	35 000	-	-	-	35 000
	14.12.2016	14.12.2019			17.20	25 000	-	-	-	25 000
Performance share plan	11.12.2017	11.12.2020	11.12.2021	11.12.2022	14.91	-	184 000	-	-	184 000
	27.09.2019	01.12.2022	01.12.2023	01.12.2024	9.23					
Deferred bonus plan	15.12.2017	15.12.2020			15.16	-	3 064	-	-	3 064
Totals										

Notes

¹ The value on release includes the gain to the participant on release of the awards as well as the dividends shares in relation to the PSP awards.

² The estimated fair value represents the indicative fair value of the instrument on 30 September 2018, adjusted for the estimated vesting probability of the award. For awards within 12 months of release following the year-end, the indicative fair value was calculated as the 30-day VWAP (less strike price in the case of the SAP). An indicative valuation was performed for awards more than 12 months from release following year-end using the same 30-day VWAP. The 30-day VWAP as at 30 September 2018 was R15.55.

³ The estimated fair value represents the indicative fair value of the instrument on 30 September 2019, adjusted for the estimated vesting probability of the award. For awards within 12 months of release following the year-end, the indicative fair value was calculated as the 30-day VWAP (less strike price in the case of the SAP). An indicative valuation was performed for awards more than 12 months from release following year-end using the same 30-day VWAP. The 30-day VWAP as at 30 September 2019 was R9.56.

⁴ PSP awards accrue dividend equivalents from grant date to release date. This column represents the estimated value of these dividend equivalents.

⁵ MMF Seleane resigned with effect 28 February 2019.

⁶ M Khutama was retrenched with effect 28 February 2019.

⁷ The release of the final tranche of the 2013 PSP awards and the delivery of the matching awards due under the 2015 DBP should have occurred in December 2018. The release was prevented by the suspension of any share trading during the prohibited period.

Value on release ¹	Value (rand)		2019				Value (rand)		Estimated dividend shares payable as at 30 September ⁴
	Estimated fair value at 30 September ²	Estimated dividend shares payable as at 30 September ⁴	Number of outstanding awards	Granted in the year	Forfeited in the year	Released in the year	Closing balance	Value on release ¹	
-	-	-	-	-	-	-	-	-	-
-	-	-	-	(38 346)	-	-	-	-	-
-	173 266	-	-	-	-	43 101	-	-	-
54 593	-	-	-	-	-	-	-	-	-
95 999	79 849	14 737	-	-	-	5 135	-	49 091	14 737
-	-	-	-	-	-	-	-	-	-
-	-	-	-	(94 343)	-	-	-	-	-
-	1 639 877	-	-	-	-	150 724	-	-	-
-	2 552 660	-	-	-	-	283 000	-	1 624 420	-
-	-	-	150 274	-	-	150 274	-	862 573	-
168 507	-	-	-	-	-	-	-	-	-
-	92 398	-	-	-	-	5 942	-	56 806	-
-	204 006	-	-	-	-	13 448	-	128 563	-
-	635 157	-	-	-	-	42 714	-	408 346	-
319 099	5 377 214	14 737	-	-	-	-	-	3 129 798	14 737
-	-	-	-	-	-	-	-	-	-
-	-	-	-	(35 000)	-	-	-	-	-
-	100 500	-	-	-	-	25 000	-	-	-
-	1 659 680	-	-	-	-	184 000	-	1 056 160	-
-	-	-	93 281	-	-	93 281	-	535 433	-
-	45 562	-	-	-	-	3 064	-	29 292	-
-	1 805 742	-	-	-	-	-	-	1 620 885	-

Remuneration report continued

SECTION 4: NON-EXECUTIVE DIRECTOR REMUNERATION

Policy

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

The committee recommends the non-executive fee structures annually after obtaining benchmarks from the Deloitte non-executive director report. Published non-executive directors' fees and committee fees of companies in manufacturing and companies with similar market capitalisation are also benchmarked. Consideration is given to any changes in the level of complexity of the roles when assessing the fee recommendations. These recommendations are then considered by the committee (excluding recommendations of their own fees) and the board before being submitted to shareholders for approval in terms of the Companies Act requirements.

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

- A board fee is paid for scheduled board meetings held each year and the committee members receive committee fees for participation. The fees consist of a base fee and then a fee based on meeting attendance. Differentiated fees are set for sub-committee chairpersons and sub-committee members.
- The fees are paid every two months, in arrears.
- Non-executive directors do not receive incentive bonus payments nor do they participate in any of the executive share plans.
- Fees disclosed are exclusive of any value added tax (VAT) that might be applicable, depending on the individual circumstances of the director.
- Non-executive directors are reimbursed for travel expenses, where necessary.

Implementation

Non-executive directors' remuneration 2019/2018

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

	Director's fees (rand)	Audit and risk committee total fees (rand)	Nominations and remuneration committee total fees (rand)	Remuneration committee total fees (rand) ¹
RC Andersen ²	109 010	93 981	17 107	76 167
E Ikazoboh ³	298 400	-	-	-
J John ⁴	298 400	388 800	-	-
RJ Khoza ⁵	171 467	-	56 258	-
NV Lila ⁶	192 067	146 867	-	-
PM Madi ⁷	109 010	-	-	-
TT Mboweni ⁸	46 110	-	-	-
IN Mkhari ⁹	257 200	182 100	95 325	12 805
KW Mzondeki ¹⁰	36 883	-	-	-
CD Raphiri ¹¹	175 783	-	63 550	-
SP Ridley ¹²	175 783	71 950	122 150	-
PM Surgey ¹³	1 831 697	-	-	4 347
	3 701 810	883 698	354 390	93 319

Directors' fees are shown excluding VAT where applicable.

¹ The committees were rationalised and consolidated with effect 1 January 2019. The nominations and remuneration committees were combined into the nominations and remuneration committee. Risk and sustainability was incorporated into the audit and risk committee.

² RC Andersen took over the role of chairman of remuneration committee from PM Surgey on 10 October 2018 until his resignation from the board and committees with effect 6 February 2019.

³ E Ikazoboh was appointed to the social and ethics committee with effect 1 April 2019.

⁴ J John was a member of the social ethics and transformation committee for the period 1 January 2019 to 31 March 2019.

⁵ R Khoza resigned from the board and committees with effect 30 May 2019.

⁶ NV Lila resigned from the board and committees with effect 30 May 2019.

⁷ PM Madi resigned from the board and committees with effect 6 February 2019.

⁸ TT Mboweni resigned from the board and committees with effect 9 October 2018.

⁹ IN Mkhari was appointed as member of the remuneration committee on 8 November 2018 and ceased to a member of the social ethics and transformation committee on 31 December 2019.

¹⁰ KW Mzondeki was appointed to the board with effect 1 September 2019.

¹¹ CD Raphiri was appointed to the board with effect 1 March 2019 and as member of the nominations and remuneration committee, investment committee and chairman of the social ethics and transformation committee with effect 1 April 2019.

¹² SP Ridley was appointed to the board with effect 1 March 2019 and as member of audit and risk and chairman of the nominations and remuneration committee with effect 1 April 2019.

¹³ PM Surgey took over as chairman of the board from TT Mboweni on 10 October 2018, moving to a single fee for participation in board and committee meetings.

Proposed fees for 2020

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

Nomination committee total fees (rand) ¹	Investment committee total fees (rand)	Risk and sustainability committee total fees (rand) ¹	Social ethics and transformation committee total fees (rand)	Total 2019 (rand)	Total 2018 (rand)
21 875	30 365	-	-	348 505	910 533
-	87 500	-	53 650	439 550	392 500
-	-	31 775	21 875	740 850	624 167
21 875	-	-	-	249 600	374 200
-	-	61 075	46 358	446 367	690 100
-	30 365	31 775	78 182	249 332	702 000
-	-	-	-	46 110	1 870 000
-	176 300	-	31 775	755 505	717 000
-	-	-	-	36 883	-
-	43 750	-	105 150	388 233	-
-	-	-	-	369 883	-
2 158	-	2 158	2 158	1 842 518	810 100
45 908	368 280	126 783	339 148	5 913 336	7 090 600