



**Nampak**  
packaging excellence

INTEGRATED ANNUAL REPORT 2013

# Packaging excellence in everything we do is a key focus in driving sustainability at Nampak.

Nampak is Africa's largest packaging company and the role that we play in providing products and services that minimise their impact on the environment, customers and consumers is important to our success.

The group participates in extensive recycling initiatives and continues to invest significant time and resources into the development of more sustainable products.

Nampak's research and development facility based in Cape Town provides the group's customers with an impressive value-added service, delivering packaging products that improve living standards and lifestyles.

Our sustainability also depends upon achieving ongoing earnings growth, ensuring that our employees are professional, capable and motivated, and empowering and uplifting the communities in which we operate.

Sound business ethics, high levels of integrity as well as exemplary levels of governance and accountability are key principles in creating value for all our stakeholders.



**Packaging excellence**  
[www.nampak.com](http://www.nampak.com)

# What's inside

Metals and  
Glass

P.36



Plastics

P.38



Paper and  
Flexibles

P.37



Tissue

P.39



Chairman's  
review

P.20



Chief  
executive's  
report

P.22



Sustainability

P.41



## Overview

1 – 19

2013 highlights	1
About this report	2
The year in context	3
Business model	4
Group at a glance	5
Stakeholder engagement	8
Directorate	12
Group executive committee	15
Shareholders' analysis	17

## Business review

20 – 39

Chairman's review	20
Chief executive's report	22
Chief financial officer's review	26
Five-year financial review	32
Operational review	36

## Sustainability

40 – 60

Group value added statement	40
Nampak's people	41
Community relationships	46
Environmental performance	50
Product sustainability	55

## Governance

61 – 88

Corporate governance report	61
Remuneration report	70
Group social, ethics and transformation committee report	84
Risk management report	85

## Summarised financial statements

89

## Shareholder information

118 – 126

Notice of annual general meeting	118
Form of proxy	123
Shareholders' diary	125
Corporate information	126

# Who we are and where we operate



Nampak is Africa's largest packaging manufacturer and has been listed on the Johannesburg Stock Exchange since 1969.

In South Africa we manufacture packaging products from metal, glass, paper and plastics which are supplied to a wide range of customers. We are also a leading producer of toilet tissue and related products. Our operating segments and divisions in South Africa are:

Metals and Glass	Paper and Flexibles	Plastics	Tissue
Bevcan	Corrugated	Liquid Packaging	Nampak Tissue
DivFood	Flexibles	Closures	Sancell (50%)
Glass	Sacks	Megapak	

In the rest of Africa we have manufacturing operations in Angola, Botswana, Ethiopia, Kenya, Malawi, Mozambique, Namibia, Nigeria, Swaziland, Tanzania, Zambia and Zimbabwe producing packaging from materials shown in the table below:

Metals and Glass	Paper and Flexibles	Plastics
Angola	Kenya	Botswana
Ethiopia	Malawi	Ethiopia
Kenya	Nigeria	Namibia
Mozambique	Swaziland	Zambia
Nigeria	Zambia	Zimbabwe
Tanzania	Zimbabwe	
Zambia		

We are the major supplier of plastic bottles to the dairy industry in the United Kingdom.

Collection and recycling of all types of used packaging is of the utmost importance and is a core strategic activity.

Our world-class research and development facility based in Cape Town provides technical expertise and support to our businesses as well as to our customers.

The corporate office is based in Sandton, South Africa.

# Our performance

## Financial and non-financial highlights

Operating profit increased by 8% to R1.9 billion

Headline earnings per share from continuing operations increased by 8.2%

Trading profit in the rest of Africa increased by 60% to R506 million

Wealth created was R6.3 billion

We installed the first aluminium beverage can line in **South Africa** at our Springs factory

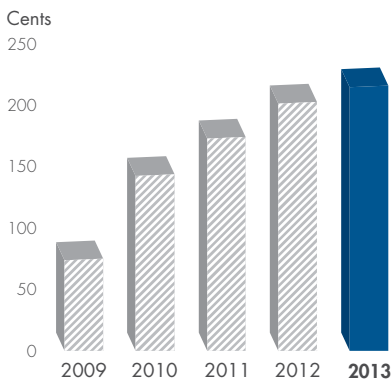
We announced the construction of a **third** furnace at our Roodekop glass plant

The Angolan beverage can factory ran at **above-design** capacity for most of the year

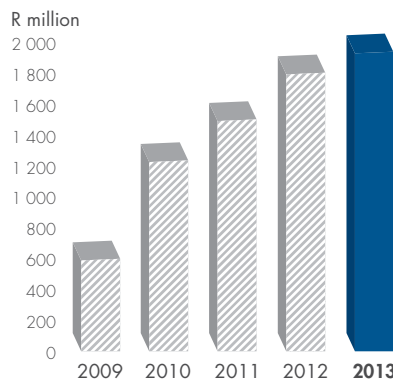
Nampak won **four Gold** and **one Silver** awards at the Institute of Packaging (SA) 2013 Gold Pack Awards

Nampak Recycling collected **300 000** tonnes of waste paper and glass cullet

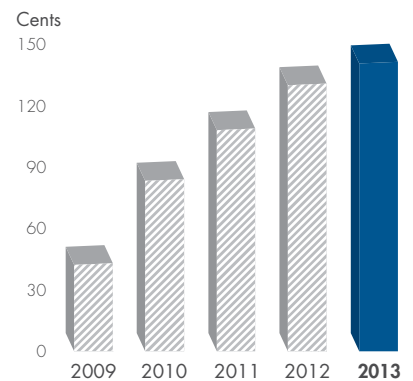
Headline earnings per share – continuing operations



Operating profit



Dividend per share



# About this report

## Our commitment to integrated reporting Nampak's reporting approach

This report builds on our previous integrated annual reports in 2011 and 2012. We have an incremental approach to reporting on non-financial performance, whereby we strive to provide ongoing progress on material economic, social and environmental issues affecting the group.

Good progress has been made in a number of areas since last year but management recognises that there is still more to do to implement a combined assurance framework on which to report to stakeholders.

Nampak aims to achieve the highest standards in all the disclosures included in this report in order to provide meaningful, accurate, complete, transparent and balanced information to stakeholders. The board and board committees were actively involved in finalising disclosures made in this report.

## Scope of the report

The Nampak group operates in South Africa, the rest of Africa and the United Kingdom. It is managed according to raw material and product type in South Africa and according to geography in the rest of Africa and the United Kingdom.

During 2013 it acquired the remaining 50% shareholding in Elopak SA and entered into an agreement for the sale of its Cartons and Labels business. Since the end of the financial year it also entered into an agreement to acquire a beverage can operation in Nigeria in furtherance of its stated strategy of expanding in the rest of Africa.

The information in this report covers the group's performance for the year ended 30 September 2013. However, where it is informative to add information post 30 September 2013, this has been included and noted. Where restatements have been made, these have been indicated in the report.

## Content of the report

The majority of the content contained in this report is relevant to all divisions of Nampak in South Africa, the rest of Africa and the United Kingdom. Some information, such as the reporting on broad-based black economic empowerment (BBBEE) and HIV/Aids pertains to the group's South African operations. Exclusions to the scope are noted in the relevant sections of the report.

The information included in the integrated annual report has been provided in accordance with International Financial Reporting Standards (IFRS), the South African Companies Act No 71 of 2008, the JSE Listings Requirements, the King Code of Governance Principles for South Africa 2009 (King III) and the guidance provided in the Integrated Reporting Committee of South Africa's Framework for Integrated Reporting. The guidelines provided by the International Integrated Reporting Council (IIRC) are also considered.

The Global Reporting Initiative (GRI) G3.1 guidelines were used in the preparation of this report. Nampak has self-declared the group's reporting as a C level report according to these guidelines.

## Independent assurance

The financial statements contained in this report have been independently assured by Deloitte & Touche. Internal audit which is outsourced to EY monitors and reports on internal controls and processes. The non-financial indicators contained in this report have been independently assured to the extent shown in table 2 on page 68 of this report. The board is satisfied with the group's internal controls and oversight relating to these disclosures. References to supporting information are provided throughout the report.

# The year in context

Our strategy of investing in sub-Saharan Africa continued to drive profit growth and we achieved a 60% increase in trading profit from the region in 2013. Trading profit from the rest of Africa amounted to over R500 million. We also continued to invest in our core businesses in South Africa.

## Investment in South Africa

New third furnace under construction at the Roodekop glass factory

New aluminium beverage can line installed and commissioned at Bevcan Springs

Seven-layer extruder commissioned at Flexibles Pinetown

## Growth in the rest of Africa

Acquisition of beverage can operation in Nigeria

The Angolan beverage can operation ran at above-design capacity for most of the year



New plastic crate line in Ethiopia

Trading profit exceeded

**R500**

million and accounted for 36% of group trading profit (including exports)

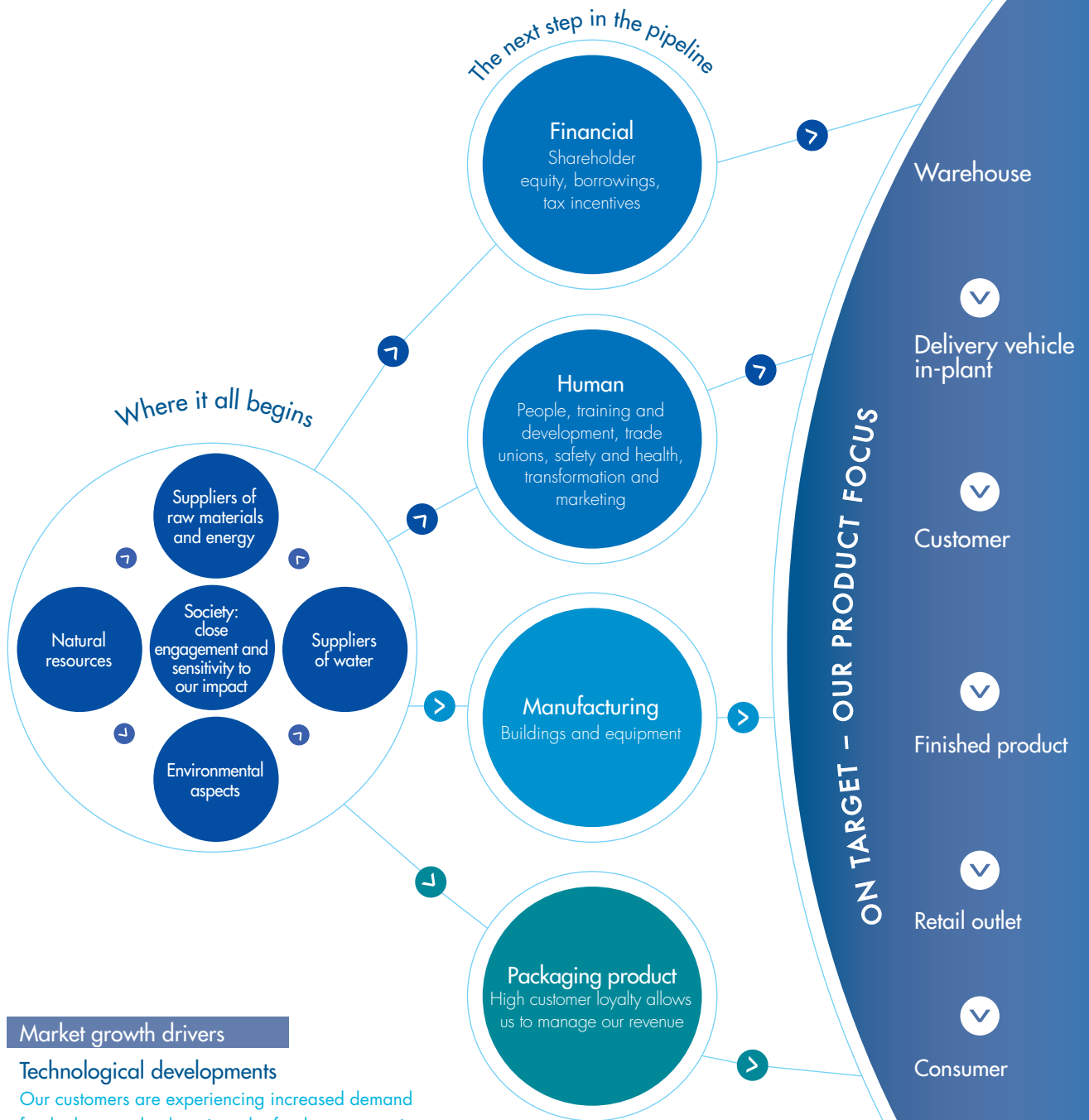
## Packaging excellence

We won four Gold and one Silver awards at the Institute of Packaging (SA) 2013 Gold Pack Awards



- Business review
- Sustainability
- Governance
- Summarised financial statements
- Shareholder information

# Business model



## Market growth drivers

### Technological developments

Our customers are experiencing increased demand for the latest technology in order for them to remain competitive.

### Geographical development

Our customers increasingly want us to deliver our offerings to their international locations, requiring us to expand our global partnerships.

# Group at a glance

## SOUTH AFRICA

### Metals and Glass

*Bevcan, DivFood and Glass*

#### Operating performance

Rm	2013	2012
Revenue	6 456	5 878
Trading income	677	789
Trading margin (%)	10.5	13.4
Employees	2 707	2 698
Carbon emissions (tonnes)	236 165	219 943

- Strong demand for beverage cans
- Growth in volumes of aerosol cans
- Food can sales declined
- Glass market under pressure from cans and PET bottles
- Lower average selling prices to secure long-term contracts

### Paper and Flexibles

*Corrugated, Flexibles and Sacks*

#### Operating performance

Rm	2013	2012
Revenue	3 117	2 980
Trading income	104	164
Trading margin (%)	3.3	5.5
Employees	2 220	2 266
Carbon emissions (tonnes)	217 658	215 354

- Good growth in sales of agricultural corrugated boxes
- Weak commercial demand
- Growth in food-related flexible packaging
- Lower demand for cement, sugar and milling sacks
- Cartons and Labels business sold



#### Products

- Aluminium and tinplate beverage cans
- Aluminium ends
- Two- and three-piece food cans
- General line cans
- Aluminium and tinplate aerosol cans
- Aluminium and tinplate closures
- Tinplate crowns
- Glass bottles
- Wide-mouth glass jars

#### Managing directors

Bevcan	Erik Smuts
DivFood	Ephraim Msane
Glass	Stoney Steenkamp

#### Products

- Corrugated boxes
- Folding cartons
- Labels
- Multi-wall sacks
- Plastic, paper and aluminium laminations
- Pouches
- Self-opening bags

#### Managing directors

Corrugated	Christiaan Burmeister
Flexibles	Clinton Farndell
Sacks	Craig Dingley

## Plastics

Liquid Packaging, Closures, Megapak and Tubes

### Operating performance

Rm	2013	2012
Revenue	2 393	2 278
Trading income	254	270
Trading margin (%)	10.6	11.9
Employees	1 521	1 599
Carbon emissions (tonnes)	131 941	126 982

- Lower sales of plastic milk and juice bottles
- Reduced demand for sorghum beer cartons
- Good demand for plastic beverage bottle closures
- Increased sales of plastic crates
- Launch of intermediate bulk containers



### Products

- HDPE bottles (milk, juice)
- Closures
- Liquid packaging cartons
- Crates
- Drums
- PET bottles (carbonated soft drinks)
- Tubes

### Managing directors

Liquid Packaging	Willem Pienaar
Closures and Tubes	Chris Brink
Megapak	Joel Sibanda

## Tissue

Tissue, Sancella (50%), Nampak Recycling

### Operating performance

Rm	2013	2012
Revenue	1 641	1 628
Trading income	104	111
Trading margin (%)	6.3	6.8
Employees	855	1 029
Carbon emissions (tonnes)	126 909	125 500

- Toilet tissue sales increased marginally
- Increased competition
- Selling prices under pressure



### Products

- Toilet tissue
  - one-ply
  - two-ply
- Disposable nappies
- Facial tissue
- Feminine hygiene products
- Incontinence products

### Managing director

Position being filled

**REST OF AFRICA**

**Metals and Glass**

*Metals and Glass*

*Angola, Kenya, Mozambique, Nigeria, Tanzania and Zimbabwe*

**Paper and Flexibles  
(includes plastics)**

*Kenya, Malawi, Nigeria and Zambia*

**UNITED KINGDOM**

**Plastics**

**Operating performance**

Rm	2013	2012
Revenue	1 746	1 216
Trading income	293	103
Trading margin (%)	16.8	8.5
Employees	799	831
Carbon emissions (tonnes)	74 119	n/a

- Angola performed exceptionally well
- Strong demand for food cans in Kenya
- Zimbabwean economy under pressure

**Operating performance**

Rm	2013	2012
Revenue	1 005	871
Trading income	213	213
Trading margin (%)	21.2	24.5
Employees	428	445
Carbon emissions (tonnes)	10 251	n/a

- Moderate demand for flour bags in Kenya
- Malawi had a good year
- Continued growth in Nigeria cartons business
- Good sales of sorghum beer cartons in Zambia

**Operating performance**

Rm	2013	2012
Revenue	1 938	1 679
Trading income	162	124
Trading margin (%)	8.4	7.4
Employees	600	574
Carbon emissions (tonnes)	43 637	50 428

- Good cost control
- Over 250 million patented Infini lightweight bottles sold
- Disabling-injury frequency rate (DIFR) improved to 1.07 from 2.71



**Products**

- Tinplate beverage cans
- Three-piece food cans
- General line cans
- Tinplate aerosol cans
- Tinplate crowns



**Products**

- Self-opening bags
- Cigarette and food cartons
- Sorghum beer cartons
- Corrugated boxes



**Products**

- Plastic milk and juice bottles

**Managing directors**

Angola	Peter Mashangu
Kenya and Tanzania	Ian Randall
Nigeria	Terry Wilson
Zambia	Stewart Lamb
Zimbabwe	John van Gend

**Managing directors**

Kenya	Ian Randall
Malawi	Simon Itaye
Nigeria	Andrew Loggie
Zambia	Stewart Lamb
Zimbabwe	David Bain

**Managing director**

Eric Collins

# Stakeholder engagement

The group's stakeholder engagement policy sets out the strategies and objectives behind its engagements with material stakeholders. It also sets out the mechanisms that support the various engagement processes, through a multi-layered approach.

## Introduction

Nampak recognises that the sustainability of the business is totally dependent on the successful interactions with its stakeholders. Communicating with, and listening to, entities or individuals on whom the group has an impact, or who in turn impact on Nampak, is good business practice and informs strategy.

Stakeholder issues are brought to the attention of the board or board members directly and outside of formal board meetings where necessary. Opportunities and risks arising from stakeholder engagements are also captured and addressed in the risk management process.

## Stakeholder governance and policies

The Nampak board is the ultimate custodian of corporate reputation and stakeholder relationships in the group. The board determines the group's key stakeholder groups and Nampak's stakeholder engagement strategies and objectives.

The board has identified eight key stakeholder groupings based on the following broad relationship categories: responsibility, influence, proximity, dependence and representation. The identified stakeholder groups are closely related to Nampak's ability to deliver long-term sustainable performance from an economic, social and/or environmental perspective.

The group's stakeholder engagement policy sets out the strategies and objectives behind its engagements with material stakeholders. It also sets out the mechanisms that support the various engagement processes, through a multi-layered approach making use of many different mechanisms of engagement through all levels of the group.

The guiding principles behind all stakeholder engagements include:

- **equality** in the treatment of stakeholders with appropriate forums in place for stakeholders to voice their points of view;
- **transparent** communication, but within the overall boundaries set by legislative requirements;
- **effective** communication, with a continuous improvement approach;
- need for **balance** in presenting both the positive and negative aspects of performance; and
- presentation of **accurate and relevant information**, with a measured approach to the introduction of assurance on non-financial aspects.

All stakeholders may report matters of concern to 'Tip-offs anonymous' which is run independently by Deloitte & Touche on a confidential basis.

Nampak engages with its key stakeholders on an ongoing basis in a variety of ways. The table below provides an indication on how Nampak engages with its stakeholders, the preferred outcome of engagements and value contribution as well as the typical forms of engagement that take place. In addition, Nampak has noted the material issues that arise either during the year or on a regular basis in its engagement with its stakeholders as well as its responses.

Business review  
Sustainability  
Governance  
Summarised financial statements  
Shareholder information

Stakeholder grouping	Preferred outcome	Value contribution	Forms of engagement	Material issues and Nampak's responses
<b>Investors, financial institutions, Johannesburg Stock Exchange (JSE)</b>	Trust and confidence between the group and its current and potential shareholders and financial institutions	Attractive total shareholder returns. Supported remuneration philosophy and principles Cost-effective loan finance	Integrated annual report, annual general meeting, annual and interim results presentations and investor days. Opportunities to raise questions and seek clarity in structured forums, verbally or written. The group also participates in various recognised public surveys	Nampak understands the earnings and general expectations of its shareholders and has taken these into account when developing its strategy and remuneration philosophy. Focus is placed on operating within governance mandates that are appropriate for the group
<b>Employees</b>	Environment which provides a value proposition to employees, which is equitable, fair and addresses employee safety and wellbeing	Productive, engaged and innovative employees that is underpinned by a culture of adherence to safety, health and environmental work practices as well as policies and procedures	Access to management and supervisors to raise awareness of issues and opportunities. Written newsletters, notice boards, intranet site, policies, procedures and standards. Safety, health and environmental committees	Nampak recognises the value of employees' contribution to business success. In response, the group engages actively when developing policies and procedures. Comprehensive health and safety and wellness programmes have been institutionalised. Performance management reviews take place annually with key performance targets set. As part of career discussions, training and development opportunities are provided including technical, governance and leadership aspects. Remuneration structures are benchmarked with emphasis on equity and fairness
<b>Customers</b>	Delivery of world-class packaging solutions	Business environment which provides: <ul style="list-style-type: none"> <li>■ Partnerships</li> <li>■ Quality products</li> <li>■ Competitive pricing</li> <li>■ Dependable delivery</li> <li>■ Innovative offerings</li> <li>■ Customised choice</li> <li>■ Ease of doing business</li> <li>■ Service support</li> </ul>	Customers have access to Nampak's research and development team to assist with resolving product queries and product innovation. Meetings, one-on-one discussions, written and verbal communication take place at all levels in the organisation. Products are displayed at exhibitions. In accordance with business requirements, surveys are completed by customers and consumers	Nampak has responded to socio-economic requirements by achieving a Level 4 contributor status in its B-BBEE position. This will assist customers with their own B-BBEE scorecards with Nampak providing for 100% procurement recognition spend. Product pricing is consistently discussed with customers in contract renewal negotiations. Nampak's packaging excellence strategy encourages business performance and the delivery of quality supply to meet the needs of customers

## Stakeholder engagement continued

Stakeholder grouping	Preferred outcome	Value contribution	Forms of engagement	Material issues and Nampak's responses
<b>Suppliers</b>	Relationships that result in consistent supply of quality materials and services with focused procurement alignment to transformation initiatives	Mutually beneficial contractual arrangements	Meetings, one-on-one discussions, written and verbal communication and contracts coordinated at various levels across the organisation	Nampak's centralised procurement function is closely aligned to business procurement structures with a view to developing ongoing relationships with suppliers in order to receive quality, reliable, cost-effective raw materials and services with appropriate pricing mechanisms in response to needs from customers for reduced price volatility and quality product
<b>Trade unions</b>	Climate of mutual understanding and respect and non-adversarial relationships built between the group, divisions and trade unions that permits transparency and constructive debate on material issues facing the business and its employees	Ability to engage constructively with trade unions to proactively improve operating efficiencies and proactively resolve potential disputes thereby reducing the likelihood of strike action	Negotiated national agreements, recognition agreements and bargaining forums are in place. These inform the basis of formal engagements with trade unions. Regular information sharing and involvement in consultation affecting trade union members takes place at these sessions. In addition, robust conflict management structures are in place	Nampak adopts a pluralistic approach and engages actively with all recognised unions irrespective of their size. Adherence to the principle of freedom of association is a key element for the group. Increasing the capacity of shop steward representatives is essential to delivery of sound employee relations and to this end extensive shop steward training and leadership development takes place on a regular basis
<b>Industry and government associations</b>	Constructive and unified engagement on matters affecting industry. Acknowledgement by consumers of the role of packaging to inform about merchandise as well as the protection of products resulting in extended shelf life and reduced product wastage	Coordinated responses in regions to specific topics facing the packaging industry largely as a result of proposed changes to legislation and in respect of sustainable solutions for post-consumer packaging waste	Active participation takes place with specific industry and business forums including attendance at meetings, written and verbal communication. Debates on training material and content in support of packaging manufacturing processes and attendance of various training courses by Nampak employees	Nampak recognises the influence and role that industry bodies have in developing policy, practices and action plans to offset environmental impacts of post-consumer packaging waste and that industry solutions and commitment to reducing, recycling and reuse opportunities underpin sustainable solutions. Nampak therefore actively engages in these forums

Stakeholder grouping	Preferred outcome	Value contribution	Forms of engagement	Material issues and Nampak's responses
<b>Government, parastatals, provincial and local municipalities</b>	Engagement on matters which affect the macro economy and industry, including environmental and social aspects, as well as ongoing engagement with compliance departments	Good governance and compliance practices. Nampak contributes to government in making accurate and fair tax payments	Active participation takes place with specific industry and business forums including attendance at meetings, written and verbal communication. Applications for permits and other approval structures	Nampak is aware of the responsibility to engage in an appropriate manner on macro-economic and other issues. It has chosen to do this in the most part via active participation by senior executives in industry or business forums with direct engagement by divisions and operations with specific municipalities
<b>Community and civil society</b>	Created opportunities for employment in the community in which Nampak operates supported by structured socio-economic and enterprise development initiatives	Opportunities provided for improvements in the communities in which the group operates in areas such as: employment prospects, potential earnings from packaging recycling supported by Nampak recycling, access to hospices, improved education facilities at high schools and tertiary education bursaries	Corporate social investment and related interactions and involvements by employees and select community suppliers in support of the initiatives	Nampak understands the requirement to act responsibly and considers that making a meaningful impact in communities from its corporate social investment and enterprise development spend is a critical component of good business practice

# Directorate

## Independent non-executive directors



### Tito Mboweni (55)

BA (National University of Lesotho);  
MA (University of East Anglia)

Tito was appointed non-executive chairman of Nampak with effect from 1 June 2010. He was Minister of Labour from 1994 to 1998 and the eighth Governor of the South Africa Reserve Bank from 1999 to 2009. He was Chancellor of the University of the North from 2002 to 2005. He is currently an international adviser to Goldman Sachs and chairman of AngloGold Ashanti Limited, Sacoil Limited and Accelerate Property Fund Limited. He was also appointed a member of the National Executive Committee of the African National Congress in 2012. Appointed to the board in 2010.



### Roy Andersen (65)

CA(SA); CPA (Texas), CD(SA)

Roy is an independent non-executive director of Aspen Pharmacare Holdings Limited and chairman of Sasfin Holdings Limited. He is also a member of the King Committee on Corporate Governance and a Major General and Chief of Defence Reserves of the SANDF. Appointed to the board in 2008.



### Emmanuel Ikazoboh (64)

FCCA, MBA (Manchester)

Emmanuel was until recently the administrator of the Nigerian Stock Exchange and prior to that he was the chairman and chief executive officer of Deloitte West and Central Africa. He is currently an adviser to the Edo State Government Economic and Strategy team on infrastructure and agricultural reform and serves on the board of the International Institute for Sustainable Development in Winnipeg, Canada. He is a columnist on financial management issues in Nigerian newspapers and is a regular presenter on topical issues at Nigerian and regional conferences. He has recently formed a business process outsourcing company in Nigeria, Hedonmark Management Services. Appointed to the board on 1 October 2013.



### Phinda Madi (49)

BProc (Unizul), EDP (HEC – Paris),  
EDP (Northwestern – Chicago, USA)

Phinda is a qualified attorney, non-executive director of Illovo Sugar Limited, The Spar Group Limited, Sovereign Food Investments Limited and owner of the venture capital business, Madi Investments. He is also chairman of Allcare Medical Administrators (Pty) Ltd, Respiratory Care Africa (Pty) Ltd, and is a retired Ad Hominem Professor at Rhodes University as well as a director of the Automobile Association of South Africa. He is a member of the Illovo Sugar Limited and Chairman of Sovereign Food Investments Limited's remuneration committees. He also chairs the Social and Ethics Committees of all the boards where he serves. Appointed to the board in 2008.



### Veronica Nomfanelo Magwentshu (42)

BSc (Maths and Statistics) University of Transkei; BSc Honours in Statistics, University of Natal; MBA (GIBS) University of Pretoria  
Nomfanelo is an independent adviser to various companies and a non-executive director of South African Forestry Company Limited, Eastern Cape Development Corporation (ECDC), Coega Development Corporation and Stimela Infrastructure Management Service (Pty) Ltd. She was the chief operations officer of the 2010 FIFA World Cup organising committee and from 2002 to 2007 she held executive management positions at South African Airways. Appointed to the board in 2011.



### Ipeleng Mkhari (38)

BA (Social Science)

Ipeleng is Group CEO of Motseng Investment Holdings, having established the first black woman-owned CCTV business and co-founded Motseng Investment Holdings, a diversified investment holding group. The Motseng Group founded and listed Delta Property Fund in 2012. She was a finalist in the Entrepreneur Business Woman of The Year Award (Business Women's Association) in 2006. Ipeleng is an Archbishop Tutu Fellow and serves on the boards of all Motseng subsidiaries, KAP Industrial Holdings, Delta Property Fund, South African Property Owners Association (SAPOA) and St John's Diocesan School for Girls. Appointed to the board on 1 October 2013.



**Dr Reuel Khoza (64)**

BA (Hons) (Psychology), University of the North (now University of Limpopo); MA (Marketing), University of Lancaster, UK; Eng D (Business), University of Warwick, UK; D of Laws honoris causa, Rhodes University, Chartered Director, CD(SA)

Chairman of Aka Capital (Pty) Ltd and Nedbank Group, Director of Old Mutual plc and several companies in which Aka Capital (Pty) Ltd has invested. Fellow and President of the Institute of Directors in Southern Africa. Member of the King Committee on Corporate Governance. Chancellor of the University of Limpopo. Appointed to the board in 2005.



**Nosipho Molope (49)**

BSc (Med) (Wits); BCompt (Hons) (Unisa); CA(SA)

Nosipho was the chief financial officer at the Financial Services Board (FSB) from August 2005 until December 2008.

She is currently a member of the boards of Illovo Sugar Limited, Engen Limited, Old Mutual Life Assurance (South Africa) Limited, Old Mutual Life Holdings (South Africa) Limited, BHP Billiton Energy Coal South Africa (Pty) Ltd, Andulela Investment Holdings Limited, Wesizwe Platinum Limited, Mobile Telephone Networks (Pty) Ltd, MTN Service Provider (Pty) Ltd, MTN Business Solutions (Pty) Ltd, MTN Cameroon Limited and MTN Uganda Limited

Appointed to the board in 2007.



**Roy Smither (68)**

BCom; CA(SA)

Roy was an executive director of Tiger Brands Limited until retirement in 2006. He is a director of RCL Foods Limited, and serves on the Credit Committee of the First Rand Banking group.

Appointed to the board in 2006.



**Disebo Moephuli (49)**

BA (Economics and Statistics) – National University of Lesotho; MBA (Finance) – Dalhousie University, Canada

Disebo is Chief Risk Officer (CRO) at Transnet. Disebo was Group Treasurer of Transnet for over six years until January 2013. She has previously held positions at the South African Reserve Bank, Development Bank of Southern Africa, RMB, First National Bank and an internship programme at Bank of Montreal, Canada.

Appointed to the board in 2009.



**Peter Surgey (59)**

BA LLB (UCT)

Peter worked for Barloworld from 1983 to 2008. During that time he held various managerial positions and was the MD of Plascon and CEO of Barloworld Coatings from 1992 to 2003. He was a board member and a director of Barloworld Limited from 1995 to 2008. He is currently a trustee of the President's Trust and the Duke of Edinburgh Award. He is a non-executive director of, First Uranium and Control Instruments.

Appointed to the board in 2009.

## Directorate continued

### Executive directors



#### **Andrew Marshall (58)**

##### Chief executive officer

BCom (Hons); MAP (Wits); Diploma in Packaging (UK Institute of Packaging)

Andrew graduated from the University of Natal, majoring in marketing and financial management. He held various management positions with AECL, then joined HiPak Plastics as sales director. He was subsequently appointed MD of HiPak then Gundle Plastics, then Kaymac Rotomoulders. He joined Nampak as MD of Petpak, then headed up the group's flexibles operations. In 1999 he was appointed CEO of Oceana. He returned to Nampak as CEO in March 2009.



#### **Gareth Griffiths (60)**

##### Chief financial officer

BCom (Rhodes); BCompt (Hons) (Unisa); CA(SA)

Gareth joined Nampak as CFO on 1 September 2009. Prior to that he served as chief financial officer of Abu Dhabi Airport Company and South African Airways and held senior executive appointments in the Bidvest group.



#### **Fezekile Tshiqi (59)**

##### Group human resources director

BA PGDHRM (Wits)

Fezekile was appointed divisional HR director of Nampak Tissue in 1998 and was appointed HR director, Nampak Africa region in 2002. Appointed to the board in 2009.

### Executive director designate



#### **André de Ruyter (45)**

BA, BLC, LLB, MBA

André joined Sasol in 1993 and held various positions over the years in Sasol Mining, Sasol Gas and Sasol Synfuels International, including leading the China CTL project and Sasol Group Strategy. He was more recently managing director of Sasol Olefins and Surfactants before being appointed Senior Group Executive: Global Chemicals and North American Operations. André was also responsible for structuring the business deal for the Mozambique natural gas pipeline. He was a member of Sasol's group executive committee from 2009 and was a director of several companies in the Sasol group.

He has been appointed an executive director and chief executive designate of Nampak with effect from 1 January 2014 and will take over as chief executive officer on 1 April 2014 following Andrew Marshall's retirement on 31 March 2014.

## Group executive committee



**Andrew Marshall (58)**  
Chief executive officer  
See page 14.



**Charles Bromley (50)**  
Group executive: Metals and Glass  
BSc Eng (Chem)

Charles qualified as a chemical engineer in 1985 and spent the next 12 years in various senior positions at Afrox. He joined Nampak in 1997 as sales and marketing director of Bevcan. In 2000 he became managing director of Divpac and Foodcan and in 2003 was appointed director Africa responsible for several paper divisions including Nampak Tissue. In 2008 he was appointed group executive responsible for all Nampak's Metals and Glass businesses. He is also responsible for the beverage can operation in Angola.



**Philip de Weerd (59)**  
Group executive: Plastics  
BSc Eng; MBA; SEP (Stanford)

Philip joined Metal Box in 1980 and held various technical positions at Vanderbijlpark where he became general manager of the Foodcan operation. In 1990 he was appointed managing director of Foodcan and in 1997 managing director of Cartons and Labels (previously known as Printpak). In 2000 he took responsibility for all the group's Rigid Plastics businesses outside Europe. He is also responsible for Nampak's operations in Malawi, Zambia and Zimbabwe.



**Gareth Griffiths (60)**  
Chief financial officer  
See page 14.

## Group executive committee continued



**Rob Morris (51)**

**Group executive: Paper and Flexibles**

Pr Eng; BSc Eng (Chem); BCom (Hons)

After qualifying with a degree in chemical engineering at UCT, Rob joined Unilever. He held various positions in Unilever in both South Africa and Europe before joining Nampak in 1996 as general manager of the Cartons and Labels Gauteng operations. After a period at the Cartons and Labels Cape operation he was appointed managing director of the Cartons and Labels division in 2000. In 2003 he was appointed director Africa responsible for several Paper divisions and then in 2008 appointed group executive responsible for the Paper and flexibles packaging operations. He is also responsible for Nampak's operations in Ethiopia, Kenya, Nigeria and Tanzania.



**Ephraim Msane (51)**

**Managing director: DivFood**

BSc Eng (Chem)

Ephraim graduated from the University of Cape Town in 1985 and joined Unilever's food-related business in January 1986, where he held various positions culminating in his appointment as production manager. He joined Nampak in July 1995 as plant manager in the then Divpac paper products factory in Durban. Since then Ephraim has held a number of senior positions in the group, namely general manager of DivFood Port Elizabeth and Durban as well as managing director of Nampak Glass, Petpak and Megapak. He was appointed managing director of DivFood in April 2008. He is also responsible for Nampak's operation in Mozambique.



**Neill O'Brien (59)**

**Company secretary and group legal adviser**

BProc

Neill graduated from the University of the Witwatersrand and was admitted as an attorney in 1977. He practised as an attorney for a number of years before joining AECL as a legal adviser. Neill joined Nampak as a legal adviser in 1996 and has headed up the legal, secretarial and insurance functions since 2002.



**Fezekile Tshiqi (59)**

**Group human resources director**

See page 14.

# Shareholders' analysis

## Analysis of registered shareholders and company schemes

### Registered shareholder spread

In accordance with the JSE Listings Requirements, the following table confirms the spread of registered shareholders as detailed in the annual report and accounts dated 30 September 2013 was:

Shareholder spread	Number of holders	% of total shareholders	Number of shares	% of issued capital
1 – 1 000 shares	4 513	52.89	1 767 954	0.25
1 001 – 10 000 shares	3 048	35.72	10 106 583	1.45
10 001 – 100 000 shares	630	7.38	21 688 088	3.11
100 001 – 1 000 000 shares	267	3.13	87 686 536	12.56
1 000 001 shares and above	75	0.88	576 648 233	82.63
<b>Total</b>	<b>8 533</b>	<b>100.00</b>	<b>697 897 394</b>	<b>100.00</b>

## SHAREHOLDER CATEGORIES

### Beneficial shareholder categories

Category	Total shareholding	% of issued capital
Unit trusts/mutual funds	245 636 697	35.20
Pension funds	201 987 734	28.94
Other managed funds	79 900 654	11.45
Black economic empowerment	59 226 390	8.49
Sovereign wealth	28 060 067	4.02
Insurance companies	19 207 041	2.75
Private investors	16 205 793	2.32
Custodians	12 760 708	1.83
Investment trusts	5 611 138	0.81
Exchange-traded funds	5 430 377	0.78
Universities	2 241 958	0.32
Charities	1 197 472	0.18
Employees	703 428	0.10
Hedge funds	641 276	0.09
American depository receipts	367 950	0.05
Local authorities	275 254	0.04
Foreign governments	239 324	0.03
Real estate	166 481	0.02
Trade unions	40 000	0.01
Stock brokers	31 960	0.00
Remainder	17 965 692	2.57
<b>Total</b>	<b>697 897 394</b>	<b>100.00</b>

## Shareholders' analysis continued

### Public and non-public shareholdings

Within the shareholder base, we are able to confirm the split between public shareholdings and directors/company-related schemes as being:

Shareholder spread	Number of holders	% of total shareholders	Number of shares	% of issued capital
<b>Non-public shareholders</b>	30	0.35	105 725 780	<b>15.15</b>
Directors and associates	12	0.14	739 083	0.11
Prescribed officers and management	15	0.18	689 452	0.10
Treasury shares	1	0.01	45 070 855	6.46
Empowerment	2	0.02	59 226 390	8.48
<b>Public shareholders</b>	8 503	99.65	592 171 614	<b>84.85</b>
<b>Total</b>	<b>8 533</b>	<b>100.00</b>	<b>697 897 394</b>	<b>100.00</b>

### Beneficial shareholdings

	Total shareholding	% of issued capital
Government Employees Pension Fund (PIC)	110 409 659	15.82
Nampak Products Limited	45 070 854	6.46
Red Coral	31 857 195	4.56
Black Management Trust	27 369 195	3.92
Allan Gray Balanced Fund	23 557 824	3.38
<b>Total</b>	<b>238 264 727</b>	<b>34.14</b>

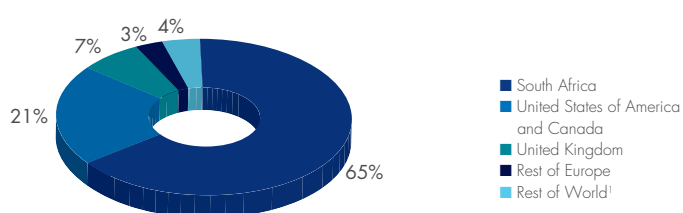
Red Coral	Number of shares	%
*Red Coral Investments 23 (Pty) Ltd is owned as follows:		
Aka Packaging (Pty) Ltd	18 020 232	56.57
Unions: CEPPWAWU and South African Typographical Union	9 010 116	28.28
Broad-based women's grouping (National African Women's Alliance)	3 217 898	10.10
Nampak black non-executive director	321 790	1.01
Former Nampak black non-executive directors	1 287 159	4.04
<b>Total</b>	<b>31 857 195</b>	<b>100.0</b>

### Investment management shareholdings

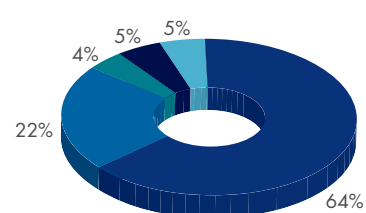
Investment manager	Total shareholding	% of issued capital
Allan Gray Investment Council	114 008 084	16.34
PIC	100 286 417	14.37
FIL Limited/FMR LLC	51 550 671	7.39
Nampak Products Limited	45 070 854	6.46
Red Coral	31 857 195	4.56
Black Management Trust	27 369 195	3.92
Sanlam Investment Management	22 903 657	3.28
Capital Research & Management	21 013 080	3.01
<b>Total</b>	<b>414 059 153</b>	<b>59.33</b>

	Number of shareholdings	%	Number of shares	%
<b>6% cumulative preference shareholders</b>				
<b>Non-public/public shareholders</b>				
Non-public shareholders	–	–	–	–
Public shareholders	49	100.00	400 000	100.00
<b>Total</b>	<b>49</b>	<b>100.00</b>	<b>400 000</b>	<b>100.00</b>
<b>Beneficial shareholders holding 5% or more</b>				
Old Sillery (Pty) Ltd			95 849	23.96
Castle, JS			64 989	16.25
Konbel (Pty) Ltd			59 725	14.93
Lombard, L			42 960	10.74
Forsdick, CEE			22 900	5.73
<b>Total</b>			<b>286 423</b>	<b>71.61</b>
<b>6.5% cumulative preference shareholders</b>				
<b>Non-public/public shareholders</b>				
Non-public shareholders	–	–	–	–
Public shareholders	22	100.00	100 000	100.00
<b>Total</b>	<b>22</b>	<b>100.00</b>	<b>100 000</b>	<b>100.00</b>
<b>Beneficial shareholders holding 5% or more</b>				
Old Sillery (Pty) Ltd			28 700	28.70
Ian Mullne Trust			16 200	16.20
Charles Forsdick Enterprises cc			15 277	15.28
Castle, JS			10 680	10.68
Estate late Glyn, RS			8 765	8.76
Foster, DF			5 991	5.99
<b>Total</b>			<b>85 613</b>	<b>85.61</b>

Geographic split of investment managers and company-related holdings



Geographic split of beneficial shareholders



<sup>1</sup> Represents all shareholdings except those in the above regions.



## Chairman's review

Our profits from the rest of Africa grew further in 2013 and we have committed over R3 billion in 2014 to expanding our presence on the continent.

Tito Mboweni  
Chairman

It is my pleasure to join my colleagues once again in presenting the 2013 Nampak integrated annual report to our shareholders in particular and all our stakeholders in general. The performance of the group has once again demonstrated the appropriateness of the strategy pursued.

### Business environment

The South African economy has grown at only about 2% in 2013 and this is insufficient to generate employment for the many people joining the market every year. Strikes in the mining and automobile industries among others have also dented investor confidence. Fortunately there is a realisation among all parties that something needs to be done quite urgently to put the economy on a path where it can reach its true potential. The National Development Plan will assist in this quest.

Our sales were impacted by weak consumer demand and with the exception of beverage cans and some flexible packaging products there was only moderate demand for other packaging products.

The economies in the rest of Africa where we operate continued to show good growth and demand was generally strong. In Angola, our beverage can line struggled to meet demand and we are looking to increase capacity. We will continue to invest in identified countries in sub-Saharan Africa where 36% of group trading profit is now being generated. In particular, we will be investing US\$301 million in acquiring a beverage can manufacturer in

Nigeria in 2014 and are presently evaluating a number of projects in other countries.

The United Kingdom is beginning to show some growth but the Euro area has yet to fully recover from recession. The US economy is out of recession but monetary policy is still creating uncertainty.

Improving economies in the developed world will help South Africa to reach its own economic growth goals.

### Human resources and transformation at Nampak

At Nampak, we are fortunate that all wage negotiations in the year under review were settled amicably without industrial action of any kind. We operate in a globalised environment which is competitive and unforgiving and we have continued to invest in our human resources. Our state-of-the-art research and development facility in Cape Town supports our drive to be the best in the industry.

Although I am disappointed that our B-BBEE rating as certified by independent ratings agency, Empowerdex, dropped from the previous Level 3 to Level 4, I am confident that this setback will be reversed in the future. Nampak is still in the top echelons of manufacturing companies in the country and the rating will not only benefit the group directly but will also enable our customers to improve their own scorecards. The rating reinforces Nampak's ongoing commitment to transformation.

## Health and safety

We are very conscious of the need to provide safe and healthy workplaces for our employees and risk control audits are carried out on a regular basis. The disabling-injury frequency rate improved to 0.92 from 1.12 in 2012 and 1.24 in 2011. There was unfortunately one fatality during the year when Siyathokoza Dube, an employee at the Kliprivier tissue factory, tragically fell to his death.

## Our role in society

We invested a further R11 million in the communities in which we operated during the year. The majority of this money was spent on improving matriculation results, with a special emphasis on mathematics and science, at seven selected schools which we have supported for almost 10 years. We also provided bursaries for young people to attend tertiary education institutions as well as continued as the national sponsor of Eco Schools which provides environmental education at almost 1 200 schools throughout the country.

We are Africa's largest packaging supplier and we are mindful of the influence that packaging has on the environment. We strive to produce packaging that is balanced in terms of providing product protection and preservation, is cost effective and at the same time takes into account our environmental responsibility.

## Corporate governance

The group is committed to complying with the King Code of Governance Principles (King III) and these are more fully reported on in the corporate governance section of this report. The group also complies with the JSE Listings Requirements and with the Companies Act, No 71 of 2008.

## Board of directors

I am pleased to welcome Emmanuel Ikazoboh and Ipeleng Mkhari to the board and look forward to their contributions. I also welcome André de Ruyter who will be joining us on 1 January 2014 as the new chief executive officer of the group.

## Appreciation

Andrew Marshall will be retiring at the end of March 2014 and I thank him for improving the performance of the group over the past five years and for setting it on a course that will deliver sustainable growth in the future. I also thank the executive management and all employees for their contribution during the year. Thank you as well to our customers, suppliers and shareholders for your continued support.

## Annual general meeting

I invite all shareholders to attend the annual general meeting of the company to be held on 6 February 2014. The notice of the meeting is set out on pages 118 to 122 of this report.

## Prospects

We will continue investing in the rest of Africa and in our core businesses in South Africa where we have leading market positions in key packaging segments. We believe that this will contribute to sustainable growth in the years ahead.

We expect a further improvement in performance in 2014.



**Tito Mboweni**  
Chairman

Sandton  
21 November 2013

We invested a further  
**R11 million** in the  
communities in which we  
operated during the year.

The disabling-injury  
frequency rate improved to

**0.92**

Environmental  
education at almost

**1 200** schools



## Chief executive's report

Profits from the rest of Africa have grown almost eight-fold over the past five years. Market capitalisation is up more than 170%. Nampak is strategically well-positioned for the future

**Andrew Marshall**  
Chief executive officer

As my tenure at Nampak draws to a close, I thought it appropriate to reflect on the past five years, review 2013, then look at what we are hoping to achieve going forward.

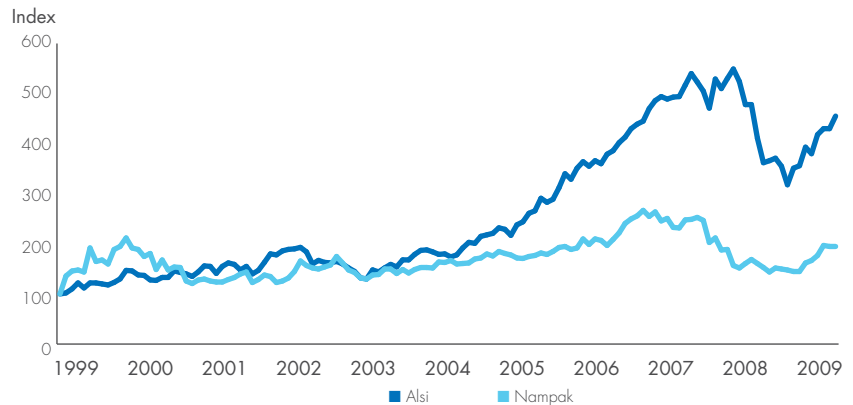
### Review of past five years

At the start of 2009, Nampak was in an extremely difficult position having underperformed for the previous 10 years. Our share price was R12, market

capitalisation was R8 billion and we were one of the worst stocks on the JSE. Shareholders were unhappy and the media was very critical.

From 1999 to 2009, the graphs below show our underperformance against both the All Share Index and the Industrial 25 Index on the JSE; we had also hopelessly underperformed our packaging competitors.

Nampak vs Alsi



In addition, debt had ballooned to R3.4 billion and capital was not available for expansion projects due to our very high gearing.

Commencing in 2009, a raft of board and senior management changes were made:

- I was appointed as CEO in February 2009
- Gareth Griffiths was appointed CFO in September 2009
- 50% of the board resigned or retired and new directors were appointed
- 30% of senior management were replaced
- Tito Mboweni was appointed Chairman in June 2010

A strategic review in early 2009 concluded that 80% of our operations were profitable and were areas where Nampak had a competitive strategic advantage; the problem was that the good results being achieved by these operations were being offset by the other 20% which were loss-making. The key focus was to therefore concentrate on fixing, selling or closing these problem businesses.

Our focus for the next few years was on fixing, selling or closing these loss-makers and reinvesting in our core profitable operations.

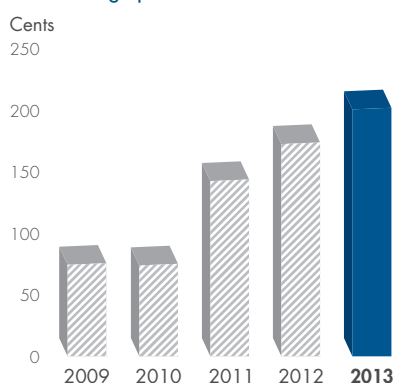
Loss-making businesses that were sold included Europe Cartons & Healthcare, Foam, Flexpak, Redibox, Disaki, Carmoc Mozambique, L&CP, Containers, Tubs, Interpak Books and more recently, Cartons and Labels.

Corrugated incurred a trading loss of R250 million in 2009; this business has been turned around and is now profitable.

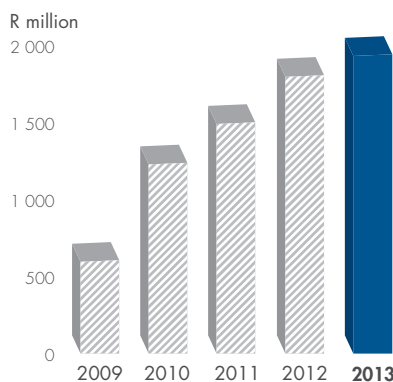
Proceeds from these sales were reinvested in our core operations; a huge focus was also put on growing our businesses in Africa which had bigger opportunities and higher margins.

Results from these changes were very encouraging with significant improvements in our profits, trading margins and asset returns while debt was massively reduced.

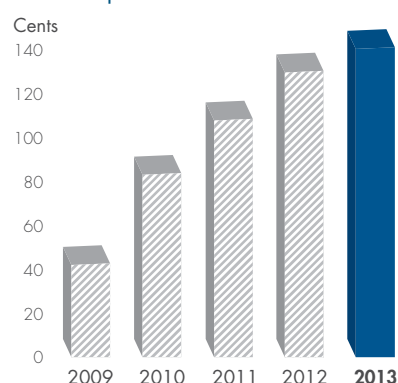
**Headline earnings per share – continuing operations**



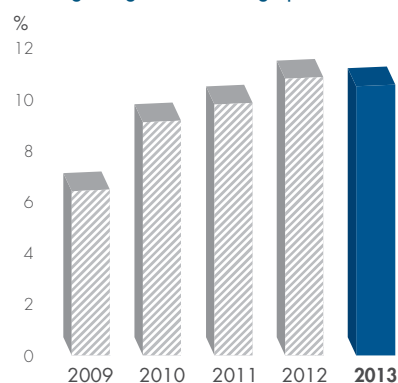
**Operating profit – continuing operations**



**Dividends per share**



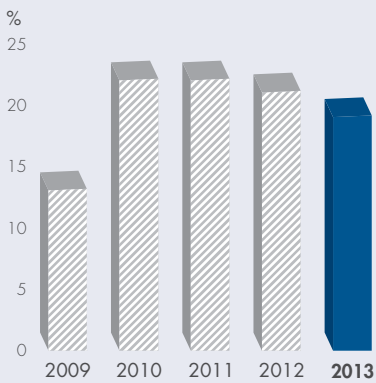
**Trading margin – continuing operations**



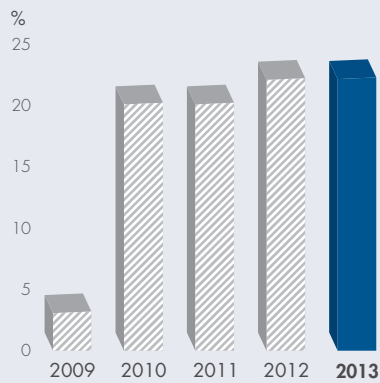
## Chief executive's report continued

### Key ratios

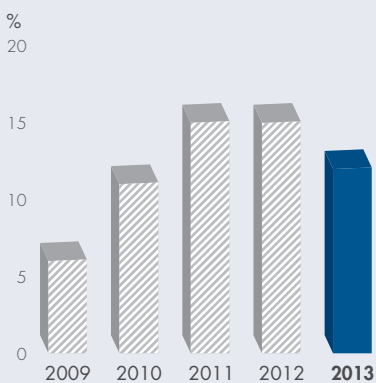
#### RONA



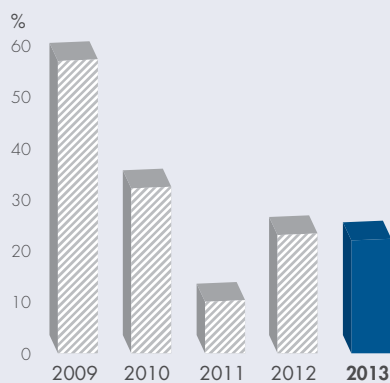
#### ROE



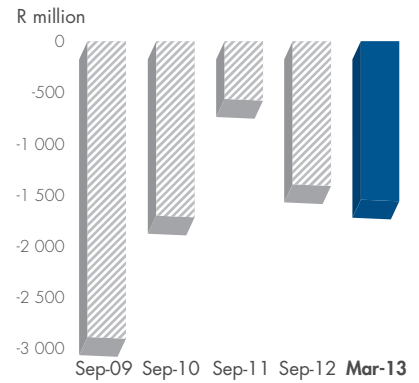
#### Interest cover



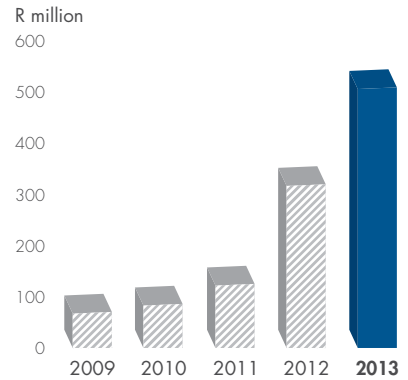
#### Net debt:equity



### Net debt



### Rest of Africa trading profit



Profits from the rest of Africa have also grown dramatically and we expect to comfortably exceed our target of 35% group profits being derived from the region by 2015.

Our share price and market capitalisation have reflected all these improvements; the share price at the end of September 2013 was R31.21 and the market capitalisation was R22 billion, up more than 170% over the five-year period. International shareholders holding Nampak shares have grown from 12% in 2009 to over 36% now.

Nampak share price from January 2009



## Review of 2013

During 2013 we continued to focus on growing our core operations in South Africa, expanding further in the rest of Africa and selling non-performing operations.

The major highlights of 2013 include:

- Growth in trading profits from Africa by 60%.
- Africa now 36% of group profits including exports.
- Acquisition of Alucan beverage can business in Nigeria successfully concluded; completion expected in early 2014.
- Option to acquire a leading rigid plastics packaging company in Nigeria also agreed.
- Long-term supply contracts concluded with major glass customers in South Africa and decision made for new third furnace.
- Sale of loss-making Cartons and Labels business in South Africa.
- Long-term supply contracts concluded with major beverage can customers in South Africa and the new aluminium can line successfully commissioned.
- Board authorisation for a further beverage can line, to be installed in 2014 in either Angola or South Africa.
- Long-term crate supply contract agreed and new production facility for plastic crates established in Ethiopia.

## Outlook

I believe Nampak is strategically very well positioned going forward. We have strong positions in a number of key metals, glass and plastics markets in South Africa. In addition, our African operations are growing very strongly and we are confident of continuing this growth with a huge number of opportunities throughout Africa.

Our recent acquisition of Alucan, a beverage can company in Nigeria and an option to acquire a leading manufacturer of rigid plastics in Nigeria demonstrates our commitment and confidence in the continent.

## Thank you

From my side, a big thank you to everyone at Nampak for what has been achieved over the past five years. I'm hugely optimistic about our prospects and look forward to the date in the not-too-distant future when profits from the rest of Africa make up more than 50% of the group's results.

**Andrew Marshall**  
Chief executive officer

Sandton  
21 November 2013



## Chief financial officer's review

Profits from rest of Africa have increased significantly in the current year. Headline earnings per share from continuing operations increased by 8.2%. EBITDA at R2.7 billion is an increase of 10.5% over the previous year. Divestment from the Cartons and Labels paper business agreed.

**Gareth Griffiths**  
Chief financial officer

### 2013 performance from continuing operations

**HEPS at 217.5 cents a share, growth of 8.2%**

**Increase in dividend per share of 8%**

**Operating profit increased by 7.5%**

**Net gearing 22.4%**

### Introduction

The South African economy remains depressed as retail sales, non-durables and GDP growth declined with inflation on the rise. Consumer spending affected by lower disposable income has a direct impact on packaging consumption. Nampak's South African businesses came under pressure to sacrifice margin to secure long-term contracts

during 2013. The result has been lower contribution from these businesses with greater dependence on the African businesses to deliver value. In addition to this, the South African businesses remain under intense pressure from customers to extend payment terms and the continued non-adherence by customers to existing payment terms.

## Year under review

### Key economic indicators

Some of the key economic indicators affecting the results in the current year are shown below:

	2013	2012	Primary impact
Exchange rates			
– Rand/UK pound			
– Average	14.49	12.71	Translations of results, cost of imports and competitiveness of export transactions
– Closing	16.25	13.39	
– Rand/US dollar			
– Average	9.28	8.06	
– Closing	10.05	8.29	
– Gross domestic product	2.0%	2.5%	Affects consumer spending
– Prime overdraft rate	8.5%	8.5%	Affects borrowing rates
– Consumer price index	5.9%	5.8%	Key cost driver impacts wage inflation

In addition to this, certain commodity prices such as oil prices, steel and tinplate, aluminium and paper and pulp prices have significant impacts on the businesses. Where possible, the impact of these prices is minimised by negotiating back-to-back

contracts with key customers, or by hedging the impact where possible. However, there is often a timing lag in recovering increases or passing through decreases of these commodities to customers, which affects profitability.

Financial performance	2013 R million	2012 R million	Variance %
<b>From continuing operations:</b>			
Revenue	18 295.6	16 530.3	10.7
Trading profit	1 915.5	1 771.9	8.1
Operating profit	1 934.9	1 800.0	7.5
HEPS (cps)	217.5	201.0	8.2
<b>From continuing and discontinued operations:</b>			
Revenue	19 361.8	17 639.1	9.8
Trading profit	1 890.9	1 772.5	6.7
Operating profit	1 813.0	1 793.7	1.1
HEPS (cps)	209.2	200.8	4.2

In line with the group strategy to grow its core businesses, Nampak acquired, with effect from 1 March 2012, the remaining 50% interest in Nampak Wiegand Glass (Pty) Ltd. Additionally, Nampak approved the installation of a third furnace to successfully grow the Nampak market share in Glass. The completion of the furnace is expected in the second half of the next financial year. Nampak has also approved the investment of R892 million in Bevcan to convert tinplate can lines to aluminium-producing can lines.

Further to this strategy Nampak concluded the divestment from its Cartons and Labels business, with Competition Commission approval pending. The completion of the transaction is expected in the first quarter of the 2014 financial year.

Agreement has been reached to acquire a beverage can business in Nigeria. Settlement of all conditions precedent is expected to be finalised in the first half of the 2014 financial year. Fulfilment of these conditions will place Nampak as a strategic leader in packaging, not only in South Africa, but also the African continent. Nampak continues to invest in its core businesses.

The Angolan can line has successfully delivered on a year of producing at 100%, with a significant contribution to the profitability performance of the businesses in the rest of Africa. The group has approved US\$100 million to fund the expenditure to increase production capacity.

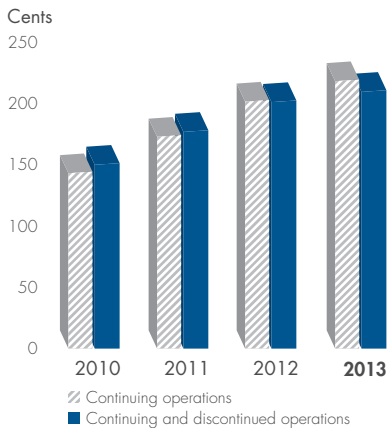
Revenue from continuing operations increased by 10.7%, helped by the full-year revenue from Angola, as well as by pleasing results from most African operations. Revenue from the operations in the rest of Africa grew by 31.8%, while South African revenue grew by 6.6%.

# Chief financial officer's review continued

Trading profit from continuing operations grew by 8.1% and operating profit by 7.5%. Profitability in the South African businesses was significantly impacted by depressed margins. Profitability in South Africa declined 14.5% year-on-year, while both the rest of Africa and Europe delivered pleasing growth at 60.2% and 30.6% respectively.

Headline earnings per share from continuing operations showed an improvement of 8.2% after adjusting for gains and losses on capital items and impairments. Headline earnings per share have shown continued improvement over the last four years and remain a key focus area for management.

## Headline earnings per share

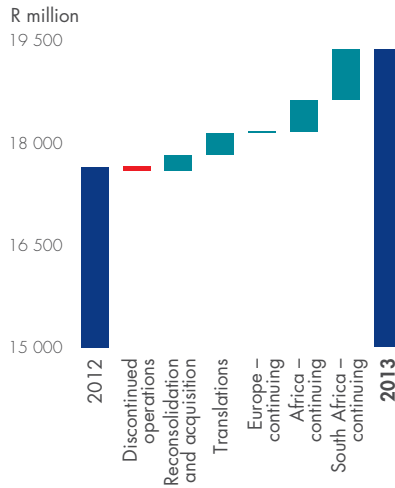


## Operating performance – continuing and discontinued operations

### Revenue

Revenue has been favourably impacted by steady sales in our South African businesses as well as our businesses in the rest of Africa, particularly Angola. South African revenue growth, however, has not translated in profit as margins have been impacted by the long-term contracts negotiated within our Metals and Glass businesses. The weaker rand, which prevailed throughout the year, again had a favourable impact on the translated results of the European and African businesses.

## Revenue source of change – continuing operations



The trading margin in the current year was 10.5%, down from 10.8% in the prior year. Current year margin has come under severe pressure especially in our South African businesses due to the sluggish economy and pressure from customers to reduce input costs. Additionally, profitability was impacted by margin reduction to secure long-term contracts with key customers in our major businesses.

## Abnormal items

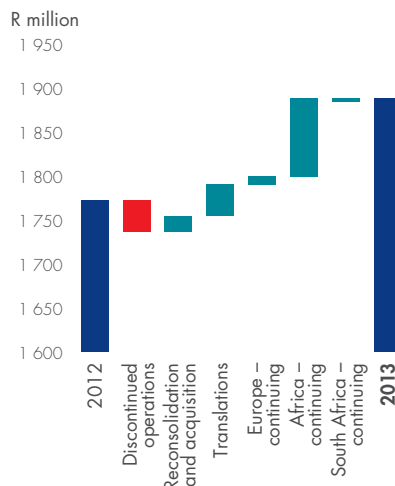
Abnormal items are defined as items which do not arise from normal trading activities and are of such a nature or incidence that their disclosure is relevant to explain the performance for the year.

The group recorded net abnormal gains from continuing operations of R19.4 million (2012: R28.1 million gain) for the year.

## Trading profit

The growth in trading income came mostly from the African businesses, both in constant currency benefit and the benefit of the impact of the rand which continued to weaken during the year. Additionally the disposal of the Cartons and Labels business has had a positive impact on the profitability of the continuing operations in Nampak.

## Trading income source of change – continuing operations



	2013 R million	2012 R million
Net impairment losses	61.4	4.7
Restructuring and retrenchment costs	31.2	8.8
Net gain on revaluation of interest in joint venture	(23.2)	(44.0)
Net gain on reconsolidation of Zimbabwe entities	(87.8)	–
Net loss/(profit) on disposal of businesses and other investments	0.1	(0.5)
Net profit on disposal of properties	(0.7)	(0.2)
Cash flow hedge effectiveness	(0.4)	3.1
<b>Net gain</b>	<b>(19.4)</b>	<b>(28.1)</b>

Impairment losses in the current year consists of impairments of plant, property and equipment of R61.4 million (2012: R4.7 million) largely attributable to impairment of the tinplate lines in Bevcan now being replaced with aluminium can lines.

Ongoing reorganisation and restructuring of businesses cost R31.2 million (2012: R8.8 million) largely in the form of retrenchment costs.

The gains of R23.2 million and R87.8 million respectively relates to the revaluation of the 50% interest originally held by Nampak in Elopak SA (Pty) Ltd, and the reconsolidation of Zimbabwe operating entities, Carnaud/Metalbox Zimbabwe Limited, and the two associates, Megapak Zimbabwe (Pvt) Limited (49% interest) and Hunyani Holdings Limited (38.9% interest) as a consequence of the requirements of IFRS 3: *Business Combinations*.

### Net finance cost

Net finance costs from continuing operations increased from R168.6 million to R219.9 million in the current year, mainly due to the placement of \$175 million in private paper. This resulted in gross borrowings to equity increasing from 51% to 86%. The high gross borrowings consist of the loan portion of the placement of promissory notes in the US to fund anticipated acquisitions in the rest of Africa. The prime interest rate remained unchanged in the current year and the group continues to make use of interest rate derivatives to hedge interest rate risk. Average borrowing rates for the South African operations were 6.0% in 2013 (2012: 6.4%).

### Income tax

The effective tax rate for continuing operations in the current year is 22.1%, compared to 27.3% in 2012. The tax rate in the current year has been impacted mainly by the effect of the gain resulting from the revaluation of Nampak's original interest in Elopak SA (Pty) Ltd, the gain from the reconsolidation of the Zimbabwean businesses, the effect of prior year adjustments relating to reversal of provisions held for tax audits concluded in Nigeria and the utilisation of beneficial tax rates across jurisdictions we trade in.

The summarised tax rate reconciliation is shown below:

	2013 %	2012 %
Effective tax rate	22.1	27.3
Prior year tax adjustments	2.0	1.0
Gain on reconsolidation of Zimbabwean businesses	1.5	–
UK assessed losses	1.0	3.3
Gain on revaluation of previously held interest in Elopak (Pty) Ltd	0.4	–
STC and withholding tax	(1.0)	(2.3)
Angola tax gains/(losses)	0.3	(0.8)
Other	1.7	(0.5)
South African normal tax rate	28.0	28.0

## Statement of financial position

### Key indicators

	2013	2012
From continuing operations:		
Return on net assets (%)	18.7	20.6
Return on equity (%)	21.8	21.7
Net borrowings (R million)	1 564.4	1 408.7
Net gearing (%)	22.4	22.7
Net asset value per share (cps)	1 178	1 049

## Chief financial officer's review continued

Net worth per share increased to 1 178 cents from 1 049 cents in the prior year following the increased profitability emanating from the African operations which contributed to the increase in net worth per share.

### Acquisitions and capital expenditure

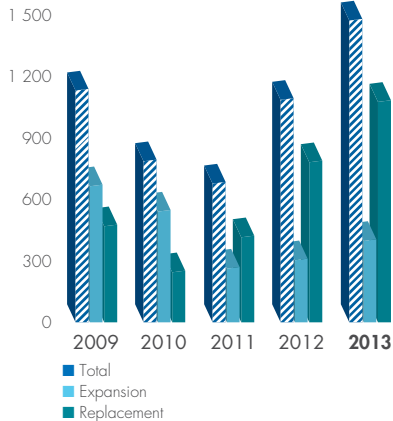
Total non-current assets increased by R983.3 million, of which R735.4 million can be attributed to the conversion from tinplate to aluminium can lines in Bevcan and the third furnace in Nampak Glass. The balance was due to the purchase of Elopak and other capital expenditure incurred during the year.

Capital expenditure of R1 471.1 million (2012: R1 084.3 million) was incurred during the year. The increase is mainly due to the installation of aluminium can lines in the Bevcan Springs operation amounting to R574.0 million as well as the initial costs incurred on the third glass furnace of R161.4 million. There were no other capital expense projects over R50 million for the year. Several minor capexes, individually below R50 million were incurred across the group. The graph below shows the trend.

Goodwill amounting to R53.9 million and intangible assets amounting to R43.9 million were capitalised as a result of the acquisition of the remaining 50% interest in Elopak SA (Pty) Ltd.

### Capital expenditure

R million



A summary of the group's capital expenditure budget for 2014 for continuing operations is set out below. The capital expenditure will be funded out of internal cash resources and existing borrowing facilities.

	Capital expenditure budget R million
South Africa	1 766.1
Rest of Africa	620.6
United Kingdom	92.9
	<b>2 479.6</b>

### Investment activity

The group announced on 13 September 2013 the sale of the Cartons and Labels division subject to a number of conditions precedent, including the approval required from the Competitions Commission. The impact of the sale is disclosed in accordance with IFRS 5: non-current assets held for sale and discontinued operations. Revenue impact of R1 080.7 million (2012: R1 130.0 million), trading loss impact of R24.6 million (2012: profit of R0.6 million) and abnormal items impact of loss of R97.3 million (2012: R6.9 million). The effective date of the transaction is expected to be in the first quarter of the 2014 financial year.

### Foreign currency translation reserve

The continued weakening of the rand against major currencies in the current financial year resulted in a foreign currency translation gain of R653.7 million for the year (2012: R143.4 million gain).

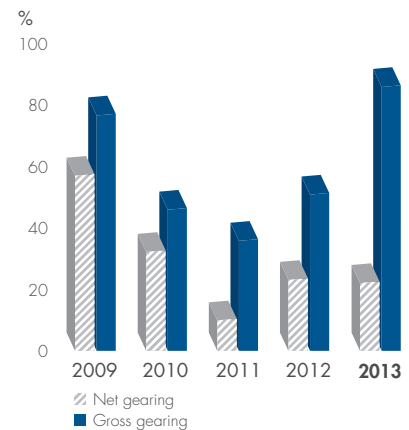
### Net borrowings and gearing

Borrowings for the year increased marginally due to capex spend in Bevcan and Glass. Net borrowings increased to R1 564.4 million (2012: R1 408.7 million) and net gearing decreased to 22.4% (2012: 22.7%).

Working capital showed an improvement on the previous year. This remains a key focus area for the group.

The group was comfortably within its borrowing covenants during the year. The table below reflects the net gearing trend over the last five years:

### Gearing



The composition of the group's net borrowings position is:

	2013 R million	2012 R million
South Africa	4 132.4	2 973.1
– Borrowings	4 294.9	3 122.5
– Cash	(162.5)	(149.4)
United Kingdom and rest of Africa	(2 567.8)	(1 564.4)
– Borrowings	1 746.9	66.2
– Cash	(4 314.7)	(1 630.6)
<b>Net borrowings</b>	<b>1 564.6</b>	<b>1 408.7</b>

A summary of the group's committed bank facilities is as follows:

	Facility R million	Utilised R million	Available R million
South Africa	7 680.0	3 923.4	3 756.6
United Kingdom and rest of Africa	2 108.7	1 875.4	233.3
<b>Total</b>	<b>9 788.7</b>	<b>5 798.8</b>	<b>3 989.9</b>

### Statement of cash flow

The group continued to generate strong cash flows with cash generated from operations amounting to R2 452.8 million for the year ended 30 September 2013 (2012: R2 262.2 million). The net investment in working capital amounted to R247.7 million (2012: R339.6 million). The average net working capital to sales declined from 12.4% to 13.4%.

Dividends paid at R777.4 million compared to R678.2 million dividend paid in the prior year. This is an increase of 14.6%.

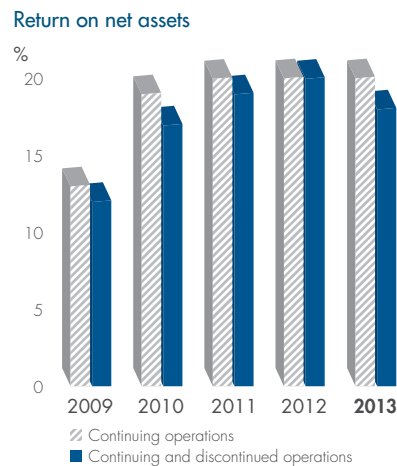
Tax payments in 2013 amounted to R432.0 million compared to R417.2 million in 2012. This, together with the finance costs, resulted in a net cash outflow before investing activities of R121.4 million.

The financing raised through the private placement of promissory notes in the US resulted in cash inflow of R1 830 million. R695 million was raised in commercial paper during the year.

### Financial objectives

The key financial objectives set by the group are return on net assets (RONA), return on equity (ROE) and headline earnings per share (HEPS). ROE and HEPS both showed pleasing trends. Due to lower returns RONA was negatively impacted in the current year. Additionally, significant capital expenditure was required in some of the Metals businesses.

The graph below sets out the RONA trend over the last few years:



### Contingent liabilities and subsequent events

There are no significant contingent liabilities noted for the 2013 year.

The group acquired Alucan Packaging Limited, a Nigeria-based beverage can manufacturing plant for \$301 million, which includes an option to purchase a leading rigid plastics packaging company. There are conditions precedent and it is expected that the transaction will be concluded in the first half of the 2014 financial year.

**Gareth Griffiths**  
Chief financial officer

21 November 2013

# Five-year financial review

## Definitions

### Treasury shares

Treasury shares represent shares in Nampak Limited held by group subsidiary companies and consolidated special purpose entities (eg empowerment trusts).

### Weighted average number of shares

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

### Dividends declared/cash distributions per ordinary share

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

### Return on equity

$$\frac{\text{Net profit attributable to ordinary shareholders}}{\text{Average ordinary shareholders' equity}}$$

### Trading profit

Operating income adjusted for abnormal items, which are items which do not arise from normal trading activities or are of such size, nature or incidence that their disclosure is relevant to explain the performance for the period.

### Net assets

Total assets, excluding tax, deferred tax and cash balances less trade and other payables including provisions and other non-current liabilities.

### Return on net assets

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

### Net asset turn

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

### Interest cover

$$\frac{\text{Trading profit plus investment income and share of profit in associates}}{\text{Net interest}}$$

### EBITDA

Earnings before interest, investment income, share of profit in associates, tax, depreciation and amortisation.

### EBITDA interest cover

$$\frac{\text{EBITDA}}{\text{Net interest}}$$

### Gross gearing

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

### Net gearing

$$\frac{\text{Loans and borrowings plus overdrafts less bank balances, deposits and cash}}{\text{Total equity}}$$

### Employee numbers used for calculations

Total number of employees, time weighted for acquisitions and disposals, and adjusted for the group's share of joint ventures.

### Productivity per employee

$$\frac{\text{Volume growth}}{\text{Growth in number of employees}}$$

### Market capitalisation

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

### Earnings yield

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

### Dividend/cash distribution yield

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

### Price/earnings ratio

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

for the year ended 30 September

		2013	2012	2011	2010	2009
<b>STATISTICS</b>						
<b>Earnings and dividend data</b>						
Weighted number of ordinary shares in issue	'000	593 064	591 750	589 550	587 782	585 858
Headline earnings per ordinary share	cents	209.3	200.8	176.0	149.7	83.8
Continuing operations	cents	217.5	201.0	174.6	147.4	74.5
Discontinued operations	cents	(8.2)	(0.2)	1.4	2.3	9.3
Change over previous year (continuing operations)	%	8	15	18	98	(59)
Earnings per ordinary share	cents	216.9	204.0	106.5	140.5	34.9
Continuing operations	cents	231.7	204.8	164.4	136.5	24.7
Discontinued operations	cents	(14.8)	(0.8)	(57.9)	4.0	10.2
Change over previous year (continuing operations)	%	13	25	20	452	(83)
Cash distributions/dividends declared per ordinary share	cents	140.0	129.5	108.0	83.0	42.0
Change over previous year	%	8	20	30	98	(58)
Cash distribution/dividend cover	times	1.6	1.6	1.6	1.8	2.0
<b>FINANCIAL DATA</b>						
Return on equity						
Continuing operations	%	22	22	20	20	3
Continuing and discontinuing operations	%	19	20	11	16	4
Return on net assets						
Continuing operations	%	19	21	22	19	13
Continuing and discontinuing operations	%	18	20	19	17	12
Net asset turn						
Continuing operations	times	1.8	1.9	2.0	2.0	1.9
Continuing and discontinuing operations	times	1.8	1.9	2.0	2.0	2.0
Interest cover	times	9	11	13	8	3
EBITDA interest cover	times	12	15	15	11	6
Effective rate of tax						
Continuing operations	%	22.1	27.3	32.8	25.7	26.9
Continuing and discontinuing operations	%	21.6	27.2	43.6	27.4	25.8
Gross gearing	%	86	51	36	46	77
Net gearing	%	22	23	10	32	57
Number ordinary shares in issue	'000	593 600	592 415	590 901	588 338	586 773
Net asset value per ordinary share	cents	1 178	1 049	964	912	874
Change over previous year	%	12	9	6	4	(15)
<b>EMPLOYEE DATA</b>						
Permanent employees		10 299	10 364	10 475	12 990	13 390
Temporary employees		2 062	2 005	2 068	1 777	1 723
<b>Total employees</b>		<b>12 291</b>	<b>12 369</b>	<b>12 543</b>	<b>14 767</b>	<b>15 113</b>
Employee numbers used for calculations		12 283	12 457	13 435	15 019	15 125
Revenue per employee	R'000	1 576	1 416	1 260	1 235	1 295
Employment cost per employee	R'000	288	266	254	254	264

## Five-year financial review continued

for the year ended 30 September	2013	2012	2011	2010	2009
<b>OPERATING RESULTS</b>	R million				
<b>Continuing operations</b>					
Revenue	18 295.6	16 530.3	14 739.4	14 659.8	15 056.4
Trading profit	1 915.5	1 771.9	1 635.6	1 408.9	982.1
Profit after tax from continuing operations	1 355.0	1 196.7	943.8	811.4	142.1
<b>Discontinued operations</b>					
(Loss)/profit from discontinued operations	(87.9)	(4.9)	(341.2)	23.5	60.0
Profit for the year	1 267.1	1 191.8	602.6	834.9	202.1
<i>Attributable to:</i>					
Equity holders of Nampak Limited	1 286.5	1 207.1	627.9	825.9	204.8
Non-controlling interests	(19.4)	(15.3)	(25.3)	9.0	(2.7)
	1 267.1	1 191.8	602.6	834.9	202.1
<b>EBITDA</b>	2 583.8	2 453.4	1 801.7	2 052.8	1 406.5
Continuing operations	2 684.3	2 427.4	2 059.1	1 830.8	1 116.3
Discontinued operations	(100.5)	26.0	(257.4)	222.0	290.2
<b>EBITDA (adjusted for impairments)</b>	2 700.2	2 462.9	1 906.8	2 163.1	1 833.2
Continuing operations	2 745.7	2 432.1	2 165.5	1 936.2	1 546.8
Discontinued operations	(45.5)	30.8	(258.7)	226.9	286.4
<b>FINANCIAL POSITION</b>					
Total shareholders' funds	6 991.8	6 216.4	5 694.9	5 368.3	5 129.5
Retirement benefit obligation	2 193.1	1 618.3	1 360.5	1 404.5	1 246.2
Deferred tax and other non-current liabilities	571.7	663.8	498.0	302.7	329.6
Non-current loans and borrowings	3 537.7	1 594.9	1 358.7	1 631.0	2 121.5
Current liabilities	6 449.7	5 156.6	3 995.9	4 218.6	5 265.6
<b>Total equity and liabilities</b>	19 744.0	15 250.0	12 908.0	12 925.1	14 092.4
Property, plant and equipment	7 346.8	6 612.1	5 687.3	6 199.9	6 392.9
Goodwill and other intangible assets	814.5	715.1	183.1	301.1	389.4
Non-current financial assets and deferred tax	367.9	218.7	387.3	455.8	600.0
Current assets	11 214.8	7 704.1	6 650.3	5 968.3	6 710.1
<b>Total assets</b>	19 744.0	15 250.0	12 908.0	12 925.1	14 092.4

for the year ended 30 September

		2013	2012	2011	2010	2009
<b>CASH FLOW INDICATORS</b>		R million				
– Cash generated from operations		<b>2 452.8</b>	2 262.2	1 725.5	2 508.9	2 220.0
– Cash (utilised in)/retained from operating activities		<b>(121.4)</b>	134.5	339.0	1 576.9	398.2
– Additions to property, plant, equipment and intangibles		<b>(1 471.1)</b>	(1 084.2)	(676.2)	(785.7)	(1 129.3)
– Net increase/(decrease) in cash		<b>1 975.2</b>	(659.8)	410.6	(92.7)	(766.5)
<b>SHARE PERFORMANCE</b>						
Market price per share						
– Highest	cents	<b>3780</b>	2970	2350	1939	1715
– Lowest	cents	<b>2809</b>	1992	1842	1501	1078
– Year-end	cents	<b>3121</b>	2860	2087	1896	1700
Number of ordinary shares in issue	'000	<b>697 897</b>	696 712	695 199	660 778	659 264
Market capitalisation*	R million	<b>21 781</b>	19 926	14 509	12 528	11 207
Volume of shares traded	'000	<b>496 327</b>	260 793	278 199	332 098	252 218
Value of shares traded	R million	<b>16 082.8</b>	6 342.8	6 090.6	5 773.6	3 442.1
Volume of shares traded as a percentage of total issued shares	%	<b>71.1</b>	37.4	40.0	50.3	38.3
Earnings yield*	%	<b>6.7</b>	7.0	8.4	7.9	4.9
Cash distribution/dividend yield*	%	<b>4.5</b>	4.5	5.2	4.4	2.5
Price/earnings ratio*	times	<b>14.9</b>	14.2	11.9	12.7	20.3
<b>EXCHANGE RATES</b>						
The exchange rates applied in the preparation of the group results are shown below.						
Rand/UK pound						
– average		<b>14.49</b>	12.71	11.18	11.64	12.24
– closing		<b>16.25</b>	13.39	12.58	10.98	12.03
Rand/euro						
– average		<b>12.19</b>	10.46	9.71	10.13	10.93
– closing		<b>13.59</b>	10.68	10.81	9.51	10.99
Rand/US dollar						
– average		<b>9.28</b>	8.06	6.96	7.47	7.50
– closing		<b>10.05</b>	8.29	8.04	6.98	7.51

\*Based on year-end market price.

# Operational review

## Metals and Glass

Rm	Revenue		Trading profit*		Trading margin %	
	2013	2012	2013	2012	2013	2012
South Africa	6 456	5 878	677	789	10.5	13.4
Rest of Africa	1 746	1 216	293	103	16.8	8.5
Total	8 202	7 094	970	892	11.8	12.6

\*Operating profit before abnormal items. Continuing operations.

### South Africa

#### Bevcan, DivFood and Glass

There was good demand for **beverage cans** in all sectors with the exception of carbonated soft drinks. The increased volumes offset the impact of lower average selling prices agreed as part of long-term supply contracts. The conversion of beverage cans from tinplate to aluminium progressed well with a new aluminium can manufacturing line installed and commissioned at the Springs factory. The existing tinplate lines will be converted to aluminium in the coming months.

**Food can** sales in almost every category were down, partly due to weak consumer spending. Fish catches were affected by the inclement weather off the Cape coast, while fruit pickings were affected by industrial action and poor crop yields. There was moderate demand for **aerosol cans** and other general line cans.

The overall market for **glass bottles** declined and was impacted by increased exports of wine in bulk and the ongoing shift away from glass to cans and PET bottles. Some beer bottle business was lost to a competitor and this, together with lower selling prices agreed as part of long-term supply agreements, contributed to a reduction in margins. Construction of the third furnace announced earlier this year is under way, but in view of the weak market, commissioning has been delayed until the final quarter of the 2014 financial year.

Carbon emissions in the South Africa Metals and Glass segment were 236 165 tonnes compared to 219 943 tonnes in 2012. There were 37 disabling injuries compared to 45 in 2012 and the disabling-injury frequency rate (DIFR) declined to 0.82 from 1.04 last

year. The number of permanent employees increased slightly to 2 707 from 2 698 in 2012.

### Rest of Africa

Angola, Kenya, Mozambique, Nigeria, Tanzania, Zambia and Zimbabwe.

The beverage can operation in **Angola** performed exceptionally well with the manufacturing line running at above-design capacity for most of the year. The increased volumes and the lifting of the consumption tax in March contributed to a significant improvement in trading profit. The warehouse and factory buildings are currently being extended to accommodate a second line which is planned to be installed during 2014.

The operation in **Nigeria** was negatively impacted by socio-political factors in the north of the country and poor demand in the south in the first half of the year. The last quarter saw a pleasing recovery.

There was strong demand for both food and diversified cans in **Kenya** and the business performed well. In **Tanzania** demand for crowns was affected by a shift to PET bottles in the carbonated soft drinks market which uses plastic closures.

Carbon emissions in the rest of Africa Metals and Glass segment were 74 119 tonnes. The number of permanent employees decreased to 799 from 831 in 2012.

There were six disabling injuries compared to 12 in 2012 and the disabling-injury frequency rate (DIFR) declined to 0.34 from 0.82 last year.



## Paper and Flexibles

Rm	Revenue		Trading profit*		Trading margin %	
	2013	2012	2013	2012	2013	2012
South Africa	3 117	2 980	104	164	3.3	5.5
Rest of Africa	1 005	871	213	213	21.2	24.5
Total	4 122	3 851	317	377	7.7	9.8

\*Operating profit before abnormal items. Continuing operations.

### South Africa

#### Corrugated, Cartons and Labels, Flexibles and Sacks

There was strong demand for **corrugated boxes** from the agricultural sector but the commercial sector was weak in line with lower general economic activity. As a result margins came under pressure. There was good growth in export volumes.

In September an agreement was reached to sell the **Cartons and Labels** business to a subsidiary of Caxton and CTP Publishers and Printers Limited. The transaction is subject to a number of conditions precedent, including approval by the competition authorities. This is in line with the strategy of focusing on specific regions and core products. Volumes in the business were down on reduced consumer spending and increased competition.

There was mixed demand in the **flexible packaging** market with the food-related sector stronger but other sectors weaker. Volumes were flat in the early part of the year with strong recovery evident in more recent months. A new seven-layer extruder was commissioned and will assist in producing additional high-value products.

The **Paper Sacks** business was negatively affected by lower demand for cement sacks due to delays in infrastructure spend as well as reduced sales of sugar bags as a result of sugar imports from Brazil. Milling sack volumes were also lower on reduced consumer spending.

Carbon emissions in the South Africa Paper and Flexibles segment were 217 658 tonnes compared to 215 354 tonnes in 2012. There were 49 disabling injuries compared to 48 in 2012 and the disabling-injury

frequency rate (DIFR) was unchanged at 1.22. The number of permanent employees decreased to 2 220 from 2 266 in 2012.

### Rest of Africa

#### Kenya, Malawi, Nigeria, Zambia and Zimbabwe

There was stable demand for self-opening flour bags in **Kenya**. The Cartons business in **Nigeria**, which was affected by customer-destocking in the first half, recovered well in the second half of the year. There was an increased contribution from non-cigarette customers.

**Malawi** had a good year assisted by increased sales of sorghum beer cartons, exports of tobacco boxes to Zambia and Mozambique and higher sales of corrugated boxes to the commercial market. The devaluation of the Malawian kwacha contributed to higher average selling prices.

In **Zambia**, there were continuing good sales of sorghum beer cartons although margins came under pressure. Demand for other products such as crowns and crates was similar to last year.

The **Zimbabwean** economy was under pressure and currency liquidity further exacerbated the problem. The businesses nevertheless achieved an acceptable result under difficult circumstances.

Carbon emissions in the rest of Africa Paper and Flexibles segment were 10 251 tonnes. The number of permanent employees decreased to 428 from 445 in 2012.

There were three disabling injuries compared to four in 2012 and the disabling-injury frequency rate (DIFR) declined to 0.77 from 0.89 last year.



# Operational review continued

## Plastics

Rm	Revenue		Trading profit*		Trading margin %	
	2013	2012	2013	2012	2013	2012
South Africa	2 393	2 278	254	270	10.6	11.9
United Kingdom	1 938	1 679	162	124	8.4	7.4
Total	4 331	3 957	416	394	9.6	10.0

\*Operating profit before abnormal items. Continuing operations.

### South Africa

#### Liquid Packaging, Petpak, Closures, Megapak and Tubes

Demand for milk and juice was soft and this, together with a move from fresh milk to long-life milk packed in cartons, resulted in lower sales of **plastic bottles**. The in-plant operations which supplied Coca-Cola with **PET bottles** were sold during the year in terms of contractual arrangements. The Petpak operation is now more focused on the supply of lower-margin pre-forms and has been merged into the Liquid Packaging business.

**Sorghum beer carton** sales were negatively impacted by a change in legislation in Botswana which restricted sales to licensed outlets only while demand in South Africa was lower due to reduced consumer spending. Demand for **milk and juice cartons** was flat but the launch of extended shelf-life milk by more customers provided some growth in volumes.

Sales of **metal wine closures** were similar to last year despite market share gains. The increased export of wine in bulk continued to adversely affect demand. Sales of metal closures for food jars were moderately lower due to weaker consumer demand. There was good growth in demand for **closures for plastic beverage bottles** which benefited from further replacement of glass bottles. There was little increased demand for closures for sports drink bottles.

There were good sales of **plastic crates** for beer and milk customers although margins came under pressure. Volumes of both small and large **drums** increased with higher sales to alcohol export customers. The **intermediate bulk container** launched during the year is steadily gaining market share.

There were good sales of **toothpaste tubes** to contracted and non-contracted customers.

Carbon emissions in the South Africa Plastics segment were 181 941 tonnes compared to 126 982 tonnes in 2012. There was a decrease in disabling injuries to 28 compared to 31 in 2012. The disabling-injury frequency rate (DIFR) declined to 1.16 from 1.42 last year. The number of permanent employees decreased to 1 521 from 1 599 in 2012.

A new line for the manufacture of plastic beverage crates was installed in **Ethiopia** and will be commissioned before the end of calendar 2013.

### United Kingdom

Sales volumes were lower than last year as a result of the ongoing transfer of volumes from a major dairy which is in the process of relocating. The trading environment was very difficult but very good cost control contributed to a satisfactory performance. The average exchange rate in 2013 was R14.49 to the pound compared to R12.71 in 2012.

The Nampak patented Infini lightweight bottle sold over 250 million units during the year and post-consumer recycling now accounts for over 20% of raw materials. This is expected to reach 30% in the year ahead which is a leading world innovation.

Carbon emissions were 43 637 tonnes compared to 50 428 tonnes in 2012. There was a substantial decrease in disabling injuries to six compared to 15 in 2012 and the disabling-injury frequency rate (DIFR) declined to 1.07 from 2.71 last year. The number of permanent employees increased to 600 from 574 in 2012.



Tissue						
Rm	Revenue		Trading profit*		Trading margin %	
	2013	2012	2013	2012	2013	2012
South Africa	1 641	1 628	104	111	6.3	6.8

\*Operating profit before abnormal items. Continuing operations.

**South Africa**

*Nampak Tissue, Sancella (50%) and Nampak Recycling*

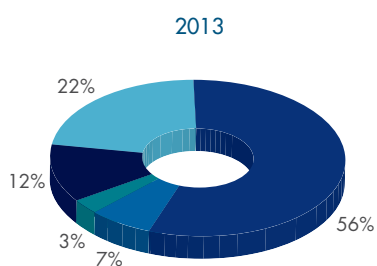
There was continued growth in demand for one-ply toilet tissue and Twinsaver gained market share. However, a highly competitive environment resulted in margins coming under pressure. Diaper sales were at a similar level to last year but again in a very competitive market. Operational performance improved with cost savings being achieved in several areas.

Carbon emissions in the tissue segment were 126 909 tonnes compared to 125 500 tonnes in 2012. There was a substantial decrease in disabling injuries to 10 compared to 11 in 2012 and the disabling-injury frequency rate (DIFR) declined to 0.73 from 0.91 last year. Siyathokoza Dube, an employee at the Kliprivier tissue factory, tragically fell to his death. The number of permanent employees fell to 855 from 1 029 in 2012.

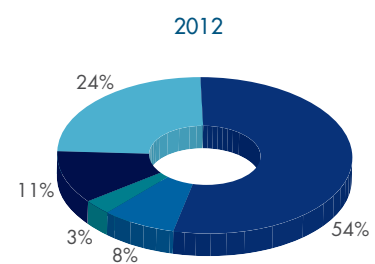


# Group value added statement

for the year ended 30 September 2013	2013 R million	2012 R million
Revenue	19 362	17 639
Cost of raw materials, goods and services	13 076	11 574
Value added	6 286	6 065
Income from investments	5	5
<b>Wealth created</b>	<b>6 291</b>	<b>6 070</b>
<b>Distribution of wealth</b>		
Employees (salaries, wages and other benefits)	3 535	3 316
Corporate social investment	11	10
Governments (income tax)	406	482
Providers of capital:		
Providers of capital (interest)	220	154
Shareholders (dividends/cash distributions)	777	678
Reinvestment	1 342	1 430
<b>Wealth distributed</b>	<b>6 291</b>	<b>6 070</b>
<b>Dealings with governments</b>		
Gross contributions to governments		
Company taxes	465	396
Rates and taxes	45	30
Customs and excise duties	11	7
Less: Cash grants and subsidies	-	-
Other government grants	-	1
Charged against group income	521	432
Collected on behalf of governments	1 380	1 391



## Distribution of wealth



# Nampak's people

Nampak recognises that its employees are key differentiators in achieving the strategy and provide the group with a sustainable competitive advantage. Thus Nampak is committed to identifying, attracting and retaining the correct calibre of employees with appropriate skills to deliver business results. Performance management aligned with training and development initiatives support employee growth, encourage a culture of innovation and assist in the development of an appropriate pipeline of skills in support of its growth strategy into other countries in Africa.

Particular attention has been paid to employee relations practices and this remains a core contributor of value. Nampak adopts a pluralistic approach and engages actively with all recognised unions irrespective of their size. Adherence to the principle of freedom of association is a key element for the group.

Ownership by employees of health and safety, as well as employee wellbeing, remains critical to doing business in a sustainable manner, and performance in these areas is actively motivated and monitored by management in each operation.

Strong focus and structures are in place to deliver diversity and transformation. Employees are also encouraged to participate in initiatives in the communities in which they operate, and the corporate social investment strategy has been carefully considered to make a meaningful impact with the funds available in these communities.

## Creating employment

Nampak employed 10 229 permanent employees in its operations at the end of September 2013 with the greater part being based in South Africa where the headquarters and the majority of the operations are based.

The reduction in the number of permanent employees in South Africa was as a result of restructuring at Tissue and Liquid. The increase in the number of employees in the rest of Africa was primarily as a result of the continued growth in the beverage can production in Angola as well as in the operations in Zambia. The growth of operations in Ireland contributed to the increased number in the United Kingdom.

Employee numbers by region:

Region	2013			2012		
	Permanent	Temporary	Total	Permanent	Temporary	Total
South Africa <sup>1</sup>	8 286	1 325	9 611	8 686	1 596	10 282
Rest of Africa	1 333	690	2 023	1 105	363	1 468
United Kingdom	610	47	657	574	46	620
<b>Total</b>	<b>10 229</b>	<b>2 062</b>	<b>12 291</b>	<b>10 365</b>	<b>2 005</b>	<b>12 370</b>

Note 1: Includes Cartons and Labels.

The following table reflects the split by region of permanent employee numbers by gender and job category:

Region	Job category	Male	Female	Total
South Africa	Executive directors	3	0	3
	Group executive	5	0	5
	Divisional managing directors	9	1	10
	Senior management	171	33	204
	Middle management	348	164	512
	Entry-level management	264	139	403
	Supervisors	2 722	675	3 397
	Skilled	2 216	403	2 619
	Semi-skilled	838	295	1 133
<b>Total</b>		<b>6 576</b>	<b>1 710</b>	<b>8 286</b>
Rest of Africa	Senior management	41	4	45
	Middle management	43	9	52
	Entry-level management	39	20	59
	Supervisors	127	19	146
	Skilled	729	37	766
	Semi-skilled	233	32	265
<b>Total</b>		<b>1 212</b>	<b>121</b>	<b>1 333</b>
United Kingdom	Divisional managing directors	2	0	2
	Senior management	10	4	14
	Middle management	12	0	12
	Entry-level management	27	1	28
	Supervisors	20	0	20
	Skilled	68	27	95
	Semi-skilled	428	11	439
<b>Total</b>		<b>567</b>	<b>43</b>	<b>610</b>

Within the total number of permanent employees in South Africa:

- 26.0% were female (20.3% in 2012);
- 29.6% of managers were female;
- 1% of employees were disabled.

Within the total number of permanent employees in the rest of Africa:

- 9.9% were female (8.7% in 2012);
- 21.1% of managers were female;
- there is one disabled employee.

# Nampak's people continued

Within the total number of permanent employees in the United Kingdom:

- 7% were female (9.9% in 2012);
- five females held managerial positions; and
- there was one disabled employee.

The change in the demographic profile in the United Kingdom has arisen from organisational restructuring for operational requirements.

## Performance management and employee development

Nampak's performance management system is a business process that links what individuals and teams do on a daily basis with the larger goals, values and practices of Nampak as well as the needs of its customers. The policy seeks to facilitate the shift towards a strategic approach to the management of performance. It empowers managers and employees to see performance as an integrated and dynamic, real-time feature of work life. Nampak's performance management is defined as an ongoing process of communication and clarification of business priorities, performance and behavioural expectations in order to ensure mutual understanding between manager and employee. It is a philosophy which values and encourages employee development and career management through ongoing feedback, coaching and joint problem-solving.

During 2013, all South African managerial employees and in excess of 70% of senior managers in the rest of Africa participated in performance management and career development reviews. In South Africa, 70.4% were male employees and 29.6% were female employees. In the Plastics operations in the United Kingdom 100% of managerial employees participated in performance management and career development reviews.

Management training programmes are reviewed annually to ensure that the course content is aligned with the group's strategic requirements, but also takes into account requirements for tertiary programme recognition. The leadership development framework is set out below and includes the external qualification recognition where relevant.

## Programmes Leadership development

### Executive Coaching

This programme is aimed at executive and senior operational managers who have a long-term potential for general and executive managerial positions.

### Management Development Programme<sup>Plus</sup> (NQF6)

The programme focuses on leadership development of high potential at a middle management level.

### Nampak Supervisory Development Programme (new in 2013) (NQF4)

The programme ensures that Nampak's first-line managers have critical skills and support to fundamentally impact the improvement of general margins and people management practices.

### Tomorrow's Leader Programme (NQF4)

The programme centres on supervisory staff development where potential to fill operational management roles in future is identified.

### Nampak Sales Acumen Development

This programme is addressing technical sales skills within the broader view of packaging solutions selling. The programme is aimed at high-potential sales representatives and managers to fill key senior key account management roles.

### (TOPP) Training Outside Public Practice

Nampak is participating on SAICA's TOPP programme. The programme is aimed at training prospective chartered accountants in Nampak. Students are employed on three to five-year contracts.

### Graduate Development Programme (NQF5)

The programme runs for two years and focuses on introducing recently qualified graduates to the Nampak group. It is aimed at addressing the skills shortage in engineering, finance and accounting and business science. During the programme, young graduates are placed in jobs at divisions and complete an academic course involving individual and group assignments. Successful candidates are offered permanent

employment in the group. The retention rate in this programme is a competitive 80%.

### Manufacturing Techniques (NQF4 and 5)

The programme is aimed at supervisory and operational staff to build technical capabilities on world-class manufacturing and focuses on improvement techniques.

### Business Excellence Programme

This programme concentrates on developing skilled employees with leadership potential who may not have had the educational opportunities in the past.

### Frontline Excellence Programme

This programme assists frontline employees with knowledge of the business as well as how to interact with different stakeholders.

### Business Presentation Skills

This programme aims to enhance the presentation and engagement skills of managers in all disciplines across the business.

### Negotiation Skills

This programme is aimed at developing skills in engagement with stakeholders in all disciplines across the business.

### Shop Stewards Development Programme

This programme aims to develop the leadership skills of shop stewards in order to assist in managing the current volatile employee relations climate.

In addition to the programmes mentioned above, training extends to a range of technical, occupational health and safety, environmental, first aid and fire-fighting training courses, as well as focused sessions relating to the group's code of conduct and business ethics, employee relations, employee wellbeing and productivity improvements. Newsletters are regularly sent to all members of the various pension and provident funds in each region to enhance employees' understanding of retirement matters. Regular feedback sessions on the performance in the retirement funds, together with any changes to rules or legislation, are held with employees. Retirement counselling

sessions are provided for groups of retirement fund members who are within five years of retirement, where required. During 2013, 344 employees attended the newly introduced personal financial education sessions at some South African operations with a view to improving general financial wellbeing. The contents have also been included in certain of the leadership development programmes.

An extensive shop steward training and development programme was conducted during 2013 with senior human resources executives actively participating in these sessions. The 239 shop stewards trained represented the seven unions active in Nampak South Africa.

Investment in training and development by region

Region	2013 R million	2012 R million
South Africa	64.8	54.3
Rest of Africa	1.9	1.4
Europe	1.6	1.8

Since 2001, the South African divisions have received funds totalling R101 million from the Department of Labour as a proportion of the skills development levy from the Fibre Processing and Manufacturing Sector Education and Training Authority (formerly the (Media, Advertising, Printing, Publishing and Packaging Sector Education and Training Authority).

### Bursary scheme, tertiary grants, apprentices and learnerships

The company draws bursars in appropriate fields, with emphasis on selection from Nampak-partnered schools and communities, to provide a supply into the Graduate Development Programme. Nampak currently has 269 registered apprentices and learnerships in its various South African divisions, down from 342 in 2012 largely due to some restructuring at the Tissue and Liquid divisions. There were 210 males and 59 females. In order to achieve greater diversity in the manufacturing environment, the group continues to place emphasis on the appointment of females into job roles which

have traditionally been held by males. This employment process is supported by policy guidelines and training which provides the necessary platform for seamless application. The Plastics division in the United Kingdom had two apprentices.

### Employee relations

The company has developed extensive policies and procedures that assist employees in understanding the role and importance of all aspects of employee relations in the workplace. A revised employee engagement training framework was developed and introduced during 2013 and initially human resource practitioners and supervisors participated in various training sessions. These sessions will be extended to other line management in 2014.

All employee grievances raised were satisfactorily resolved during the reporting period.

Wage settlements across the group were achieved without industrial action of any kind in 2013.

### Trade union activities

In 2006, Nampak and Union Network International (UNI), a global union representing workers in the graphical and services sectors, which brings together over 900 different unions and over 15.5 million members, signed a Global Agreement on the respect and promotion of International Labour Standards. The agreement sets out the guiding principles by which UNI and Nampak complement existing workplace and national agreements in order to secure fundamental human rights, including the prohibition of child labour and discrimination. Focus is also placed on ensuring appropriate working conditions.

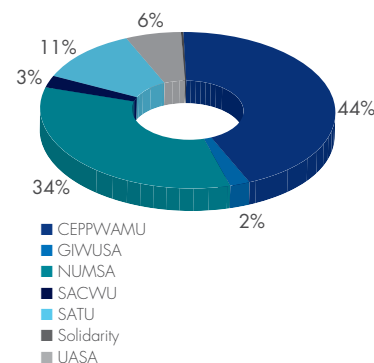
### South Africa

The South African divisions have a variety of participative structures at different levels for dealing with issues which affect employees. These include national framework agreements with all three major trade unions, namely Chemical Energy Paper Printing Wood Allied Workers Union (CEPPWAWU), the National Union of Metalworkers of South Africa

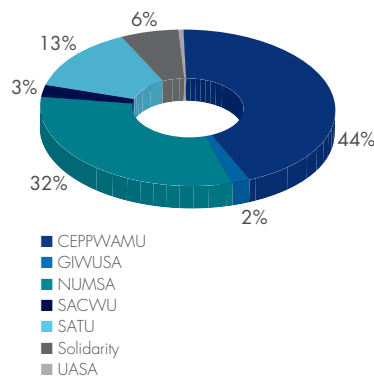
(NUMSA) and South African Typographical Union (SATU), as well as plant-based agreements with Solidarity, the General Industries Workers Union of South Africa (GIWUSA), the South African Chemical Workers Union (SACWU) and United Associations of South Africa (UASA). Collective bargaining mechanisms as well as safety, health and environmental committees and other participative forums exist at all operations. Employment equity and skills development committees are operational within the South African divisions.

The charts below reflect the percentage representation per union of members as at 30 September 2013 and 30 September 2012 in the South African region. Altogether 68.6% of permanent employees were members of trade unions and 76.7% were covered by collective bargaining agreements.

Split in South African union membership 2013



Split in South African union membership 2012



# Nampak's people continued

## Operations in the rest of Africa

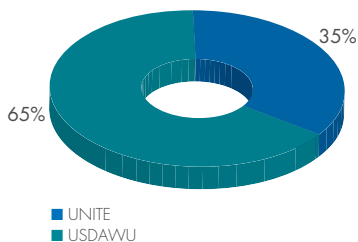
Trade union and collective bargaining structures in the rest of Africa operations were 62% and 94% of the permanent employees respectively.

## United Kingdom

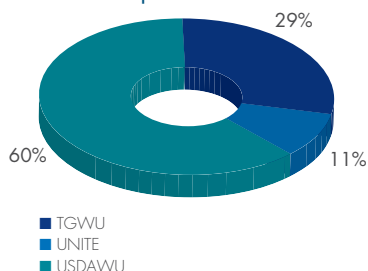
Collective labour and voluntary recognition agreements exist within the Plastic operations in the United Kingdom with Union of Shop Distributive and Allied Workers (USDAWU), and the Union and Transport and General Workers Union (UNITE). These structures are designed to achieve good employer and employee relationships through effective sharing of relevant information, the identification and resolution of conflict as well as consultation by management with employees.

The charts below reflect the percentage representation per union of members as at 30 September 2013 and 30 September 2012 for the United Kingdom. Altogether 13.9% of permanent employees were members of trade unions and 79% were covered by collective bargaining agreements.

### Split in United Kingdom union membership 2013



### Split in United Kingdom union membership 2012



## Labour rights

It is Nampak's policy not to tolerate any form of unfair discrimination, inhumane treatment, forced or child labour, harassment or intimidation in the workplace. Group standards and policies are in place and training is provided to prevent unacceptable behaviours. Disciplinary action is taken when required.

## Creating a healthy and safe workplace

### Occupational health and safety

The group complies with the Occupational Health and Safety Act or similar legislation in

the respective countries in which it operates. Safety, health and environment committees are in place at factories to assess and reduce the impact on the environment of manufacturing activities and to ensure the safety of employees. The chief executive officer is the ultimate custodian of occupational health and safety for the group. In order to actively manage and monitor performance against targets, the chief executive officer has assigned certain responsibilities to the cluster and divisional managing directors group-wide. Performance against targets is also monitored by the board's risk and sustainability committee and the board.

Group	Target 2014	Actual 2013	Target 2013	Actual 2012
Work-related fatalities <sup>2</sup>	zero	1	zero	zero
Number of reportable injuries <sup>3</sup>	10	11.67	14	13.5
Disabling-injury frequency rate <sup>1</sup>	0.5	0.9	1.24	1.14

Note 1: Disabling injury frequency rate: per 200 000 man hours worked.

Note 2: Cause unknown – police investigated and found nothing untoward in the death of Siyathokoza Dube at the Kliprivier site of Nampak Tissue.

Note 3: Average number per month.

Five new cases of noise-induced hearing loss, five of repetitive movement and one of dermatitis were reported during 2013. In addition to regular hearing tests, ongoing training, peer and management observation and corrective action are emphasised within the operations to reduce employee exposure to noise. In extreme cases of employee negligence, disciplinary action may be taken.

## South Africa

In a comprehensive health survey conducted in 2012 in South Africa, some of the more prevalent health issues affecting Nampak employees were highlighted. In response to this, all employees are now able to undergo screening tests for cholesterol, diabetes, sexually transmitted diseases and tuberculosis

in addition to the occupational hazard screening. Many operations conducted wellness days which resulted in heightened employee awareness of health-related matters.

Three operations have been certified for OHSAS: 18001 and a further 17 operations are planning certification during 2014. In addition, six operations are NOSA integrated five-star system certified.

## Operations in the rest of Africa

Occupational health and safety is integrated into the operations in the rest of Africa in terms of the group policy. The group's internal risk control standards provide for verification audits to be completed annually by the group's external insurance partners.

### United Kingdom

In the United Kingdom, the occupational health function, including pre-employment and ongoing shop floor evaluations, has been outsourced. General health and wellness awareness days were conducted as well as eye screening vouchers provided.

Eight of the nine plants in the United Kingdom are OSHAS: 18 001 certified with the recently acquired plant in Ireland commencing implementation during 2013 with anticipated certification in 2014.

### Employee assistance programmes (EAP)

Nampak provides its staff and their immediate families with an independent programme to assist with personal and work-related problems through referral to appropriate external facilities, such as clinics, hospitals, community resources, childcare facilities, lawyers, psychologists and social workers. The EAP service is confidential, free and voluntary. Employees whose work performance has been negatively affected by personal difficulties may also be referred to the EAP programme by their immediate superior. EAP provided significant input into the change process and retrenchments within Tissue and Liquid in South Africa.

### Wellness programme and HIV/Aids

Employees and occupational health nursing practitioners were trained to promote a healthier lifestyle among employees via wellness committees. In 2013, the wellness committees ran a cough and sneeze campaign to reduce absenteeism due to flu and upper respiratory tract infections. Flu injections were promoted and employees were taught how to cough and sneeze to reduce the spread of germs. Peer education training has progressed during 2013 and, in

addition to being able to educate fellow employees about HIV/Aids, peer educators also have the capacity to educate on the most prevalent lifestyle diseases in South Africa – diabetes, cholesterol, hypertension and heart disease.

All occupational health nursing practitioners attended an HIV update and were trained to plan and organise wellness campaigns. HIV testing continues to be offered by our clinic OHNPs during all routine medicals, and the uptake during 2013 increased in South Africa from 66% to 67%.

### Creating a diverse and transformed workplace

The group believes that a diverse and transformed workplace adds value in the form of improved employee capabilities and shared norms that underpin motivation. Diversity creates a platform for alternative viewpoints which in turn informs ethos and values. In order to achieve this, the group is actively driving transformation in respect of gender and race across all positions. Core to this approach is the recruitment, training and development of young talent for growth into future managerial positions. The introduction of the Executive Coaching Programme, which has now run for five years, is having a material positive impact on leadership capabilities. Remuneration structures are aligned to ensure equity irrespective of gender or ethnicity.

### Broad-based black economic empowerment South Africa

Nampak undertakes to continually address any inequalities present with regard to race, gender and disability in its employee base and to accelerate progress through structured skills development programmes and the injection of talent. Nampak remains

committed to B-BBEE and supports the Broad-Based Black Economic Empowerment Act and the Department of Trade and Industry's (dti) codes of good practice and scorecard. Nampak published its original B-BBEE charter in 2004 against which progress is measured. The charter is reviewed and updated in line with legislative requirements and improved targets. The charter was last updated in 2008 and another update is due in 2014 as a result of the new dti codes.

In its 2013 B-BBEE rating, Nampak did not achieve its target and reduced to a Level 4 contributor status from a Level 3 contributor status in 2012. This level provides for 100% of customers' spend to be regarded as B-BBEE spend. The target for 2014 is to achieve level 3 contributor status again. The certification is provided by the independent rating agency Empowerdex. The reduction to Level 4 during 2013 is a direct result of the change in the B-BBEE measurement of performance to the six- to 10-year targets. Furthermore, operating in a manufacturing environment makes it challenging to attract black female skills which Nampak recognises as a critical requirement for improvement of the B-BBEE scorecard. Nampak is keeping abreast of the potential changes in legislation. A detailed breakdown of Nampak's scores in each category is available on the company's website.

### Operations in the rest of Africa and United Kingdom

As with the South African operations, it is challenging to attract and retain female employees into manufacturing positions. Where feasible, the operations in the rest of Africa and United Kingdom are encouraged to diversify their employee profiles.

## Creating relationships with the communities close to Nampak's operations

Nampak's primary focus under its corporate social investment strategy is contributing towards the development of selected communities located near its factories in the areas of education, health and welfare, and the environment. These activities are largely directed towards the youth, with general support of communities through donations to various hospices and other charities. As a result of a consistent approach over a number of years, strong and significant relationships have been built.

The second principle aligns enterprise development and corporate social investment to initiatives which improve collection and recycling opportunities for its packaging products. Through the various programmes, the group aims to assess, manage and enhance the positive impacts of its operations on local communities.

The group has a target of allocating 1% of its profit after tax to corporate social investment. During 2013, R10.61 million was spent in South Africa in the following categories:

Category	Expenditure 2013 R million	Expenditure 2012 R million
Education	6.99	5.2
Health and welfare	1.11	1.2
Environment	2.35	2.5
CAN DO! Trekking for trash	0	0.75
Various charities in South Africa	0.15	0.23
Total	10.61	9.88
Various initiatives in the rest of Africa	0.17	0

### Education Bursaries

Bursaries were awarded to the value of R2.7 million. The bursary scheme, which has been operating successfully for many years, provides assistance to high-potential learners for further education at tertiary institutions. Being a manufacturing organisation, the

allocation of bursary funds is mainly to those learners who are studying towards science, engineering and business science degrees. Wherever possible, employment opportunities identified within the group are offered to successful bursary holders. A total of 42 (27 black males and 15 black females) bursars are currently involved in the scheme. Four bursars who had completed their studies joined the group during 2013. This brings the total number of students from Nampak's partnered schools and Nampak employee children to date to nine current employees.

In addition, R88 000 was donated to Tsiba Bursaries in support of two black students studying for Bachelor of Business Science degrees.

### Partnered schools

Nampak's school partnering programme is now in its eleventh year. The schools chosen for this initiative are carefully selected and are in areas close to the group's South African factories where it is likely that employees' children will attend. Funds are spent on upgrading and equipping libraries, employing qualified librarians, administrative infrastructure, science laboratories and security systems. In addition, opportunities are provided for teachers to enhance their skills and improve their own qualifications. Bursaries are provided for top students in mathematics, science and accounting. During 2013, R4.2 million was spent on these activities. Nampak has also established and upgraded sports facilities in consultation with the school governing bodies, most notably, the soccer field which was established at Amogelang.

The current schools are:

- Amogelang High School in Soshanguve, Gauteng
- Lebohang High School in Boipatong, Gauteng
- Lethulwazi High School in Vosloorus, Gauteng
- Nkumbulo High School, Kwa-Thema, Gauteng

- Swelihle High School, Umlazi, KwaZulu-Natal
- Belhar High School, Belhar, Western Cape
- Luhlaza High School, Khayelitsha, Western Cape

As the facilities become established less funding is required by the schools and a maintenance position is adopted. Nampak appoints a school champion, who is a Nampak employee, for each school. Each school champion is responsible for engaging with the headmaster, teachers and school governing bodies on a regular basis. These sessions provide an opportunity for feedback and also ensure that the programmes are adding value in the correct areas. Employees in various operations continue to collect books that are donated to the school libraries.

The ongoing maintenance of computer facilities at Nampak's partnered schools was outsourced during the year to Black Apple as the IT service provider. Black Apple consists of a small group of young people from Soweto, led by Sydney Mokhehi, who started out collecting old computers from companies, repairing these and then installing them at schools. The passion behind Black Apple is reflected in the way in which they approach projects. On one specific occasion, Swelihle High School in Durban had a problem with computer failure the day before the learners were due to write an exam. Sydney flew to Durban, worked through the night to get the computers operational for the exam and waited until the exam was finished before travelling back. Nampak pays for the company's service to the partnered schools. In order to assist Black Apple in developing a sustainable business model, Nampak has also paid for training to be provided by the Wits Business School's Centre for Enterprise Development.

The ultimate goal of the school partnership programmes is to provide career opportunities for learners from the partnered schools within

the group either directly from school or through further education support. The criteria for awarding bursaries to candidates are in line with general bursary application evaluations. Particular focus is placed on academic performances during their final matric year in mathematics, science and accounting as well as the potential of such student for a future management position within Nampak. Four bursars who had completed their studies joined the group during 2013. This brings the total number of students from Nampak's partnered schools and Nampak employee children employed to date to nine.

The group plans to continue its involvement by growing the number of school partnerships as funding allows.

## Environmental education Eco-Schools

Nampak continued to support the Eco-Schools programme during the year with a contribution of R1.2 million.

### The Green Flag continues to fly high: The WESSA Eco-Schools Programme

"Through Eco-Schools I learned to like nature, because if you take care of nature it will take care of you. When I work with water, every drop counts and I reuse water from the bath and kitchen in the garden. I've learned never to leave soil naked as this will encourage soil erosion." Mrs MS Sekhwama, *Masete No. 1 Primary School, Blouberg Limpopo*

Now in its eleventh year the Eco-Schools Programme has become a valuable curriculum framework for schools to work toward sustainable development goals. This year we saw the greatest number of schools registering ever, 1 220, and award results for 2012 were the highest they have ever been with over 75% of all schools being successful in achieving an award. The programme was also recognised at the prestigious Eco-logic SABC 3 Enviropaedia awards held in September, and won awards in the Community, Youth and Biodiversity categories.

So, what does an eco-school do? The story of Mosesani Baloyi Primary School, in the dry Limpopo province, is one that epitomises the Eco-Schools ethic. It also is one of the oldest and most committed in the province which will be celebrating 10 years with the programme this year. Named after the local chief this school had humble beginnings, starting off with a single classroom in an old abandoned bus. Today it stands proud, with three classroom blocks, 325 learners and 10 educators. Over the years they have taken action that has created an environmental consciousness recognisable in the way they manage their water resources – they harvest rain water, use the borehole water sparingly, have hand washing-up basins for the children in front of each classroom and they reuse the grey water in their vegetable garden. They supply the local community and ladies who cook for the learners (the school has a state feeding scheme) with fresh produce from their vegetable garden when in season. They have a fruit orchard, a medicinal garden and they practise trench gardening. This year they have started a community-based project with some learners and mothers from the community to sew and produce "wonderbags" – pumpkin-shaped, polystyrene-stuffed insulation bags which reduce the cooking time a pot would need on a stove top and completing the cooking in the bag through insulated heat. They have also begun making from waste paper "fire-starter blocks" which assist the ladies who cook the meals at school in starting up their wood fires with less kindle. Not surprisingly their commitment has been recognised and they have been selected to pilot the first biogas, water recycling, organic fertiliser producing plant model in Limpopo.

In contrast to rural schools, urban eco-schools have succeeded in other ways. The Birches pre-primary is a little state-aided eco-school near Durban and is one of our most inspirational examples. Struggling financially over the years, the school made a determined effort to become environmentally self-sustainable. It has taken 20 years but in

an exercise done recently in grade R, the students are convinced that they could live on the premises as if it were an island and live sustainably there for the rest of their lives! "Young children learn through their senses – sight, sound, touch and taste. They begin in the concrete stage and they learn by 'doing'. Thereafter comes thought and conceptualisation," says their principal, Scilla Edmonds.

The Birches joined the Eco-Schools Programme in 2004 and is also celebrating a decade of involvement. Activities range from learning how to plant a garden without spending money, growing food, medicinal plants, alien and indigenous plant audits, worm farming and insect hunts. With inspiration a unique garden plan was created, a new water-wise garden completed, a sustainability project including a solar heating system, a grey water system, and extension to their vegetable garden, worm farming and permaculture project formed part of the activities. Rainwater gathered from a tank nearby and mixed with worm tea add nutrients to the soil. Products from the garden are sold weekly by the children at their school market. A rainbow walk exploring colours, shape identification or learning to read those signs marking indigenous plants; or those that attract butterflies or warning of poisonous plants form part of a busy day. The garden also offers a place to sit, think, listen to the sound of running water or draw a picture. These children learn to record what they see and use real colours. Their very dynamic and committed Scilla Edmonds is an inspiration for all and this is clearly reflected in her comment: "The daily response of the learners to the miracles of nature makes the exercise worthwhile. We cannot underestimate the ability of these youngsters, who are already doing their part in the war against climate change. And it all begins ... in a garden! We will continue to fly our green flag high!"

## Creating relationships with the communities close to Nampak's operations continued

For more information contact the National Eco-Schools coordination team on tel 033 330 3931 or [bridget@wessa.co.za](mailto:bridget@wessa.co.za)



### Eco-Schools with Nampak's partnered schools in Gauteng

The year 2013 kicked off to an exciting start for the Nampak Eco-Schools in Gauteng (Lethulwazi High School (Vosloorus), Amogelang High School (Soshanguve), Nkumbulo High School (Springs) and Lebohang High School (Vanderbijlpark)) with all schools committing to be ambassadors of the environment and renewing their recycling programmes started last year. Lethulwazi was awarded a bronze certificate and both Amogelang and Lebohang a certificate of participation at the Gauteng Eco-Schools award ceremony for their commitment to the environment in 2012. Lethulwazi is now working on its silver award and continuing to maintain its current recycling project under the Resource Use theme and incorporate a community vegetable garden under the theme of Healthy Living. Vegetables have been planted and growing well, with teachers incorporating these projects to lessons within the curriculum. Lebohang formed a very

active eco-committee which in addition to recycling, has been supported to develop an entrepreneurial project known as "Plastic Fantastic". This project started by learners and teachers, turns ordinary plastic products, such as old shopping bags, sweet wrappers and bottle tops, into funky colourful arts and crafts, which can then be sold to generate an income for other environmental projects such as greening of the school grounds. The project shows great promise with a constant stream of available product through the school recycling programme. Amogelang is continuing to drive a dedicated recycling programme, with each and every Friday allocated to cleaning the school and collecting waste to then be sorted and stored for recycling. Learners from Amogelang also took part in a trip to the Maropeng world heritage site as part of the recent Enviro-paedia award ceremony, where Eco-Schools was nominated. Several workshops have been held with classes in Nkumbulo to promote litter prevention and recycling, with a scale donated by PETCO to assist in weighing the recyclables collected.

The PENSchools (a Nampak, PETCO and WESSA Eco-Schools partnership) Inter-Schools recycling competition was launched in March for the second consecutive year. The results were collated at the end of August, with the volumes of recyclables increasing across the board for all schools, compared to 2012. This year Lethulwazi was announced as the winning school, receiving a trophy, recycling station and contribution of R6 000, generously provided by PETCO. It is planned to continue building on this momentum going forward, with continued education and training on the importance of recycling to allow for even greater volumes of recyclables into 2014.



*A member of the Lebohang Eco-Schools committee Mrs Nomqibelo Tlake wearing one of the 'Plastic Fantastic' products – a necklace made with plastic sweet wrappers collected through the Eco-Schools Recycling campaign*



*Learners and eco-committee members at Lethulwazi at the October prizegiving, celebrating their hard work as the winning school for the 2013 PENSchools Inter-Schools Recycling Competition*

## Health and welfare Thembaletu (our trust) and Lifestyle feminine hygiene initiatives

Thembaletu is an assistance programme facilitated by Nampak Tissue, manufacturers of the Cuddlers disposable nappy brand, which supplied specifically branded nappies to carefully chosen privately funded Aids orphanages. During 2013 almost 605 000 nappies were donated. This programme has now been discontinued in response to increasing need for feminine hygiene products at schools. The portion of health and welfare budget that was previously allocated to Thembaletu has been set aside for future donations of Lifestyle feminine hygiene products under the "Help a girl stay in school banner". During the year almost 250 000 feminine pads were donated.

## Hospices

Nampak continues to donate to seven hospices around the country for their work in caring for terminally ill people, including some of Nampak's employees and family members. The annual donations for 2013 amounted to R500 000.

## Environment Recycling facility at Kruger National Park

Nampak's support for waste disposal systems in the Kruger National Park dates back to 2006 when it supplied the first animal-proof dustbins. The bins were installed in Skukuza through a project driven by the Honorary Rangers. The initial bins did not provide for separation of waste and recycling. South African National Parks, the Honorary Rangers and Nampak worked together to design a new prototype of animal-proof dustbin that provided for separation of recyclables from other waste. The redesigned high-quality steel bins were piloted at Skukuza with 150 bins initially installed in 2010. The trials have been successful and there have been no instances of baboons rummaging for food in the camp since the introduction. The bin design has now been patented and a total of 400 bins have been installed in the southern area camps since inception of the project.

The long-term objective is to provide these bins in all South African National Parks camps.

The recycling facility (known as the MRF) was installed in the Kruger National Park during 2013 and is now operational. The facility allows post-consumer packaging waste collected from the camps to be sorted into various material types for recycling. In addition to a contribution totalling R3.4 million to fund the facility, R800 000 was spent on a truck which enables the transfer of post-consumer packaging waste from the camps back to the facility for sorting over the project period. The ultimate aim is to create a stand-alone economically viable business which would be owned and managed by black entrepreneurs as part of Nampak's enterprise development strategy.



## Initiatives in the rest of Africa Education

A bursary was awarded to a student who has commenced studies in computer engineering at the Polytechnic in Nigeria's Osun State in the town of Iree.

## Health and welfare

Indirect contributions were made towards various charities near Nampak's operations in Kenya:

- Refurbishments of a day care and computer training centre as part of the Mukuru outreach programme;
- Refurbishment of the kitchen for a city council old-age home called Miji Wa Hurama; and
- Wings of passion, a rescue home for teenage mothers who have suffered from rape, prostitution and/or drug abuse.

## Environment

Nampak Cartons in Ibadan, Nigeria, has awarded a contract to sink a solar-powered borehole for the Christian Missions School for the Deaf at a cost of R130 000. The school is located along the Lagos-Ibadan expressway close to the operation.

A contribution of R24 750 was provided to the Rhino Ark Foundation, a conservancy project to protect one of Kenya's finest indigenous forests. The project involved the construction of a fence of 400 kilometres around the Aberdares National Game Reserve. The project started in 1991 initially to stop rhino poaching but has also contributed to the protection of the vital water source to many of Kenya's largest rivers.

# Nampak's environmental performance

## Overview

Nampak falls within the JSE sustainability index as a medium impact company on the environment. Its major impacts come in the form of the use of raw material it purchases (such as paper, board, tin plate, aluminium and various forms of plastic), the non-renewable source of electricity that is consumed which produces the bulk of its associated scope 2 carbon emissions in South Africa and the management of post-consumer waste, reduce, reuse and recycling.

## Policy

Nampak strives to create packaging that is balanced in terms of providing product protection and preservation, is cost-effective, creates maximum consumer appeal with appropriate product information and at the same time takes into account environmental responsibility.

Nampak's environmental policy states its commitment to operating as an environmentally responsible company, and its belief that the integrated actions of its operations to conserve natural resources and protect the environment make business sense.

Nampak undertakes to ensure that any potential harmful impacts of its processes and products on the environment are minimised by:

- complying with the requirements of ISO 14001:2004;
- identifying and complying with relevant legislative requirements, internal standards, as well as the requirements of its stakeholders;
- improving environmental performance through establishing a framework for setting and reviewing measurable and appropriate objectives and targets, regular monitoring and environmental audits;
- promoting environmental awareness, both internally and externally, through training and proactive communication with stakeholders;
- preventing pollution and continually improving performance through focusing on the following aspects at operations:
  - increasing energy efficiency and reducing GHG (greenhouse gas) emissions as a commitment to managing the impact on climate change.
  - minimising and recycling of waste generated by the operations as well as post-consumer waste.
  - reducing resource utilisation through innovation and packaging solutions.
  - conserving water resources.

- providing the necessary financial and human resources at board and divisional level to give effect to the environmental policy; and
- communicating the environmental policy to employees, contractors and other stakeholders.

Nampak is committed to complying with the law in all of its operations and beyond to minimise its risks and impacts by developing robust and documented systems to measure, monitor and communicate its environmental performance both within its operations and to the broader community. Consequently, an environmental management system based on the ISO 14001:2004 standard has been adopted within the group's large manufacturing operations and is being implemented incrementally by the divisions each year.

Internal environmental assessments are conducted at intervals in smaller operations where it is not feasible to implement the full standard as well as in operations in the rest of Africa. No significant environmental impacts have been identified during 2013.

Once the standard has been achieved in the major South African and United Kingdom operations, implementation will, where appropriate, commence at larger manufacturing sites in the rest of Africa.

Certification is currently held as follows:

	Number of operations requiring ISO 14001:2004	Number of certified operations	Number of operations planning implementation
Metals and Glass	8	8	n/a
Paper and Flexibles	7	5	2
Plastics	Focused on quality standards during 2013 and moving to environmental standards from 2014 onwards. Two operations hold ISO 14001:2004 certification.		
Tissue	3	1	2
<b>South Africa</b>	<b>18</b>	<b>14</b>	<b>2</b>
<b>United Kingdom</b>	<b>9</b>	<b>8</b>	<b>1</b>

## Climate change Key risks and opportunities

Climate change represents both risks and opportunities for Nampak. For a holding company as diverse as Nampak, with interests in paper, glass, metals and plastics,

and with 89 manufacturing sites, Nampak facilities are susceptible to risks ranging from shortages of natural resources, severe weather events to logistics interruptions. As a packaging supplier, Nampak is indirectly exposed to the same risks and opportunities

as its raw material suppliers and customers. The key climate change risks and opportunities have been extracted and reported separately below.

Climate change trends	Resultant opportunities and risks	Nampak's response
Shifts in agriculture	<ul style="list-style-type: none"> <li>Changes in crop yields as a result of changes in the weather patterns as well as the impact of changing ocean currents could impact the availability of fish stocks and the associated demand for packaging</li> <li>Increased quality control requirements on products to prevent spoiling</li> </ul>	<ul style="list-style-type: none"> <li>Comprehensive production forecasting in consultation with customers</li> <li>Development of innovative packaging solutions to meet changing conditions</li> <li>Research and development facility which is used to test suitability of packaging</li> </ul>
Higher temperatures	<ul style="list-style-type: none"> <li>Increased demand for beverages resulting in increased demand for packaging</li> </ul>	<ul style="list-style-type: none"> <li>Nampak's beverage canning, polyethylene terephthalate (PET) and glass bottling, closure and labels divisions would benefit from any increasing demand</li> </ul>
Resource shortages	<ul style="list-style-type: none"> <li>Increased focus on recycling opportunities</li> <li>Innovative packaging solutions to meet changing conditions</li> </ul>	<ul style="list-style-type: none"> <li>Light-weighting, recycling and other opportunities to reduce resource usage</li> <li>Increased recyclable content and/or recyclability of products</li> <li>Active participation in industry recycling initiatives that increase the demand for post-consumer packaging materials</li> <li>More details included on pages 55 to 58 of the integrated annual report</li> </ul>
Water scarcity and availability	<ul style="list-style-type: none"> <li>Many customers are reliant on sustainable supplies of quality water to produce food and beverages which could impact the demand for packaging</li> </ul>	<ul style="list-style-type: none"> <li>Engagement with customers to establish understanding of the potential impacts in order to inform the group's strategy</li> </ul>
Shifts in consumer attitude towards more sustainable, less energy-intensive products	<ul style="list-style-type: none"> <li>Requirement for a lower carbon footprint associated with packaging while still providing the appropriate level of protection and information</li> <li>Increased recyclability of products</li> </ul>	<ul style="list-style-type: none"> <li>Innovative offerings through the group's significant research and development capability</li> <li>Collaboration with customers to develop appropriate solutions</li> </ul>

Nampak's research and development department consistently works on light-weighting, recycling and other opportunities to reduce resource usage and to increase recyclable content and/or recyclability of its products to address the resource shortage risk. The current projects are set out in more detail in Nampak's research and development section on page 55 of this report.

# Nampak's environmental performance continued

Shifts in consumer attitude towards more sustainable, less energy-intensive products present a business opportunity as Nampak manufactures several products that can help businesses and consumers exporting to the European Union (EU). Nampak's significant research and development capability offers opportunities for the company to respond to a changing consumer attitude and regulatory environment, as it allows Nampak to capitalise on movements in consumption patterns driven by environmental awareness.

## Nampak's climate change impact

Nampak appreciates the global concerns regarding global warming and aims to systematically reduce its energy equivalent carbon emissions. The bulk of Nampak's greenhouse gas emissions are as a result of the purchase of electricity from Eskom. The commercial value attached to the identification and implementation of energy-reduction opportunities ensures necessary emphasis is placed and that alternative less carbon-intensive sources of energy are actively considered. In order to facilitate sharing of initiatives across the operations, a senior management energy, water and waste committee has been established and has been operational for a number of years.

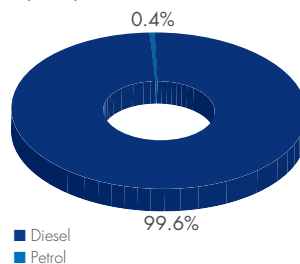
Electricity is the largest component (>70%) of the carbon footprint. In CDP 2013 a 10% target from the baseline (2008) was set and achieved in 2013. The divisions are presently revising targets taking into account further opportunities to improve efficiencies.

## Electricity consumption (kWh) by region then by cluster

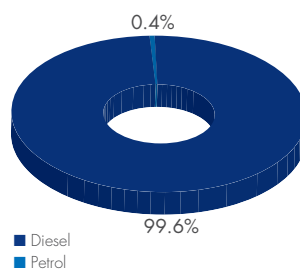
	2013	2012
South Africa	580 189 422	583 620 913
Metals and Glass	206 347 405	205 714 712
Paper and Flexibles	156 565 490	157 952 601
Plastics	128 829 696	121 969 639
Tissue	86 301 159	96 482 281
Other: group services	2 145 672	1 501 680
Rest of Africa	20 387 075	13 387 152
United Kingdom	84 218 136	85 594 715

The absolute electricity consumption reduced in South Africa and the United Kingdom by 0.58% and 1.6% respectively. The electricity consumption for the rest of Africa increased as the group improved its reporting journey. The energy consumption of diesel is larger in the rest of Africa where there is a higher reliance on generators used to support equipment and on forklift trucks.

## Other energy consumption by source (litres): 2013



## Energy consumption by source: 2012



## Greenhouse gas emissions

Nampak has established its carbon footprint using the Greenhouse Gas Emission protocol and has used this information to set appropriate targets for reductions. The table alongside provides an overview of Nampak's carbon dioxide equivalent (CO<sub>2</sub>) emissions for its South African and United Kingdom operations and for the first time all of the operations in the rest of Africa. The calculation is performed by Carbon Calculated on data provided by the divisions and is based on the Greenhouse Gas Protocol – Corporate Accounting and Reporting Standard. The report was independently verified according to the ISO 14064-3 International Standard for GHG verifications.

## Reporting period

Financial year 2013 (1 October 2012 to 30 September 2013).

## Carbon footprint calculation

The carbon footprint calculation was conducted on Nampak South African operations, all the operations in the rest of Africa for the first time and the United Kingdom operations.

## Methodology

Greenhouse Gas Protocol – Corporate Accounting and Reporting Standard.

	2013	2012
Total Nampak employees covered by report	10 229	9 446
Total square metreage of offices reported	1 335 353	1 491 816
External revenue in million rand	18 295.6	17 639.1
<b>Scope 1 direct emissions</b>	<b>Metric tonnes of CO<sub>2</sub>e</b>	<b>Metric tonnes of CO<sub>2</sub>e</b>
Equipment owned or controlled (eg generators)	200 154.15	188 551.73
Fuel used in forklifts	4 352.51	4 162.76
Vehicle fleet	3 217.21	7 421.61
Air-conditioning and refrigeration gas refills and nitrous oxide	4 820.21	3 597.25
<b>Total scope 1 emissions</b>	<b>212 544.08</b>	<b>203 733.35</b>
Scope 2 indirect emissions		
Purchased electricity	614 669.38	628 482.95
<b>Total scope 1 and 2 emissions</b>	<b>827 213.43</b>	<b>832 216.30</b>
Scope 3 indirect emissions		
Business travel in rental cars	193.09	190.06
Business travel in commercial airlines	5 266.32	7 552.12
Business travel in overnight accommodation	79.93	81.55
Outsourced transport	6 108.93	5 746.24
Consumption of office paper	276.08	227.78
<b>Total scope 3 emissions</b>	<b>11 924.35</b>	<b>13 797.75</b>
<b>Total scope 1, 2 and 3 emissions (GHG protocol)</b>	<b>839 137.18</b>	<b>846 014.05</b>
Non-Kyoto Protocol GHG emissions <sup>1</sup>	1 213.54	235.30
<b>Total Nampak emissions CO<sub>2</sub>e (metric tonnes)</b>	<b>840 351.32</b>	<b>846 249.35</b>
Emissions per full-time employee (t/FTE)	82.15	89.59
Emissions per metre squared of office space (t/m <sup>2</sup> )	0.63	0.51
Tonnes of CO <sub>2</sub> e per million rand revenue	45.93	47.98

<sup>1</sup> Non-Kyoto Protocol emissions are reported separately according to GHG Protocol.

## Nampak's environmental performance continued

### Carbon Disclosure Project (CDP)

Nampak participated in the CDP investor survey during the year under review. The CDP seeks information from the world's largest companies on their behalf on the business risks and opportunities presented by climate change as well as data on greenhouse gas emissions. In South Africa, the top 100 companies listed on the JSE, including Nampak, were invited to complete the CDP questionnaire. Nampak participated on a disclosed basis and was included in the 2012 Carbon Disclosure Leadership Index (CDLI) with a score of 95 while it achieved a level B rating for performance (range from A to D). The results for 2013 are still awaited.

### Water consumption (Kl)

Nampak recognises the water scarcity challenges that face many industries across the entire supply chain of packaged products. Although its own water consumption relative to other industries is less significant, Nampak understands that its water consumption requirement is highest at the paper mills with the next largest usage coming from Bevcan's processes. In response to this, these operations have developed action plans to sustainably reduce water usage relative to the volume of product produced.

The bulk of Nampak's water requirements are provided by municipal sources. Total absolute water consumption (Kl) by region and then by cluster is set out below:

	2013	2012
South Africa	3 420 286	3 252 677
Metals and Glass	1 380 821	1 064 819
Paper and Flexibles	1 035 168	1 124 808
Plastics	181 764	318 276
Tissue	805 901	741 658
Other	16 632	18 183
Rest of Africa	135 461	72 827
United Kingdom	25 800	25 800

### Waste management

Nampak's operations do not generate significant levels of waste. Wherever possible, raw material and other waste are recycled. Group service agreements are in place with certified providers for other general and hazardous waste removal.

### Biodiversity

Nampak's operations are not situated in or adjacent to protected areas.

### Environmental spills

Nampak is pleased to report that there were no significant spills or environmental incidents during the year under review.

# Nampak's product sustainability

Nampak's value proposition is based on the production of packaging products that contribute to the protection and prevention of product deterioration, such as in food and beverages, and also enables easier transportation and handling of goods. Packaging is an essential component in the supply chain providing convenience to consumers that is an essential part of today's lifestyles. Packaging ensures that products are delivered in a beneficial and secure manner to consumers. Packaging helps to give identity to products, promotes product brands and provides key product, health and safety information that informs consumers of product contents. Without packaging, many products would not be sustainable and more waste would be generated.

Primary packaging accounts for a small proportion of the total energy input into an average product's life cycle from raw material to the end of its use. By avoiding food spoilage and product damage, the overall impact on the environment is likely to be positive. Nampak is mindful that the benefits of packaging have to be balanced alongside the generation of packaging waste, depletion of natural resources, the efficient use of energy and the company's carbon footprint.

Ongoing engagement with industry bodies, employees, customers and suppliers on future packaging requirements ensures that Nampak's product range evolves as alternative solutions become available. Such alternative solutions include light-weighting of packaging recycling, reuse and recovery thereby improving sustainability of raw materials. Nampak's research and development facility is core to the development of alternative solutions.

## Commitment to research and development

Nampak's research and development department (R&D) has an impressive 67-year track record and is at the forefront of its field, standing among the global leaders in packaging science and technology. It provides the group's customers with an impressive value-added service, delivering packaging products that improve living standards and lifestyles. The skills set comprises a highly trained team of 30 scientists, two engineers, 12 technologists and four business information researchers utilising the latest, state-of-the-art analytical and design tools. These experts have a formidable knowledge of material science, chemical analysis, food science and microbiology. They are backed by an extensive database compiled from decades of experience and case studies.

This provides Nampak and its customers with the expertise to package their products in a way that enables them to gain a significant value-added advantage over the competitors. Shifts in consumer attitude are researched in focus groups, by both Nampak and its customers, to enable R&D to keep pace with changing consumption trends. An innovation process and subsequently a specific innovation room have been established at R&D for Nampak divisions and customers to consider product advancements and designs. Nampak aims to increase recyclability of packaging, believing this to be a more sustainable solution than biodegradability. Packaging extends the shelf life of products, but the increased awareness of waste drives a trend to reduce perceived "overpackaging". This requires constant innovation from Nampak's various divisions.

In keeping with the goals of the group, R&D has demonstrated improved recycling of their waste through enhanced separation at source, and significantly reduced energy consumption in the facility through energy conservation investments and action. This all forms part of our goal to grow and provide a sustainable safe and healthy working environment.

## Metals

Investigations into light-weighting both the two-piece and three-piece food and aerosols, and paint cans have resulted in a further reduction in can weights during the year. R&D conducts multiple tests on metal packaging to ensure that light-weighted cans will meet industry needs. Testing of lighter steel from international suppliers is continuous and various steel suppliers have been approved to supply Nampak. This initiative, which was born out of a cost-saving and risk reduction exercise, will result in significant resource conservation in the near future. Care has been taken to ensure that imported materials are not sourced from conflict areas (no conflict minerals are used). Nampak Bevcan commenced with the production of aluminium beverage cans in 2013. Nampak R&D is intensively involved in the evaluation and validation of aluminium substrates to ensure suitable quality material for the manufacturing of the aluminium cans.

## Lacquer system for metal packaging

Nampak R&D is working very closely with its international lacquer suppliers to find a suitable alternative to BPA (Bisphenol-A) free coating system for its food and beverage cans. Packed trial cans are monitored on a regular basis. BPA epoxy phenolic lacquer systems have been used in the international

## Nampak's product sustainability continued

can manufacturing environment for more than 50 years. Due to controversial publications regarding BPA over the past few years, a decision by the international coating suppliers and can manufacturers was taken to develop a BPA-NI (not intentionally added) coating system. Due to the necessity of long-term pack test to ensure appropriate performance of the end products, it is expected that this will be a two- to three-year project. Good progress has been made and depending on the pack test results, Nampak may be in a position to produce metal containers with BPA-NI coatings for certain food and beverage applications during 2014.

### Paper

The Nampak Corrugated division has increased the portion of recycled paper in its board and has used all the board produced by the brown paper mill at Rosslyn in its products. Research continues to be conducted on strength comparisons between recycled and virgin material to determine an optimal level of recycled content. Corrugated board grades have been rationalised to optimise production and reduce raw material usage in several grades. The manufacturing of starch adhesive is being automated to ensure consistency and reduced waste. Optimising the manufacturing of corrugated boxes leads to higher-quality boxes, resulting in less waste. Reducing the raw material used for paper sacks was approved after extensive scientific analysis to ensure it is fit for use. Alternative technologies to wax impregnation and plastic coatings are evaluated whenever new products are developed to optimise the recyclability of

the Paper. R&D works very closely with the Paper divisions to identify suitable international pulp and paper board suppliers for its diversified paper-based product range. The cartons plants have aligned their purchasing strategies so that they are able to participate in the Forestry Stewardship Council Chain of Custody certification, which tracks certified material through all successive stages of manufacturing and distribution, from the forest to the consumer. This enables Nampak to meet customer requirements and to provide end-users of products with assurance that they are environmentally friendly.

### Plastic

Light-weighting of PET and HDPE bottles is constantly being evaluated. Nampak R&D has measured carbonation retention and the physical properties of light-weighted packaging to check the conformance with customer standards. R&D has also been involved in the successful development and continued improvement of the Nampak Plastics UK "Infini" milk bottle by utilising its finite element analysis (FEA) computerised modelling equipment. The FEA analysis of various new bottle designs has helped to reduce bottle mass by suggesting redistribution of the polymer to appropriate areas where extra strength is needed. The group is monitoring the ongoing debate on the issue of biodegradable plastics for packaging. At this stage biodegradable plastics are not regarded as a viable option due to their potential contamination of the recyclable plastics waste stream. The group is promoting resource conservation and recycling initiatives. There is a constant

drive to increase the percentage of recycled PET in new PET bottles. Recent work allowed for the addition of up to 50% recycled PET in non-food packaging. A new seven-layer co-extruder allows for the construction of clear materials that can replace aluminium containing laminates. At Nampak R&D these new materials are being evaluated for their suitability for key applications. The Nampak R&D plastic laboratory is also involved in numerous testing and developments to improve the barrier properties on a range of plastic materials for food and beverage products. This includes the use of various oxygen scavenging materials. R&D is involved in measuring the compliance of packaging-chemical migration together with Nampak's suppliers and customers. Through close monitoring of local and international regulation R&D can keep close track of changes which may impact packaging compliance for food contact materials.

### Commitment to reducing, recycling and reusing

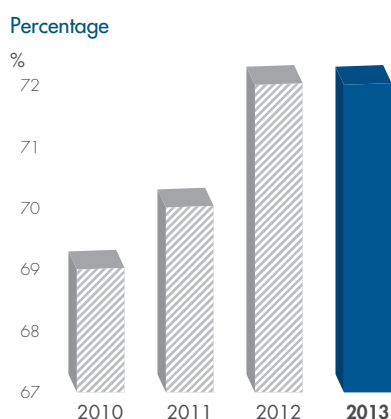
#### Internal initiatives

##### South Africa

##### *Collect-A-Can*

Collect-A-Can, which is a joint venture between ArcelorMittal and Nampak, collects and recycles used beverage cans. Collect-A-Can is subsidised by shareholders to create an incentive for people to collect cans. It operates across borders on the subcontinent where cans of South African and Angolan origin are sold. South Africa is among the world leaders in steel beverage can recovery rates and makes the beverage can the most successfully recycled primary packaging in

South Africa. The four-year trend for steel beverage can recovery rates is reflected below:



#### Nampak recycling

As one of Africa's largest recyclers, Nampak Recycling, Nampak's specialist recycling division, is represented nationally through appointed agents and branches in Cape Town, Johannesburg, Pretoria, Pinetown and Port Elizabeth. Our primary functions are to procure recovered fibre for the group paper mills and recovered cullet for the Glass division. During the year the division collected 300 000 tonnes of recyclable materials. The recovered fibre was consumed as a raw material to manufacture corrugated cartons and tissue for hygiene products. The recovered glass was used to produce a diverse range of bottles for the food and beverage industries.

#### United Kingdom

Nampak Plastics continues to make significant progress commitment to sustainability with the sales on its light-weighted high-density polyethylene milk bottle and has just passed its quarter billionth new

Infini® bottle sale in the United Kingdom. The bottle offers weight savings of up to 25% and a recycled content of 15%. Trials during the year have confirmed that the recycled raw material content on both the division's Infini® and standard bottle ranges can be increased to 30% and is on target for 30% recycled polymer inclusion in its milk bottles by 2015.

#### External initiatives

##### South Africa

Nampak continues to actively participate in the development and implementation of a comprehensive waste management plan in South Africa which provides for systematic improvements in the diversion of packaging and paper waste from landfill. The National Environmental Management: Waste Act, 2008 (the Act) empowers the Minister of Environmental Affairs to develop industry waste management plans including the packaging and paper sector. While the Minister of Environmental Affairs has not formally gazetted the need for an industry plan, the Packaging Council of South Africa, (PACSA) whose convertor members account for some 70% of the turnover of the packaging industry in South Africa, proactively established the appropriate structures that could develop a coordinated industry waste management plan. The Recovery Action Group consisting of major organisations representing the paper industry and the major packaging materials (metals, glass, plastics and paper) worked together on common issues relating to recycling activities with a view to providing one consolidated plan which would increase the feasibility in the South African context, would provide economies of scale and result in an increase

in recycling activities across all material types. The comprehensive plan was agreed and submitted to government during August 2011 and forms the basis of continuing discussions. More details of the plan are available on the PACSA website at [www.pacsa.co.za](http://www.pacsa.co.za). At the core of the waste management plan are a number of industry body initiatives and Nampak divisions play an active role in these activities through executive and management involvement and direct financial contributions in support of the development of recycling opportunities. The industry bodies are listed below together with the website should further information be required.

- The Glass Recycling Company at: [www.theglassrecyclingcompany.co.za](http://www.theglassrecyclingcompany.co.za)
- The Paper Recycling Association of South Africa at: [www.prasa.co.za](http://www.prasa.co.za)
- PlasticsISA at: [www.plasticsinfo.co.za](http://www.plasticsinfo.co.za)
- Petco (Pty) Ltd at: [www.petco.co.za](http://www.petco.co.za)
- South African Industrial Containers Reconditioners Association at: [www.rosefoundation.org.za](http://www.rosefoundation.org.za)
- Polyolefin Recycling Company at: [www.polyco.co.za](http://www.polyco.co.za)

#### United Kingdom

Nampak Plastics has led the market in reducing the environmental impacts of producing and consuming liquid and, with its partners in the dairy industry, produced the world's first milk bottle containing food grade post-consumer recycled polymer. Further to the inclusion of recycled material, new bottles, such as Infini®, which reduced weight and thus carbon tonnes, is one component of the Dairy Roadmap, a dairy industry initiative of which Nampak was a founding member. The Dairy

## Nampak's product sustainability continued

Roadmap provides for the establishment of targets in consultation with the Department of Environment Food and Rural Affairs and aims to minimise the environmental impact across the entire dairy supply chain.

### Rest of Africa

An initiative is commencing in Zambia which will collect post-consumer liquid packaging cartons and turn the material into general use briquettes which can be used for heating.

### Commitment to product stewardship

During engagement with customers the divisions agree on the quality and food standards that are required as part of the overall supply chain relating to specific primary packaging for food and beverages for each of the manufacturing sites. These standards are then incorporated into the

business processes. In some cases, a number of food and safety standards have been adopted. The standards are internationally recognised and provide the requirements, specifications, guidelines or properties that can be used consistently to ensure that materials, products, processes and services deliver the objectives. These processes may be accredited by recognised external providers and, where certification is held, provide an appropriate level of de-risking to the group and assurance to customers and ultimately consumers of products.

Combinations of the following standards have been adopted within the group as the standards evolve:

- ISO 9001:2008 – quality management
- ISO 22000:2005 and PAS 223 – food safety management

- FFSC 22000 – aims to harmonise food safety standards for food manufacturers across Europe by incorporating other standards into one food and beverage framework
- BRC – packaging and packaging materials management
- AIB – plant inspections on food safety aspects
- HACCP – preventive approach to food safety, biological, chemical, physical management of hazards to food safety

The information on the following page sets out the target standards by cluster and then division against the actual standards where certification is held:

## South Africa

### Metals and Glass

Cluster	Total number of operations	ISO 9001:2008		ISO 22000:2005 and PAS223		FSSC 22000		HACCP	
		Target 2014	Actual 2013	Target 2014	Actual 2013	Target 2014	Actual 2013	Target 2014	Actual 2013
Bevcan	4	4	4	n/a	n/a	4	4	4	4
DivFood	4	4	4	1	1	2	2	2	2
Glass <sup>1</sup>	1	1	0	1	1	1	1	1	1

Note 1: Aim to achieve ISO 9001:2008 certification as a separate standard for FSSC 22000 during 2014.

### Paper and Flexibles

Division	Total number of operations	ISO 9001:2008		ISO 22000:2005 and PAS223		BRC		AIB		HACCP	
		Target 2014	Actual 2013	Target 2014	Actual 2013	Target 2014	Actual 2013	Target 2014	Actual 2013	Target 2014	Actual 2013
Corrugated <sup>1</sup>	11	4	4	Not required				5	5	Not required	
Flexibles	3	3	3	Not required		2	2	1	1	2	2
Sacks	1	1	1	1	1			Not required			

Note 1: Does not produce primary packaging, therefore food safety standards not required. Six small operations will be covered by peer reviews but certification will not be sought.

### Plastics

Division	Total number of operations	ISO 9001:2008		FSSC 22000		HACCP	
		Target 2014	Actual 2013	Target 2014	Actual 2013	Target 2014	Actual 2013
Closures	2	2	2	2	2	2	2
Liquid Cartons	1	1	1	Not required			
Liquid Plastics <sup>1</sup>	12	9	9	3	0	2	2
Megapak	4	3	3	2	1	Not required	
Petpak	4	2	2	3	3	Not required	
Tubes	1	1	1	1	0	2	2

Note 1: Three small operations will be covered by peer reviews but certification will not be sought.

## Nampak's product sustainability continued

### Tissue

Division	Total number of operations	ISO 9001:2008	
		Target 2014	Actual 2013
Tissue <sup>1</sup>	7	7	7
Recycling <sup>1</sup>	4	4	0

*Note 1: Primary packaging for food and beverages not produced, therefore food and safety standards not required.*

### Operations in the rest of Africa

Country	Total number of operations	ISO 9001:2008		HACCP	
		Target 2014	Actual 2013	Target 2014	Actual 2013
Angola	1	1	0	4	4
Zimbabwe	2	2	0	3	3

At this stage formal certification under standards is not a business requirement. Technical support and peer reviews provide the necessary comfort.

### United Kingdom

Division	Total number of operations	ISO 9001:2008		ISO 22000:2005 and PAS 223		BRC	
		Target 2014	Actual 2013	Target 2014	Actual 2013	Target 2014	Actual 2013
Plastics	9	9	8	1	0	9	9

### Group risk control assessments

All operations, irrespective of jurisdiction, are required to complete self-assessments which include the following components: fire defence, security, health and safety, emergency planning, motor vehicle fleet control, risk management organisation which includes management's involvement in the implementation of all policies that relate to risk activities. Annual external reviews are performed by Nampak's insurance partners and feedback is provided to the executives on any areas that require improvement. This process results in reducing the residual risks facing the group as well as control over insurance premiums.

# Corporate governance report

## Introduction

Nampak's board of directors is committed to ensuring that the group adheres to the highest standards of corporate governance in the conduct of its business and this report sets out how the principles of good corporate governance are applied.

## Statement of Compliance King III

The board is of the opinion that in the year under review the company complied with:

- the requirements of the Companies Act, No 71 of 2008. In particular a new memorandum of incorporation for the company was adopted at the annual general meeting on 8 February 2013;
- the principles of the King Report on Governance for South Africa, 2009 (King III), save for the exceptions which are set out in Table 3 which appears at the end of this report. A statement of how the company has applied the principles set out in King III is available on the company's website; and
- the JSE Listings Requirements.

## Governance framework and structure

The board is the highest governing authority in the group and has ultimate responsibility for corporate governance. A sound corporate governance framework is in place and is considered by the board to be essential for sustainable value creation. The underlying structures and processes are renewed regularly to ensure alignment with King III, the Companies Act, No 71 of 2008, and best practice.

## Board of directors

### Independent non-executive directors

TT Mboweni (chairman)  
RC Andersen  
E Ikazoboh (appointed wef 1 October 2013)  
RJ Khoza  
PM Madi  
I Mkhari (appointed wef 1 October 2013)  
VN Magwentshu  
DC Moephuli  
CWN Molope  
RV Smither  
PM Surgey

### Board committees

#### Audit committee

RV Smither (chairman)  
RC Andersen  
VN Magwentshu  
CWN Molope

#### Nomination committee

TT Mboweni (chairman)  
RC Andersen  
RJ Khoza  
PM Surgey

### Social, ethics and transformation committee

PM Madi (chairman)  
VN Magwentshu  
PM Surgey

### Investment committee

(formed on 21 November 2013)  
RC Andersen (chairman)  
PM Madi  
VN Magwentshu  
DC Moephuli

## Board of directors

The board is responsible for the strategic direction of the group, while also maintaining control over all material matters affecting the group.

Nampak's board comprises three executive and 11 non-executive directors, following the appointment of Mr E Ikazoboh and Ms I Mkhari to the board of directors with effect from 1 October 2013. The board of directors reviewed the independent status of all the non-executive directors during the year under review and considers them all to be independent.

## Executive directors

AB Marshall (chief executive officer)  
G Griffiths (chief financial officer)  
FV Tshiqi (group human resources director)

### Remuneration committee

PM Surgey (chairman)  
RC Andersen  
TT Mboweni

### Risk and sustainability committee

CWN Molope (chairperson)  
PM Madi  
DC Moephuli  
PM Surgey  
Ex officio: RV Smither as chairman of the audit committee

### Group executive committee

AB Marshall (chief executive officer)  
CH Bromley  
PA de Weerd  
G Griffiths  
RG Morris  
SE Msane  
FV Tshiqi  
NP O'Brien (secretary)

The positions of chief executive officer and chairman are separated, with responsibilities divided between them for matters affecting the board and management. The division of responsibilities ensures a balance of power and authority. The chairman leads the board and ensures that all relevant information is placed before it for decision. The chief executive officer is responsible for the operation of the businesses, the development of strategy, the submission of business plans and budgets to the board for consideration.

## Corporate governance report continued

The company announced on 28 May 2013 that Mr Andrew Marshall will retire as chief executive officer in March 2014, and on 14 October 2013 announced that Mr André de Ruyter will succeed Mr Andrew Marshall as chief executive officer of the company with effect from 1 April 2014. Mr de Ruyter will be appointed as an executive director with effect from 1 January 2014, subject to confirmation at the annual general meeting to be held on 6 February 2014.

All directors are subject to retirement and re-election by shareholders every three years, other than the chief executive officer and the chief financial officer during the periods of their service contracts. Re-election takes place on a staggered basis to ensure

continuity, but reappointment is not automatic. The appointments of new directors are subject to confirmation by shareholders at the first annual general meeting after their appointment.

The nomination committee follows a formal process in considering the appointment of directors and then makes recommendations to the board for any such appointments. In making appointments the board considers skills, knowledge, experience and the overall composition of the board. Each non-executive director is given a letter of appointment.

The board comprised 57% historically disadvantaged South Africans and 28% females as at 1 October 2013. Biographical

details of all the directors are set out on pages 12 to 14 of this integrated annual report.

The non-executive directors do not participate in any share incentive or share option schemes in the company.

### Board meetings

The board meets at least six times per annum and the details of attendance in financial year 2013 are provided in Table 1 below. A formal agenda is issued for each board meeting and supporting documentation is distributed to all directors at least five working days before a board meeting to provide sufficient time for preparation.

**Table 1**

Attendance at board and committee meetings during the year ended 30 September 2013

	Board		Audit committee		Social, ethics and transformation committee		Remuneration committee		Nomination committee		Risk and sustainability committee	
	A	B	A	B	A	B	A	B	A	B	A	B
RC Andersen	6	6	3	3	–	–	4	4	6	6	–	–
G Griffiths	6	6	–	–	–	–	–	–	–	–	2	2
RJ Khoza	6	6	–	–	–	–	–	–	6	6	–	–
PM Madi	6	6	–	–	2	2	–	–	–	–	2	2
VN Magwentshu	6	6	3	2	2	2	–	–	–	–	–	–
AB Marshall	6	6	–	–	–	–	–	–	–	–	2	2
TT Mboweni	6	6	–	–	–	–	4	4	6	6	–	–
DS Moephuli	6	5	–	–	–	–	–	–	–	–	2	2
CWN Molohe	6	5	3	3	–	–	–	–	–	–	2	2
RV Smither	6	5	3	3	–	–	–	–	–	–	2	1
PM Surgey	6	6	–	–	2	2	4	4	6	6	2	2
FV Tshiqi	6	6	–	–	–	–	–	–	–	–	–	–

Column A

Indicates the number of meetings held during the period the director was a member of the board and/or committee.

Column B

Indicates the number of meetings attended during the period the director was a member of the board and/or committee.

## Role and purpose of the board

The board operates under an approved charter which sets out its terms of reference, including its powers and responsibilities. A copy of the charter is available on the company's website.

There are comprehensive management reporting disciplines in place which include the preparation of annual budgets by all operating units. The strategic plan, the group budget, summaries of divisional sales, operating profit and capital expenditure are reviewed and approved by the board. Results and the financial status of divisions are reported on at board meetings against approved budgets and compared to the prior year. Profit projections, forecast cash flows and working capital and borrowing levels are also reported on at these meetings.

## Access to information and resources

Directors have access to all group information. In addition, the directors may in appropriate circumstances seek independent professional advice about the affairs of the company at the company's expense. A director would initially discuss and clear the matter with the chairman or the company secretary unless this would be inappropriate.

## Declaration of directors' interests

Directors are required to disclose their shareholdings and additional directorships on an annual basis and any potential conflicts of interest must be disclosed at the relevant board meeting.

## Induction and education

The company has a formal induction policy. This provides for new directors to visit key sites, meet with group management and to be provided with copies of all relevant documentation, including the charters of the board and its committees, minutes of recent meetings, company policies and recent annual reports.

Ongoing training is offered to individual directors on request, while information and update sessions are provided at board meetings.

## Board committees

The board is assisted in the discharge of its duties by a number of committees, details of which are set out below:

### Remuneration committee

#### Composition and meeting procedures

During the year under review the committee was chaired by an independent director of the company and in addition comprised two independent directors. Meetings were attended by the chief executive officer and the group human resources director, but they did not participate in discussions regarding their own remuneration. The committee met formally on four occasions during the financial year. The chief executive officer also provides input into the committee regarding the remuneration of his direct reports.

#### Role, purpose and principal functions

The committee operates within written terms of reference which are reviewed from time to time and which include the following mandates:

- To oversee the setting and administering of remuneration at all levels in the company.
- To oversee the establishment of a remuneration policy that will promote the achievement of strategic objectives and encourage individual performance.
- To ensure that the remuneration policy should be put to a non-binding advisory vote at the annual general meeting of shareholders once every year.
- To review the outcomes of the implementation of the remuneration policy for whether the set objectives are being achieved.
- To ensure that the mix of fixed and variable pay, in cash, shares and other elements meets the company's needs and strategic objectives.

- To satisfy itself as to the accuracy of recorded performance measures which govern the vesting of incentives.

The minutes of the meetings are circulated to directors. The committee is entitled to use external consultants to seek advice on certain matters, and to this end appropriate experts have advised the committee during the year. PwC has advised on executive directors' and non-executive directors' remuneration and the long-term incentive remuneration structures. Deloitte Consulting and Global Remuneration Solutions have provided benchmarks of pay levels for both executive and non-executive directors' remuneration. No other remuneration-related services have been provided by these organisations.

Nampak's remuneration policy as determined by the committee will be presented to shareholders for a non-binding advisory vote at the annual general meeting to be convened in terms of the notice which appears on pages 118 to 122 of this report.

The group's remuneration-related disclosures are contained in the remuneration report, as set out in pages 70 to 83 of this report.

### Nomination committee

#### Composition and meeting procedures

During the year under review the committee was chaired by the chairman of the group, who is an independent, non-executive director and, in addition, comprised three independent non-executive directors. Meetings were attended by the chief executive officer and the group human resources director, but they did not participate in discussions regarding their own positions. The committee met on six occasions during the year under review.

## Corporate governance report continued

### Role, purpose and principal functions

The committee operates within written terms of reference which are reviewed and updated regularly. The role of the committee includes ensuring that:

- the board has the appropriate composition for it to execute its duties effectively;
- directors are appointed through a formal process;
- induction and ongoing training and development of directors takes place;
- formal succession plans for the board, chief executive officer and senior management appointments are in place;
- reviews of the performance of the directors take place; and
- reviews the independence of the non-executive directors.

In addition, the committee specifically provided support to the board and confirmed the independent status of the non-executive directors based on the King III principles.

### Audit committee

#### Composition and meeting procedures

During the year under review the committee was chaired by an independent non-executive director of the company and, in addition, comprised three independent non-executive directors.

The committee meets at least twice per year and the meetings are also attended by appropriate executives including the chief executive officer and the chief financial officer. During the year under review the committee met three times. At its meetings, the committee reviews the group's financial results, receives and considers reports from the internal and external auditors on the results of their work and attends generally to its responsibilities. The committee also meets separately with the internal and external auditors to obtain assurance that they have received full cooperation from management, while the committee chairman meets regularly with key executives to review issues which require consideration by the committee.

### Role, purpose and principal functions

The committee operates within written terms of reference which are reviewed and updated regularly. The responsibility of the committee includes:

- the nomination for appointment as auditor of the company of a registered auditor who, in the opinion of the committee, is independent of the company;
- the determination of the fees to be paid to the auditor and the auditor's terms of engagement;
- the determination of the nature and extent of any non-audit services which the auditor may provide to the company;
- the pre-approval of any proposed contract with the auditor for the provision of non-audit services to the company;
- the evaluation of the performance of the external auditor;
- the review and evaluation of the effectiveness of the internal controls of the group (with reference to the findings of both the internal and external auditors);
- monitoring and supervising the effective function of internal audit;
- the review of the annual financial statements, the interim reports and any other announcement regarding the group's results or other financial information to be made public;
- the review of the process for financial reporting;
- material defalcations, important accounting issues and specific disclosures in the financial statements; and
- the review and evaluation of the expertise and experience of the chief financial officer.

For further information pertaining to Nampak's audit committee, please refer to the audit committee report, on page 91 of this report.

During the year the committee fulfilled its mandate and performed the functions required of an audit committee on behalf of all subsidiaries in the group which have been incorporated in the Republic of South Africa.

The shareholders will be requested at the annual general meeting to be convened in terms of the notice as set out on pages 118 to 122 to elect an audit committee to serve until the following annual general meeting, comprising the independent, non-executive directors who are named and recommended for appointment in the notice of annual general meeting.

### Risk and sustainability committee

#### Composition and meeting procedures

During the year under review the committee was chaired by an independent director of the company and, in addition, comprised four independent non-executive directors. The committee operates within written terms of reference which are reviewed from time to time.

The committee met twice during the year under review. Appropriate senior executives are invited to attend the committee meetings.

The committee is building its members' competency both through internal resources and working closely with various consultancies and subject matter experts. Carbon emissions are calculated by Carbon Calculated. Newly appointed committee members also bring their experience from participation in other boards on broader sustainability matters.

#### Role, purpose and principal functions

Nampak's board is ultimately responsible for providing supervision, guidance and direction on social, community and environmental issues that have a potential impact on the reputation and long-term economic viability of the company and stakeholders. To discharge its duties effectively, the committee's responsibilities in respect of sustainability include the following:

- Reviewing trends and issues of relevance for sustainability practices in the group.
- Defining the group's sustainability commitments and monitoring achievement against targets.

- Providing guidance on the overall sustainability process for the group in order to achieve its sustainability commitments.
- Assisting with the identification and appropriate management of sustainability risks that may impact the sustainability or reputation of the group.
- Ensuring that appropriate programmes and internal committees are in place to minimise sustainability risks, where necessary.
- Providing guidance on processes to ensure that the group participates in JSE Limited's Socially Responsible Index or any such index or rating as agreed.
- Providing guidance on policy frameworks in respect of sustainability issues such as code of ethics, environmental (internal and external), and stakeholder engagement.
- Monitoring and reporting to the board on the group's progress against its sustainability commitments.
- Reviewing the sustainability elements in the group's integrated annual report for submission to the board for approval.
- Monitoring compliance with laws and regulations, material pending litigation, insurance covers and risk management.

For details of the committee's responsibilities in respect of risk refer to page 85 of the integrated annual report.

## Social, ethics and transformation committee

### Composition and meeting procedures

During the year under review the committee was chaired by an independent non-executive director of the company and, in addition, comprised two independent non-executive directors. The committee met twice during the year under review. Key senior executives, including the chief executive officer and the human resources director, attend the meetings of the committee, which met twice in the year under review.

### Role, purpose and principal functions

The committee operates within written terms of reference which are reviewed from time to time. The committee's responsibilities include the following:

Transformation responsibilities:

- Recommending group transformation commitments and targets for approval by the board.
- Ongoing revision of the group's strategy, charter and targets in respect of broad-based black economic empowerment.
- Ongoing revision of the group corporate social investment strategy.
- Ensuring that appropriate programmes, resources and internal committees are in place to drive transformation within the group.

Social and ethics responsibilities:

- Monitoring the company's activities relating to social and economic development, including the company's standing in terms of the goals and purposes of:
  - the 10 principles set out in the United Nations Global Compact Principles;
  - the OECD recommendations regarding corruption;
  - the Employment Equity Act; and
  - the Broad-Based Black Empowerment Act.
- Monitoring the company's activities relating to good corporate citizenship, including the company's:
  - promotion of equality, prevention of unfair discrimination and elimination of corruption;
  - contribution to development of the communities in which the company's activities are predominantly marketed or within which its products are predominantly manufactured and marketed;
  - record of sponsorship, donations and charitable giving;
  - consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws; and

- labour and unemployment including the company's standing in terms of the International Labour Organisation Protocol on decent work and working conditions.

- To assist the board in building and sustaining an ethical corporate culture in the company. In this regard, the committee allocated significant time in evaluating reports from the Tip-Offs Anonymous ethics line, in order to monitor trends, and any disciplinary action that had been implemented as a result thereof.

Transformation is a key focus area for the company and receives ongoing attention. During the year under review the company achieved a Level 4 B-BBEE rating, down from Level 3 in the previous year, as certified by the independent ratings agency, Empowerdex. The committee is committed to continued improvement in this rating.

The group human resources director, in his capacity as the ethics officer for the group, did not report any issues to the board in the year under review.

### Investment committee

The board decided at a meeting on 21 November 2013 to form an investment committee with immediate effect to consider investments which the company proposes to make from time to time. A charter for the committee is in the process of being finalised and it will be published on the company's website early in 2014 after it has been approved by the board

### Company secretary

All directors have access to the advice and services of the company secretary. The company secretary is responsible for preparing meeting agendas and recording minutes of board meetings and for ensuring that sound corporate governance procedures are followed. During the year under review

## Corporate governance report continued

the board declared itself satisfied with the competence, qualifications and experience of Neill O'Brien as company secretary.

### Board, committee and director evaluations

The board has decided that formal appraisals will be conducted every second year. An appraisal was conducted during the year under review facilitated by an independent consultant. Overall it was found that the board and its committees are functional and operate effectively, but areas which should receive consideration include the induction of new directors, ongoing training and development of directors, stakeholder management and the monitoring of ethics performance and business practices in the rest of Africa.

### Accountability and audit Going concern

The directors confirm that they are satisfied that the group has adequate resources to continue in business for the foreseeable future. For this reason they continue to adopt the going-concern basis for preparing the financial statements. The audit committee has reviewed the assessment prepared by management on the going-concern status of the group.

### Financial reporting

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), from which the summarised consolidated annual financial statements contained in this report have been derived. They are based on appropriate accounting policies which have been consistently applied and are supported by reasonable and prudent judgements and consistent estimates. Adequate accounting records and internal controls and systems have been maintained to provide reasonable assurance on the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability for the group's assets. Such controls are based

on established policies and procedures and are implemented by trained personnel with an appropriate segregation of duties.

### Internal controls and risk management

The board is responsible for ensuring that the company maintains a sound and effective system of internal controls and risk management. The audit committee assessed the effectiveness of the system of internal controls and risk management for the year under review, principally through self-assessment by, and information from, management and reports from the internal and external auditors. Based on these processes and reports the board is of the opinion that the company's system of internal control and risk management is effective and provides reasonable assurance on the integrity and reliability of the financial statements and the safeguarding of the company's assets.

### Internal audit

The internal audit function is outsourced to EY. The internal audit function operates in terms of a formal charter which defines the purpose, responsibilities and scope of activities of the internal audit function. Internal audits are aligned to the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics of the Institute of Internal Auditors, Inc.

The internal audit plan is approved annually by the audit committee. The internal audit function evaluates the adequacy and effectiveness of risk management, system of internal control and governance processes in terms of the approved internal audit plan. Control weaknesses identified by the internal auditors are brought to the attention of management and the audit committee in written reports.

The chief audit executive reports functionally to the chairperson of the audit committee and administratively to the chief financial officer.

### External audit

During the period under review the audit committee nominated Deloitte & Touche for appointment as auditors of the company. The committee is satisfied that the external auditors are independent of the group. The external auditors are responsible for reporting on whether the financial statements are fairly presented and their report is presented on page 90 of this report. The external auditors' annual audit plan is approved at a meeting of the audit committee. During the course of their audit the external auditors may identify weaknesses in internal control, which would be reported to management and if appropriate to the audit committee. They complement the work of the internal auditors and review all internal audit reports on a regular basis.

During the year under review the audit committee determined the fees to be paid to the external auditor and the external auditor's terms of engagement. In addition, the committee determined the nature and extent of non-audit-related services to be provided by the external auditor and pre-approved contracts with the external auditor for the provision of non-audit services to the company.

During the year under review the value of the non-audit-related services provided by the external auditors to the company was as follows:

	Rm
Taxation consultancy services	4.40
Human resource consulting	0.44
Tip-Offs Anonymous	0.17
Other consulting	0.20

No complaints were received by the audit committee during the year under review with respect to the accounting practices or internal audit of the company, nor with respect to the auditing of the group's financial statements.

### Integrity and ethical behaviour

A code of conduct and business ethics is enforced throughout the group. All directors and employees are required to act with honesty and integrity and to maintain the highest ethical standards. The code deals with compliance with laws and regulations, conflicts of interest, relationships with customers and suppliers, gifts and favours, remuneration, outside employment, directorships, company funds and property, confidentiality, company records and communications, competition, sustainability, insider trading, donations and sponsorships and employment and labour rights. All employees are bound by the code of conduct and business ethics.

Systems and procedures are in place to monitor and enforce the code and the directors believe that the requirements of the code have largely been met by employees.

During the year under review training was provided to approximately 300 employees in South Africa and the rest of Africa on the code of conduct and business ethics, and in regard to corruption, fraud and theft.

Nampak operates Tip-Offs Anonymous, a hotline which allows callers to report confidentially on any violations of Nampak's policies and procedures. All disclosures received, resultant investigations and the outcome thereof are communicated and reported to the audit committee. A total of 49 reports were received during the year under review, which resulted in eight disciplinary hearings and three dismissals.

A total of 42 forensic reviews were conducted during the year in addition to investigations as a result of Tip-Offs Anonymous reports. The reviews resulted in 11 disciplinary hearings, which led to 10 dismissals. The remaining reviews did not reveal substantiated evidence of misconduct or irregularities.

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

### Price-sensitive information

In accordance with JSE Limited's guidelines on price-sensitive information, the company has adopted a policy dealing with the determination of information as price-sensitive, confidentiality undertakings and discussions with the press, institutional investors and analysts. Only the chairman, the chief executive officer, the chief financial officer and the investor relations manager may discuss matters which may involve price-sensitive information with third parties. The company follows a "closed period" principle, during which period employees and directors are prohibited from dealing in the company's shares.

All SENS announcements are approved by the audit committee before release.

The usual closed periods endure from the end of March until the publication in May of the interim results for the six-month period ended 31 March and from the end of September until the publication in November of the financial results for the year ended 30 September. Additional periods may be declared "closed" from time to time if circumstances warrant this action.

### Political donations

Donations of any nature to political parties are prohibited.

### Compliance

Nampak is committed to conducting its business in compliance with all applicable laws and regulations and with honesty in its dealings with customers, employees, suppliers, shareholders and the community. In pursuit of that goal Nampak maintains an effective compliance programme.

The primary purpose of the compliance programme is to detect violations of laws, regulations and company policy. Should

Nampak become aware of any violations of laws, regulations or company policies, it will investigate the matter and take disciplinary action where appropriate.

Schedules of relevant laws and regulations are prepared and maintained for the businesses in the group, although this must still be rolled out in the rest of Africa. A code of conduct and business ethics lays down the standards expected of all employees, while potential violations can be reported through Tip-Offs Anonymous, which is available 24 hours a day, seven days a week.

Policies and procedures are in place to monitor compliance and to mitigate risks, to implement effective training programmes and to report to management and the board on the effectiveness of the programme. Litigation in the businesses is referred to the group legal adviser, who reports on material litigation to the risk and audit committees and to the board.

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

No requests for information were lodged with the company, during the year under review, in terms of the Promotion of Access to Information Act, 2000.

### IT management

Information technology (IT) is an important part of Nampak's business and is essential to the support and sustainability of the group. The King III Report on Corporate Governance places responsibility for IT governance with the board, and the Nampak board has given the chief financial officer (CFO) overall responsibility for managing the IT governance structures and processes. The IT function is managed by the chief information officer

## Corporate governance report continued

(CIO), who reports to the CFO. An IT steering committee is chaired by the CFO, and its membership comprises the CIO and the members of the group executive committee. The committee has a well-defined charter and it is responsible for overseeing IT direction and investments, and ensuring alignment with business strategy and priorities.

Nampak's IT function has adopted the IT Governance Institute (ITGI) governance model as a framework for IT governance, while continuing to employ best practice frameworks such as the Control Objectives for Information and Related Technology (CobiT) and Information Technology Infrastructure Library (ITIL) as guidelines for establishing and maintaining effective internal controls, continuity and risk management.

In line with the IT governance model, a framework of IT policies has been developed and adopted, taking into consideration the business imperative, current legislation and IT trends.

The group's IT focus remains to deliver value to the business through strategic alignment, and to mitigate the risks of IT by embedding accountability into the operations of the businesses.

### Assurance

The data in this integrated annual report has been assured to the extent set out in Table 2. The combined assurance model envisages obtaining assurance from management, internal assurance providers and external assurance providers. The extent to which use should be made of additional external assurance providers is being reviewed and will be reported on more fully in the integrated annual report for the 2014 financial year.

The group is increasing its independent assurance by external providers on a variety of issues each year. The material areas covered during 2013 is reflected in Table 2 below.

**Table 2**

Aspect	Requirement	Status	Assurance provider
Fair presentation in all material aspects of financial reporting	External audit report	Assured	Deloitte & Touche
Insurance claims	Insurance claim review	Assured	Willis
Risks, internal controls, standards and processes	Internal audit review	Assured per internal audit plan	EY
Risk control standards	Peer review and external review by Willis	Assured	Willis
Transformation	B-BBEE scorecard	Assured	Empowerdex
Quality systems	ISO 9001	Certification at all major sites. Final seven sites are planning certification during 2014	SABS
Environmental audits	ISO 14001	Certification at major sites held. Certification planned for balance of sites over the next two years. Refer to page 50	SABS, DQS
Health and safety	OSHAS 18001 and NOSA integrated five-star system	Certification held at sites. Refer to page 44	SABS, NOSA
Food and packaging safety	ISO 22000, HACCP, BRC, AIB, FSSC 22000 and PAS 223	Certification held where appropriate. Refer to page 59 and 60	SABS

Table 3

## King III non-compliance

King III principles	Nampak's approach
The evaluation of the board, its committees and individual directors should be performed every year.	The board has decided to have an evaluation carried out every second year.
A governance framework should be agreed upon between the group and its subsidiary boards.	Reporting between the group and its subsidiaries is governed by internal policies and procedures and a formal governance framework is not considered essential.
The board should delegate to management implementation of an effective compliance framework and processes.	The operating entities in Nampak are required to identify laws, rules and standards that apply to the environment in which they operate and to ensure compliance therewith. The operating entities are kept abreast of legislative changes and compliance requirements from a group level.
Sustainability reporting and disclosure should be independently assured.	The company has acquired a sustainability module that is linked to the financial reporting system, which will facilitate assurance through providing central access to supporting data and documentation. The module is currently being programmed.

For a complete report on Nampak's compliance with the principles contained in King III, please go to the 2013 annual report on the company's website.

# Remuneration report

## Introduction

This report explains Nampak's remuneration philosophy and policy for executive directors, prescribed officers and non-executive directors.

The remuneration committee determines the policy for remunerating executive directors on the same basis as group executive committee members who are also the defined prescribed officers of the group. The remuneration principles have been developed after engagement with advisers and shareholders and this report complies with prevailing remuneration governance requirements, best practice and the Companies Act. On recommendation by the remuneration committee, the board has approved the information in this report.

The report this year has been segmented into two parts, separating the disclosure of policy (Part 1) and its implementation (Part 2). We have also provided increased disclosure of the company's remuneration mix, the short-term incentive mechanism and adopted a "single figure" remuneration reporting approach which is in line with international practice.

## PART 1: REMUNERATION PHILOSOPHY AND POLICY

### Remuneration governance

The remuneration committee is a committee of the board and meets at least three times each year. Membership of this committee and attendance at these meetings is provided on pages 61 and 62 of the corporate governance report. The committee's mandate has been included on the company's website.

## Remuneration mix

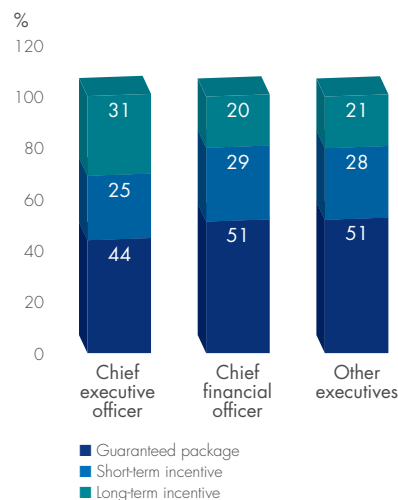
### Executive directors and group executive committee members

The committee approves the overall remuneration structure for the group and considers all the elements with a view to creating a climate that is fair, but also motivates and supports high levels of performance.

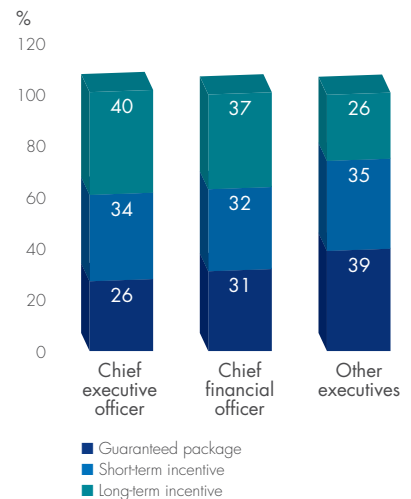
The committee considers the balance between guaranteed pay and at-risk pay and decided to adopt a best practice approach which supports a direct holding of shares by directors and executives. This framework provides for guaranteed pay at levels below the median, with increased weighting of at-risk (variable) pay. This principle is applied consistently to all directors and group executive committee members and there is no ability to elect higher guaranteed pay rather than the share allocation.

Nampak's pay mix between guaranteed remuneration and at-risk remuneration (at target and stretch performance) for executives and prescribed officers is illustrated in the next column:

### On-target remuneration mix



### Stretch remuneration mix



The annual cash incentive bonus combined with long-term share plans are variable pay structures which are underpinned by superior growth in earnings and consistent improvements in return on net assets (RONA). Any value realised by executives in terms of these structures is subject to the achievement of challenging performance criteria and are designed to align director and senior executive variable remuneration directly to growth in stakeholder wealth.

### Proposed remuneration structure changes for 2014

No material changes have been proposed with regard to Nampak's executive remuneration structures for 2014.

### Executive directors' and group executive committee members' remuneration in more detail

#### Guaranteed package

Director reference levels are established with assistance from external consultants after considering size and complexity of the role. This information is used together with an overview of published remuneration of executives in similar roles adjusted by the average executive increases. The target level

of remuneration for the guaranteed package component is 90% of the median for executives and divisional managing directors. Guaranteed pay levels below these job roles are targeted at and above the median. The guaranteed package includes provisions for:

- membership of the Nampak Group Pension Fund on a defined contribution basis;
- death and disability insurance cover;
- car allowance including insurance; and
- medical aid contribution.

Certain directors who reside in South Africa are also responsible for operational direction

and management offshore and are contracted to and paid remuneration by those structures.

### Cash incentive bonus

The cash incentive bonus plan is reviewed annually by the committee. The committee has discretion to withdraw or change the incentive bonus scheme annually and to withhold any payments if specific circumstances necessitate. The bonus pool is therefore fully flexible and can be aligned in terms of risk horizons and/or decreased to zero where threshold financial performance is not achieved.

The primary focus for the incentive scheme for the financial year under review remained to reward executive directors and group executive committee members for the achievement of challenging financial growth while maintaining a strong balance sheet. The same individual capped levels will apply in the 2014 financial year as it did in 2013.

### Weighting financial performance targets versus individual performance targets

The weighting between financial performance targets and individual performance targets in order to determine the quantum of cash incentives is as follows:

Job group	Maximum potential incentive bonus as a % of guaranteed package	Weighting of financial performance targets	Weighting of individual performance targets
Chief executive officer	125%	68%	32%
Chief financial officer	105%	70%	30%
Group human resources director	95%	70%	30%
Cluster executives	95%	70%	30%
Divisional managing directors on group executive committee	85%	70%	30%

### Financial performance targets and discount factor

Details regarding the financial performance targets, discount factor target and the vesting percentage attributed to each performance target for 2014 are set out below:

Financial performance	Metric	Vesting profile	Stretch performance
HEPS: Continuous operations	Growth exceeding CPI (adjusted for fair value financial gains and losses)	Straight line: 0% at entry level and 100% at stretch.	Capped at 9% above average CPI which translates into the stretch earning potential for individual executives. Earning potential is further modified by RONA performance detailed below.
RONA: The remuneration committee was able to review the RONA threshold target in the event of material corporate and strategic activities occurring. In setting the RONA threshold targets, the remuneration committee considered prior group performance as well as the RONAs of peer-group competitors in South Africa and internationally.	RONA requirement of between 13% and 15%, 13% being the threshold. This is a gatekeeper provision and RONA performance below 13% will result in no incentive.	<ul style="list-style-type: none"> <li>■ 13% = 60% vesting</li> <li>■ 13.5% = 70% vesting</li> <li>■ 14% = 80% vesting</li> <li>■ 14.5% = 90% vesting</li> <li>■ 15% = 100%</li> </ul>	This performance target serves as a modifier.

## Remuneration report continued

Financial performance	Metric	Vesting profile	Stretch performance
Trading income: A portion of the financial component of the incentive bonus for cluster and divisional executives who are members of the group executive committee is based on improvements in trading income targets.	Trading income requirements are aligned with the achievement of the group's HEPS target annually.	Straight line: 0% at entry level and 100% at stretch.	Capped at 9% above average CPI which translates into the stretch earning potential for individual executives. Earning potential is further modified by RONA performance.
Employment equity: Applicable to South African performance only.	Employment equity targets are set annually to align the South African operations with the strategic drive to sustainable improvement on the management control element of the B-BBEE scorecard.	Non-achievement of these targets acts as a discount to any incentive bonus earned.	Discount capped at 20% of actual incentive bonus earned.

### Individual performance targets

Individual performance targets are set and reviewed by the committee and cover progress on strategic initiatives which are considered by the board to be crucial for future growth and profitability within the group. Payments under this component are made irrespective of performance against the financial component, meaning that, if the individual performance targets are achieved, a bonus payment will be made to the executive pro rata to the weighting

carried by such individual performance target.

Some of the key strategic incentive bonus drivers for 2013 included: opportunities for growth in the rest of Africa identified and implemented, employee productivity improvements, implementation within project timeframes of the conversion from steel to aluminium beverage cans and the glass furnace, conclusion of key supplier and customer agreements and maintenance of the B-BBEE Level 3 contributor status.

### Share plan structure

The share plan structure consists of three elements:

- A share appreciation plan which applies to senior managers, divisional managing directors and executives;
- A performance share plan which applies to executives and divisional managing directors; and
- A deferred bonus plan which applies to executives and divisional managing directors.

Annual allocations are benchmarked and set to target a market-related level of remuneration based on the achievement level against the performance criteria and are granted to directors and group executive committee members. The standard expected value of the share plan allocations as percentage of guaranteed package and informed by benchmarks are set out below:

Role	Performance Share Plan: expected value as % of guaranteed package	Share Appreciation Plan: expected value as % of guaranteed package	Deferred Bonus Plan: expected value as % of guaranteed package	Total plans: expected value as % of guaranteed package
Chief executive officer	50	15	19.4	84.4
Chief financial officer	40	15	14.7	69.7
Group human resources director	40	15	13.3	68.3
Group executive committee (GEC)	18	10	11.8	39.8
Divisional managing directors on GEC	15	10	10.6	35.6

## Share Appreciation Plan

The Share Appreciation Plan provides the chief executive officer with a means to attract and retain talent at senior management levels within the group and the remuneration committee with an instrument to retain executive directors and group executive committee members. Under the Share Appreciation Plan, a number of share appreciation rights are periodically offered to executive directors, group executive committee members and senior managers. These rights are conditional upon the group achieving specific performance criteria relating to real headline earnings per share growth adjusted for financial fair value gains or losses. At the end of the three-year performance period, the number of shares that are released and vest to each participant is determined against achievement of the performance targets. The vesting structure for allocations from 2010 onwards provides for immediate vesting if the performance condition is met and provides seven years from the original award date for vested options to be exercised. As the Share Appreciation Plan provides the retention component under the overall long-term incentive bonus structures and a small component within the overall allocation of shares to directors and group executive committee members, the remuneration committee sets one target. The performance target which is submitted to the board for approval for the December 2013 allocation ensures that share allocations only vest if real growth is achieved, and if the target is not absolutely achieved no share appreciation rights vest.

Weighting of performance condition	Performance condition
100%	HEPS Improvement in headline earnings per share adjusted for financial fair value gains and losses in excess of the consumer price inflation by 6% over the three-year performance period.

## Performance Share Plan

The Performance Share Plan provides for the granting of performance share awards to executive directors, divisional managing directors and group executive committee members on an annual basis. Vesting of shares is conditional upon the group achieving specific stretch targets which are set by the remuneration committee at commencement of the three-year performance period. The performance periods commence on 1 October each year and end on 30 September three years later. Shares are allocated in the December immediately after the commencement of the performance period in order to avoid allocations during closed periods and to provide time for the stock markets to adjust to the published

results. In order to align participant reward with shareholders' returns and to support retention strategies, one-third of the shares are released and vest immediately on the vesting date, the second one-third a year after the vesting date and the final one-third two years after the vesting date or five years from the original award date. Additional shares are awarded on the release dates which equate to the dividends that were earned on the vested shares during the performance period. The performance targets which were submitted to the board for approval for the December 2012 allocation support the remuneration principle of directly aligning executive experience with that of shareholders. These performance targets and their weighting are as follows:

Weighting of performance condition	Performance condition
40%	HEPS: Improvement in headline earnings per share adjusted for financial fair value gains and losses in excess of the consumer price inflation on a linear basis between 9% and 24% over the three-year performance period linked to 40% of the vesting achievement.
40%	Cumulative total shareholder return: Improvement in cumulative TSR in excess of the consumer price index of between 9% and 24% over the three-year performance period linked to 40% of the vesting achievement.
20%	Return on equity: ROE of 17.5% = 100% vesting ROE of 17.0% = 90% vesting ROE of 16.5% = 80% vesting ROE of 16.0% = 70% vesting ROE of 15.5% = 60% vesting

The weighting between the performance conditions for the December 2013 allocation will be 40% HEPS, 30% cumulative TSR and 30% ROE with the same performance condition requirements.

## Remuneration report continued

### Deferred Bonus Plan

The Deferred Bonus Plan is the third element to the share plan structure. The purpose of the Deferred Bonus Plan is to encourage executive directors, divisional managing directors and group executive committee members to use up to 50% of their after-tax annual bonus, awarded at an operating level, to acquire shares in the company that are retained for three years. The incentive to do so is a matching award of the number of shares purchased and held for a three-year period on a one-for-one basis. The plan supports retention aspects, encourages shareholding by executives and directly aligns executive experience with that of shareholders. For this reason, and also to reflect the fact that performance conditions are applied in order to determine the annual bonus payment, no performance conditions are imposed on the matching awards granted under this plan.

### The Nampak 1985 Share Option Scheme

The Share Option Scheme is no longer appropriate due to changes in best practice and therefore has not been used to grant awards since 2 December 2004. The scheme will, however, remain in place until such time as prior granted options are exercised or lapse in December 2014. The share options granted in previous years have not had any performance conditions attached to them.

### Dilution and IFRS expense

The impacts of the share schemes on earnings per share and recognised IFRS 2 expense during the year are included in the detailed remuneration report which is available on the company's website.

### Black Management Trust

In response to the Broad-Based Black Economic Empowerment Act, No 53 of 2003, and to demonstrate Nampak's commitment to transformation, The Nampak Black Management Trust was established on

30 September 2005. Nampak provided a founding grant to the trust that provided for shares to be allocated to black managers over a period of five years. One-third of the shares vested three years after the operative date, a further one-third vested after four years and the final one-third vested on 30 September 2010 provided the services are not terminated for disciplinary reasons. The shares will be held in the trust until the end of the lock-in period on 31 December 2015, at which time the founding grant will be settled and the balance of the benefit will be released to the beneficiaries. The company has discretion to extend the lock-in period by a further two years should the value of the trust shares be less than the outstanding loan.

### Service contracts

The current chief executive officer will retire with effect from 31 March 2014. The chief executive officer designate will join the company with effect from 1 January 2014 and has been appointed chief executive officer with effect from 1 April 2014. The chief executive officer designate and the chief financial officer have indefinite service contracts with six-month notice periods. The notice periods automatically reduce to three months at the end of September each year. The committee reviews and agrees the notice periods for the following year. The group human resources director has and the group executive committee members have indefinite service contracts with three-month notice periods by either party.

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 for directors is four weeks of pay for every completed year of service calculated using 75% of guaranteed package. The maximum entitlement is capped at 60 weeks. On retirement, certain long-serving executives

with service in excess of 20 years, receive a retirement gratuity to a maximum of R500 000.

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 event of change of control, executives' share allocations will be dealt with in terms of the rules of the relevant share plans. Further, the directors have no entitlement to a restraint of trade payment and are not entitled to any other material ex gratia payment.

Group executive committee members who joined the company prior to June 1996 would be entitled to a company subsidy of post-retirement medical contributions for themselves and their spouses of either 100% after 25 years' service or 50% on service between 10 and 15 years at retirement and depending on policy as amended from time to time.

### Non-executive directors' remuneration

Non-executive directors received a base fee for their services as well as a meeting fee based on their participation in board meetings and other committees. The non-executive directors do not receive incentive bonus payments nor do they participate in any of the executive share plans. Non-executive directors are appointed by rotation in terms of Nampak's memorandum of incorporation.

The chief executive officer recommends the non-executive director fee structures after obtaining input from Deloitte & Touche regarding market movements and current pay practices. In addition, the committee reviews the published non-executive directors' fees and committee fees of companies in manufacturing and companies with similar market capitalisation.

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 remuneration committee (excluding recommendations on their own committee fees) and the board before being submitted to shareholders for approval in terms of Companies Act requirements. The proposed increase for 2014 is 6% and details are included in the notice of the annual general meeting. Shareholders are referred to special resolution number 1 on page 119 of this report regarding the approval of the proposed fee structure for non-executive directors for 2014.

### Shareholders' non-binding advisory vote

In terms of King III and best practice principles the remuneration policy, as contained in this remuneration report will be put to a non-binding shareholders' vote at the annual general meeting of shareholders.

Shareholders are referred to ordinary resolution number 11 on page 119 of this report.

## PART 2: DISCLOSURE OF THE IMPLEMENTATION OF THE POLICIES FOR THE FINANCIAL YEAR

### Guaranteed pay

The annual increases awarded to all categories of staff for 2013 were as follows:

■ Directors	6%
■ Group executive	6%
■ Management	6%
■ Other employees	7%

### Cash incentive bonus

For the financial year under review, the component of the incentive bonus attributable to group financial performance target was achieved at entry level resulting in 2.3% of the group financial component accruing. Certain clusters achieved targets for operational performance. Differing levels of

achievement against individual performance criteria occurred. The employment equity targets were achieved with one exception where a discount factor was applied to the bonus incentive earned. The annual incentive bonus payments that were paid for the financial period are set out in Table 1 (a) and reflect amounts earned based on individual performance metrics. Payments will be made in December 2013.

### Executive directors' and prescribed officers' total remuneration

Total emoluments paid to directors and prescribed officers during the year ended 30 September 2013 and for comparatives 30 September 2012 is contained in the tables below. The single-figure disclosure includes all guaranteed pay, cash incentive bonuses paid and the value of all long-term incentive instruments which vested (or where the performance period ended) during the year under review.

## Executive directors' and group executive committee members' total remuneration for 2013

Name	Basic salary (rand)	Payments by offshore companies (rand) Note 1	Company contribution to retirement (rand)	Guaranteed package (rand)	Value of other benefits (rand) Note 2	Incentive bonus (rand)	Total remuneration (rand)	Gain during the year in respect of all long-term incentive plans (rand)	Total earnings (rand)
	1	2	3	4 = 1 + 2 + 3	5	6	7 = 4 + 5 + 6	8	
G Griffiths	2 467 442	712 325	220 260	3 400 027	-	984 959	4 384 986	1 909 014	6 294 000
AB Marshall	3 918 283	1 446 250	339 033	5 703 566	-	2 168 384	7 871 950	7 123 163	14 995 113
FV Tshiqi	2 219 002	-	188 731	2 407 733	3 000	642 075	3 052 808	1 822 830	4 875 638
<b>Total</b>	<b>8 604 727</b>	<b>2 158 575</b>	<b>748 024</b>	<b>11 511 326</b>	<b>3 000</b>	<b>3 795 418</b>	<b>15 309 744</b>	<b>10 855 007</b>	<b>26 164 751</b>
CH Bromley	2 563 422	-	218 350	2 781 772	-	946 508	3 728 280	2 939 386	6 667 666
PA de Weerd	2 562 131	-	219 641	2 781 772	-	1 466 114	4 247 886	1 674 486	5 922 372
RG Morris	2 563 422	-	218 350	2 781 772	-	701 961	3 483 733	1 674 486	5 158 219
SE Msane	2 339 809	-	200 069	2 539 878	-	275 657	2 815 535	1 270 128	4 085 663
ZK Nzimande <sup>2</sup>	836 450	-	70 650	907 100	1 161 104	-	2 068 204	730 511	2 798 715
NP O'Brien	2 007 087	-	169 767	2 176 854	-	511 929	2 688 783	1 509 815	4 198 598
<b>Total</b>	<b>12 872 321</b>	<b>-</b>	<b>1 096 827</b>	<b>13 969 148</b>	<b>1 161 104</b>	<b>3 902 169</b>	<b>19 032 421</b>	<b>9 798 812</b>	<b>28 831 233</b>

Note 1: For the purposes of total remuneration, offshore payments have been converted into rand using the average annual exchange rate of £1: R14.4864.

Note 2: 1.5-year long-service award paid to FV Tshiqi, and ZK Nzimande terminated employment with effect from 28 February 2013.

# Remuneration report continued

## Executive directors' and group executive committee members' total remuneration for 2012

Name	16.778	Payments by offshore companies (rand) Note 1	Company contribution to retirement (rand)	Guaranteed package (rand)	Value of other benefits <sup>3</sup> (rand) Note 2	Incentive bonus (rand)	Total remuneration (rand)	Gain during the year in respect of all long-term incentive plans (rand)	Total earnings (rand)
	1	2	3	4 = 1 + 2 + 3	5	6	7 = 4 + 5 + 6	8	
G Griffiths	2 683 781	303 369	236 269	3 223 419		3 348 324	6 571 743	–	6 571 743
AB Marshall	3 783 131	1 231 865	328 296	5 343 292		6 321 319	11 664 611	886 041	12 550 652
FV Tshiqi	2 142 369	–	182 856	2 325 225		2 171 295	4 496 520	604 907	5 101 427
<b>Total</b>	<b>8 609 281</b>	<b>1 535 234</b>	<b>747 421</b>	<b>10 891 936</b>		<b>11 840 938</b>	<b>22 732 874</b>	<b>1 490 948</b>	<b>24 223 822</b>
CH Bromley	2 474 749	–	211 697	2 686 446		2 486 843	5 173 289	872 214	6 045 503
PA de Weerd	2 473 449	–	212 997	2 686 446		2 515 857	5 202 303	508 364	5 710 667
RG Morris <sup>2</sup>	2 216 276	–	650 762	2 867 038	13 872	1 741 623	4 622 533	1 811 014	6 433 547
SE Msane	2 258 746	–	194 096	2 452 842		784 164	3 237 006	257 680	3 494 686
ZK Nzimande	1 938 643	–	163 793	2 102 436		662 267	2 764 703	–	2 764 703
NP O'Brien <sup>2</sup>	1 682 974	–	492 935	2 175 909	10 500	1 751 601	3 938 010	1 194 107	5 132 117
<b>Total</b>	<b>13 044 837</b>	<b>–</b>	<b>1 926 280</b>	<b>14 971 117</b>	<b>24 372</b>	<b>9 942 355</b>	<b>24 937 844</b>	<b>4 643 379</b>	<b>29 581 223</b>

Note 1: For the purposes of total remuneration, offshore payments have been converted into rand using the average annual exchange rate of £1: R12.7092.

Note 2: Executives were members of the defined benefit section of the Nampak Group Pension Fund until 31 August 2012, thereafter converted to the defined contribution section of the Nampak Group Pension Fund.

Note 3: Value of other benefits consists of company contributions to purchase insured benefit cover for defined benefit members of the Nampak Group Pension Fund.

## Share awards schedule for executive directors and prescribed officers

Details of the directors' interest in shares of the company are disclosed in the annual financial statements.

The tables below illustrates on an individual executive director and prescribed officer level the value of long-term incentives allocated, settled, forfeited and the current value of units not yet settled:

### Share Appreciation Plan

Name	Date of allocation	Strike price (rand)	Number of share appreciation rights awarded	Movements (forfeited or withdrawn as a result of achievement against performance condition)	Number of shares capable of being released	Number of rights to shares released	Number of shares sold	Average exercise price (rand)	Gain on shares sold (rand)	Balance of released shares not sold	Lapse date
<b>Executive directors</b>											
G Griffiths	03/12/2012	30.67	66 195	-	-	-	-	-	-	-	03/12/2019
	05/12/2011	22.95	115 640	-	-	-	-	-	-	-	05/12/2018
	14/12/2010	23.00	91 000	-	-	-	-	-	-	-	14/12/2017
	04/12/2009	16.16	117 269	-	117 269	39 090	18 310	30.40	556 624	20 780	04/12/2019
AB Marshall	03/12/2012	30.67	122 158	-	-	-	-	-	-	-	03/12/2019
	05/12/2011	22.95	106 703	-	-	-	-	-	-	-	05/12/2018
	14/12/2010	23.00	210 000	-	-	-	-	-	-	-	14/12/2017
	04/12/2009	16.16	148 841	-	148 841	49 614	23 240	30.40	706 496	26 374	04/12/2019
	02/03/2009	13.39	152 798	(152 798)	-	-	-	-	-	-	-
FV Tshiqi	03/12/2012	30.67	42 570	-	-	-	-	-	-	-	03/12/2019
	05/12/2011	22.95	140 578	-	-	-	-	-	-	-	05/12/2018
	14/12/2010	23.00	40 000	-	-	-	-	-	-	-	14/12/2017
	04/12/2009	16.16	49 138	-	49 138	16 379	7 672	30.40	233 229	8 707	04/12/2019
	10/12/2008	12.62	30 735	(30 735)	-	-	-	-	-	-	-
	10/12/2007	22.13	27 591	(27 591)	-	-	-	-	-	-	-
<b>Group executive committee</b>											
CH Bromley	03/12/2012	30.67	42 570	-	-	-	-	-	-	-	03/12/2019
	05/12/2011	22.95	140 578	-	-	-	-	-	-	-	05/12/2018
	14/12/2010	23.00	40 000	-	-	-	-	-	-	-	14/12/2017
	04/12/2009	16.16	49 138	-	49 138	16 379	7 672	30.40	233 229	8 707	04/12/2019
	10/12/2008	12.62	60 452	(60 452)	-	-	-	-	-	-	-
	10/12/2007	22.13	67 699	(67 699)	-	-	-	-	-	-	-
PA de Weerd	03/12/2012	30.67	42 570	-	-	-	-	-	-	-	03/12/2019
	05/12/2011	22.95	140 578	-	-	-	-	-	-	-	05/12/2018
	14/12/2010	23.00	40 000	-	-	-	-	-	-	-	14/12/2017
	04/12/2009	16.16	49 138	-	49 138	16 379	7 672	30.40	233 229	8 707	04/12/2019
	10/12/2008	12.62	60 452	(60 452)	-	-	-	-	-	-	-
	10/12/2007	22.13	67 699	(67 699)	-	-	-	-	-	-	-
RG Morris	03/12/2012	30.67	42 570	-	-	-	-	-	-	-	03/12/2019
	05/12/2011	22.95	140 578	-	-	-	-	-	-	-	05/12/2018
	14/12/2010	23.00	40 000	-	-	-	-	-	-	-	14/12/2017
	04/12/2009	16.16	49 138	-	49 138	16 379	7 672	30.40	233 229	8 707	04/12/2019
	10/12/2008	12.62	60 452	(60 452)	-	-	-	-	-	-	-
	10/12/2007	22.13	67 699	(67 699)	-	-	-	-	-	-	-

# Remuneration report continued

## Share Appreciation Plan continued

Name	Date of allocation	Strike price (rand)	Number of share appreciation rights awarded	Movements (forfeited or withdrawn as a result of achievement against performance condition)	Number of shares capable of being released	Number of rights to shares released	Number of shares sold	Average exercise price (rand)	Gain on shares sold (rand)	Balance of released shares not sold	Lapse date
<b>Group executive committee continued</b>											
SE Msane	03/12/2012	30.67	35 166	-	-	-	-	-	-	-	03/12/2019
	05/12/2011	22.95	63 052	-	-	-	-	-	-	-	05/12/2018
	14/12/2010	23.00	27 000	-	-	-	-	-	-	-	14/12/2017
	04/12/2009	16.16	42 505	-	42 505	14 168	6 636	30.40	201 734	7 532	04/12/2019
	10/12/2008	12.62	39 426	(39 426)	-	-	-	-	-	-	-
	10/12/2007	22.13	27 591	(27 591)	-	-	-	-	-	-	-
ZK Nzimande <sup>1</sup>	15/06/2006	17.07	61 000	(30 500)	30 500	30 500	-	-	-	30 500	15/06/2016
	03/12/2012	30.67	35 166	(35 166)	-	-	-	-	-	-	-
	05/12/2011	22.95	63 052	(63 052)	-	-	-	-	-	-	-
	14/12/2010	23.00	27 000	(27 000)	-	-	-	-	-	-	-
NP O'Brien	04/12/2009	16.16	42 505	(28 337)	14 168	6 636	6 636	30.40	201 734	-	-
	03/12/2012	30.67	35 166	-	-	-	-	-	-	-	03/12/2019
	05/12/2011	22.95	63 052	-	-	-	-	-	-	-	05/12/2018
	14/12/2010	23.00	27 000	-	-	-	-	-	-	-	14/12/2017
	04/12/2009	16.16	42 505	-	42 505	14 168	6 636	30.40	201 734	7 532	04/12/2019
	10/12/2008	12.62	30 735	(30 735)	-	-	-	-	-	-	-
10/12/2007	22.13	27 591	(27 591)	-	-	-	-	-	-	-	

Note 1: ZK Nzimande terminated employment with effect from 28 February 2013.

## Performance Share Plan

Name	Date of allocation	Number of conditional shares awarded	Movements (forfeited or withdrawn as a result of achievement against performance condition)	Number of shares capable of being released	Number of shares released	Average exercise price (cents)	Gain on vested shares (rand)	Gain on additional dividend shares (rand)	Total gain on vesting and dividend shares (rand)	Vested shares still to be released excluding dividend shares
<b>Executive directors</b>										
G Griffiths	03/12/2012	120 001	-	-	-	-	-	-	-	-
	05/12/2011	210 228	-	-	-	-	-	-	-	-
	14/12/2010	119 000	-	-	-	-	-	-	-	-
	04/12/2009	118 811	-	118 811	39 604	30.40	1 203 962	91 656	1 295 618	79 207
AB Marshall <sup>1</sup>	03/12/2012	246 832	-	-	-	-	-	-	-	-
	05/12/2011	257 954	-	-	-	-	-	-	-	-
	14/12/2010	202 500	-	-	-	-	-	-	-	-
	03/02/2010	150 000	(2 250)	147 750	49 250	31.34	1 543 495	157 828	1 701 323	98 500
	04/12/2009	251 331	-	251 331	83 777	30.40	2 546 821	193 922	2 740 742	167 554
02/03/2009	338 826	(234 214)	104 612	34 870	23.08	804 800	81 241	886 041	34 872	
					34 870	31.90	1 112 353	126 420	1 238 773	

## Performance Share Plan continued

Name	Date of allocation	Number of conditional shares awarded	Movements (forfeited or withdrawn as a result of achievement against performance condition)	Number of shares capable of being released	Number of shares released	Average exercise price (cents)	Gain on vested shares (rand)	Gain on additional dividend shares (rand)	Total gain on vesting and dividend shares (rand)	Vested shares still to be released excluding dividend shares
<b>Executive directors</b>										
continued										
FV Tshiqi	03/12/2012	63 816	-	-	-	-	-	-	-	-
	05/12/2011	168 775	-	-	-	-	-	-	-	-
	14/12/2010	76 200	-	-	-	-	-	-	-	-
	04/12/2009	44 806	-	44 806	14 935	30.40	454 024	34 565	488 589	29 871
	10/12/2008	73 607	(50 881)	22 726	7 575	21.93	166 120	12 040	178 159	7 576
					7 575	30.67	232 325	20 702	253 028	
	10/12/2007	32 842	(29 542)	3 300	1 100	22.13	24 343	1 837	26 180	-
					1 100	22.24	24 464	2 847	27 311	
					1 100	31.23	34 353	4 091	38 444	
	25/05/2006	40 000	(19 820)	20 180	6 727	15.60	104 941	20 951	125 892	-
					6 727	19.02	127 948	25 449	153 396	
					6 726	22.40	150 662	31 629	182 291	
<b>Group executive committee</b>										
CH Bromley										
	03/12/2012	68 426	-	-	-	-	-	-	-	-
	05/12/2011	172 775	-	-	-	-	-	-	-	-
	14/12/2010	80 000	-	-	-	-	-	-	-	-
	04/12/2009	44 806	-	44 806	14 935	30.40	454 024	34 565	488 589	29 871
	10/12/2008	141 712	(97 959)	43 753	14 584	21.93	319 827	23 180	343 007	14 585
					14 584	30.67	447 291	39 871	487 162	
	10/12/2007	67 153	(60 403)	6 750	2 250	22.13	49 793	3 740	53 532	-
					2 250	22.24	50 040	5 827	55 867	
					2 250	31.23	70 268	8 401	78 668	
	25/05/2006	65 000	(32 207)	32 793	10 931	15.40	168 337	34 033	202 371	-
					10 931	19.02	207 908	41 369	249 276	
					10 931	22.40	244 854	51 408	296 262	
PA de Weerd										
	03/12/2012	68 426	-	-	-	-	-	-	-	-
	05/12/2011	172 775	-	-	-	-	-	-	-	-
	14/12/2010	80 000	-	-	-	-	-	-	-	-
	04/12/2009	44 806	-	44 806	14 935	30.40	454 024	34 565	488 589	29 871
	10/12/2008	141 712	(97 959)	43 753	14 584	21.93	319 827	23 180	343 007	14 585
					14 584	30.67	447 291	39 871	487 162	
	10/12/2007	67 153	(60 403)	6 750	2 250	22.13	49 793	3 740	53 532	-
					2 250	22.24	50 040	5 827	55 867	
					2 250	31.23	70 268	8 401	78 668	
	25/05/2006	65 000	(32 207)	32 793	10 931	15.40	168 337	34 033	202 371	-
					10 931	19.02	207 908	41 369	249 276	
					10 931	22.40	244 854	51 408	296 262	

# Remuneration report continued

## Performance Share Plan continued

Name	Date of allocation	Number of conditional shares awarded	Movements (forfeited or withdrawn as a result of achievement against performance condition)	Number of shares capable of being released	Number of shares released	Average exercise price (cents)	Gain on vested shares (rand)	Gain on additional dividend shares (rand)	Total gain on vesting and dividend shares (rand)	Vested shares still to be released excluding dividend shares
<b>Group executive committee <small>continued</small></b>										
RG Morris	03/12/2012	68 426	-	-	-	-	-	-	-	-
	05/12/2011	172 775	-	-	-	-	-	-	-	-
	14/12/2010	80 000	-	-	-	-	-	-	-	-
	04/12/2009	44 806	-	44 806	14 935	30.40	454 024	34 565	488 589	29 871
	10/12/2008	141 712	(97 959)	43 753	14 584	21.93	319 827	23 180	343 007	14 585
					14 584	30.67	447 291	39 871	487 162	
	10/12/2007	67 153	(60 403)	6 750	2 250	22.13	49 793	3 740	53 532	-
					2 250	22.24	50 040	5 827	55 867	
					2 250	31.23	70 268	8 401	78 668	
	25/05/2006	65 000	(32 207)	32 793	10 931	15.40	168 337	34 033	202 371	-
				10 931	19.02	207 908	41 369	249 276		
				10 931	22.40	244 854	51 408	296 262		
SE Msane	03/12/2012	54 824	-	-	-	-	-	-	-	-
	05/12/2011	80 624	-	-	-	-	-	-	-	-
	14/12/2010	68 500	-	-	-	-	-	-	-	-
	04/12/2009	32 298	-	32 298	10 766	30.40	327 286	24 898	352 184	21 532
	10/12/2008	94 419	(65 268)	29 152	9 717	21.93	213 094	15 439	228 533	9 718
					9 717	30.67	298 020	26 560	324 581	
	10/12/2007	32 842	(29 542)	3 300	1 100	22.13	24 343	1 837	26 180	-
				1 100	22.24	24 464	2 847	27 311		
				1 100	31.23	34 353	4 091	38 444		
ZK Nzimande <sup>2</sup>	03/12/2012	50 344	(50 344)	-	-	-	-	-	-	-
	05/12/2011	76 744	(76 744)	-	-	-	-	-	-	-
	14/12/2010	65 000	(65 000)	-	-	-	-	-	-	-
	04/12/2009	32 298	(21 532)	10 766	10 766	30.40	327 286	24 898	352 184	-
NP O'Brien	03/12/2012	50 334	-	-	-	-	-	-	-	-
	05/12/2011	76 314	-	-	-	-	-	-	-	-
	14/12/2010	64 500	-	-	-	-	-	-	-	-
	04/12/2009	32 298	-	32 298	10 766	30.40	327 286	24 898	352 184	21 532
	10/12/2008	73 607	(50 881)	22 726	7 575	21.93	166 120	12 040	178 159	7 576
					7 575	30.67	232 325	20 702	253 028	
	10/12/2007	32 842	(29 542)	3 300	1 100	22.13	24 343	1 837	26 180	-
					1 100	22.24	24 464	2 847	27 311	
					1 100	31.23	34 353	4 091	38 444	
25/05/2006	50 000	(24 775)	25 225	8 408	15.42	129 677	26 176	155 853	-	
				8 408	19.02	159 920	31 820	191 741		
				8 409	22.40	188 362	39 536	227 898		

Note 1: Once-off awards linked to achievement of certain key strategic initiatives and an improvement in headline earnings per share adjusted for financial fair value gains and losses in excess of the consumer price index of 6% over the three-year performance period.

Note 2: ZK Nzimande terminated employment with effect from 28 February 2013.

### Achievement against target for December 2010 allocation and subsequent vesting in December 2013

#### Share Appreciations Rights Plan Achievement against target for December 2010 allocation

Achievement under the headline earnings per share performance target for the 2010

allocation will result in anticipated vesting in December 2013 of 100% for the 2010 allocation.

#### Performance Share Plan

Achievement under the headline earnings per share performance target for the 2010 allocation will result in anticipated vesting in December 2013 of 100% for the 2010

allocation linked to this performance condition. The achievement under the cumulative TSR target for the 2010 allocation will result in anticipated vesting in December 2013 of 100% for the 2010 allocation linked to this performance condition. It is therefore anticipated that 100% of the December 2010 total allocation will vest in December 2013.

### Deferred Bonus Plan

The investment value of shares held by executives and prescribed officers through direct investment and the value of any matching shares released to executives and prescribed officers for the year under review is shown below:

Name	Participation date	Number of shares purchased	Share price (rand)	Matching award release date	Matching award – number of shares released	Share price (rand)	Gain on matching award (rand)	Value invested in Nampak share at 30 September 2013 at R31.21 per share (rand)
<b>Executive directors</b>								
G Griffiths	14/12/2012	27 917	32.38	14/12/2015				3 318 009
	15/12/2011	38 010	22.65	15/12/2014				
	15/12/2010	34 618	22.72	15/12/2013				
	22/02/2010	1 800	17.89	22/02/2013	1 800	31.54	56 772	
AB Marshall	14/12/2012	58 561	32.38	14/12/2015				6 575 635
	15/12/2011	79 216	22.65	15/12/2014				
	15/12/2010	72 913	22.72	15/12/2013				
	22/02/2010	23 330	17.89	22/02/2013	23 330	31.54	735 828	
FV Tshiqi	14/12/2012	18 104	32.38	14/12/2015				1 742 111
	15/12/2011	24 578	22.65	15/12/2014				
	15/12/2010	13 137	22.72	15/12/2013				
	22/02/2010	5 555	17.89	22/02/2013	5 555	31.54	175 205	
<b>Group executive committee</b>								
CH Bromley	14/12/2012	18 431	32.38	14/12/2015				1 573 702
	15/12/2011	17 355	22.65	15/12/2014				
	15/12/2010	14 637	22.72	15/12/2013				
	22/02/2010	12 265	17.89	22/02/2013	12 265	31.54	386 838	
PA de Weerd	14/12/2012	18 646	32.38	14/12/2015				1 831 028
	15/12/2011	25 314	22.65	15/12/2014				
	15/12/2010	14 708	22.72	15/12/2013				
	22/02/2010	12 265	17.89	22/02/2013	12 265	31.54	386 838	
RG Morris	14/12/2012	12 908	32.38	14/12/2015				1 266 283
	15/12/2011	8 485	22.65	15/12/2014				
	15/12/2010	19 180	22.72	15/12/2013				
	22/02/2010	12 265	17.89	22/02/2013	12 265	31.54	386 838	

# Remuneration report continued

## Deferred Bonus Plan continued

Name	Participation date	Number of shares purchased	Share price (rand)	Matching award release date	Matching award – number of shares released	Share price (rand)	Gain on matching award (rand)	Value invested in Nampak share at 30 September 2013 at R31.21 per share (rand)
<b>Group executive committee</b> <small>continued</small>								
SE Msane	14/12/2012	–						548 328
	15/12/2011	6 622	22.65	15/12/2014				
	15/12/2010	10 947	22.72	15/12/2013				
	22/02/2010	11 198	17.89	22/02/2013	11 198	31.54	353 185	
ZK Nzimande	14/12/2012	–						–
	15/12/2011	6 622	22.65	Note 1				
	15/12/2010	13 137	22.72					
	22/02/2010	5 599	17.89	22/02/2013	5 599	31.54	176 592	
NP O'Brien	14/12/2012	12 982	32.38	14/12/2015				1 426 110
	15/12/2011	17 172	22.65	15/12/2014				
	15/12/2010	15 540	22.72	15/12/2013				
	22/02/2010	9 355	17.89	22/02/2013	9 355	31.54	295 057	

Note 1: ZK Nzimande terminated employment with effect from 28 February 2013.

## Black Management Trust

The interest held by participants is shown below:

Name	Number of awards granted	Founding grant price (rand)
FV Tshiqi	982 579	15.13
SE Msane	725 000	15.13
ZK Nzimande <sup>1</sup>	233 333	15.13

Note 1: ZK Nzimande terminated employment with effect from 28 February 2013.

## Share Option Scheme

As explained in the remuneration policy, the Legacy Option Scheme is no longer used to make awards. However, the only options still held by executives and prescribed officers is shown below:

Name	Date of grant	Issue price (rand)	Number of options held at 30 September 2012	Number of options exercised	Exercise price (rand)	Gain on options exercised (rand)	Number of options held at 30 September 2013	Lapse date
<b>Executive directors</b>								
AB Marshall	–	–	–	–	–	–	–	–
FV Tshiqi	01/12/2004	14.95	40 000	40 000	30.81	634 336	–	–
<b>Group executive committee</b>								
CH Bromley	27/11/2003	12.34	70 000	70 000	30.41	1 264 900	–	–
	01/12/2004	14.95	85 000	–	–	–	85 000	01/12/2014
RG Morris	01/12/2004	14.95	90 000	–	–	–	90 000	01/12/2014
NP O'Brien	27/11/2003	12.34	20 000	20 000	30.81	369 368	–	–
	01/12/2004	14.95	50 000	–	–	–	50 000	01/12/2014

## Non-executive directors' remuneration

The non-executive remuneration paid during the year under review (as approved by shareholders) and the comparative figures for 2013 are disclosed below. An increase to the non-executive directors and committee fees will be proposed for 2014 and the proposals are set out in the notice of the annual general meeting.

### Non-executive directors' remuneration for 2013

Name	Notes	Directors' fees (rand)		Audit committee total fees (rand)	Remuneration committee total fees (rand)	Nomination committee total fees (rand)	Risk and sustainability committee total fees (rand)	Social, ethics and transformation committee total fees (rand)	Total (rand)
		Base fee	Meeting fees						
RC Andersen	3	138 000	87 000	115 000	89 735	75 000			504 735
RJ Khoza	3	138 000	87 000			75 000			300 000
PM Madi	3	138 000	87 000				75 735	148 500	449 235
VN Magwentshu		138 000	87 000	101 500				75 735	402 235
TT Mboweni	1	1 400 000							1 400 000
DC Moephuli	2	138 000	72 500				75 735		286 235
CWN Molope	3	138 000	72 500	115 000			148 500		474 000
RV Smither	3	138 000	72 500	215 000			68 735		494 235
PM Surgey	3	138 000	87 000		172 500	75 000	75 735	75 735	623 970
<b>Total</b>		<b>2 504 000</b>	<b>652 500</b>	<b>546 500</b>	<b>262 235</b>	<b>225 000</b>	<b>444 440</b>	<b>299 970</b>	<b>4 934 645</b>

Note 1: Fee includes participation in board sub-committee meetings.

Note 2: Fee donated to Agang Sechaba Trust.

Note 3: Minor timing discrepancies in payments.

### Non-executive directors' remuneration for 2012

Name	Notes	Directors' fees (rand)		Audit committee total fees (rand)	Remuneration committee total fees (rand)	Nomination committee total fees (rand)	Risk and sustainability committee total fees (rand)	Social, ethics and transformation committee total fees (rand)	Other (rand)	Total (rand)
		Base fee	Meeting fees							
RC Andersen		108 600	93 800	79 000	76 000	63 500				420 900
RJ Khoza		108 600	93 800			63 500				265 900
PM Madi <sup>4</sup>		108 600	80 400				57 250	113 140		359 390
VN Magwentshu	1	108 600	80 400	92 000				63 500	20 000	364 500
TT Mboweni	2	1 306 800								1 306 800
DC Moephuli	3	108 600	80 400				63 500			252 500
CWN Molope <sup>4</sup>		108 600	93 800	92 000			113 140			407 540
RV Smither <sup>4</sup>		108 600	80 400	189 000			63 500			441 500
PM Surgey		108 600	93 800		150 380	63 500	63 500	63 500		543 280
<b>Total</b>		<b>2 175 600</b>	<b>696 800</b>	<b>452 000</b>	<b>226 380</b>	<b>190 500</b>	<b>360 890</b>	<b>240 140</b>	<b>20 000</b>	<b>4 362 310</b>

Note 1: Additional consulting fee paid for facilitation of diversity workshops.

Note 2: Fee includes participation in board sub-committee meetings.

Note 3: Fees donated to Agang Sechaba Trust.

Note 4: Minor timing discrepancies in payments.

# Group social, ethics and transformation committee report

The committee functions in accordance with a charter that was adopted in the previous year. This charter was approved by the board and will be regularly reviewed and updated, where necessary.

## Meetings

The committee held two meetings during the year under review.

## Composition

The committee comprises three independent non-executive directors, one of whom is the chairman. In attendance are four senior executives of the company, including the chief executive officer and the group human resources director.

## Key activities in the year under review

### Transformation

This is a key focus area of the company and receives ongoing attention. Although the committee was disappointed that the group's B-BBEE rating has gone backwards to Level 4, from the previous year's Level 3, renewed efforts have been put in place to address this.

## Corporate social investment

The committee is pleased with progress in this area. A more detailed report on CSI can be found on pages 46 to 49 of this report.

## Social

The committee is satisfied with the progress made in monitoring the company's compliance with the United Nations Global Compact's 10 Principles on Human Rights, Environment, Labour and Anti-Corruption.

## Ethics

The committee reviewed a comprehensive report from the Tip-Offs Anonymous Hotline, which detailed the categories of issues reported and the actions taken. The committee is satisfied with the robustness of the measures taken to deal with unethical activities by its staff.

The group human resources director, in his capacity of the ethics officer for the group, did not report any issues to the committee and/or the board in the year under review.

On behalf of the group social, ethics and transformation committee:



**Professor Phinda Madi**

Chairman

21 November 2013

# Risk management report

## Policy framework and guidelines

Risk management guidelines and the operational framework were revised in 2011 and approved by the board. These policies describe the group's risk management processes and set out the requirements for management in generating risk action.

The board has committed the group to a process of risk management that is aligned with ISO 31000, King III and generally accepted good risk management practices. The structured and systematic enterprise risk management process guideline and framework has been adopted by the group which means that key risks that may impact the group's ability to achieve its objectives are proactively identified, assessed, quantified (where appropriate) with mitigation opportunities or actions established. Assessment of whether any risk has a likelihood of declining, increasing or remaining stable over the next three to five years is also considered. The residual risk position after evaluating the quality of the mitigating factors or actions provides management and the board with sufficient information to determine whether there are any further actions that should be taken to reduce potential exposure.

Risk management is a process which runs throughout the organisation and is formally integrated into the annual budgeting and strategic planning cycles as well as in capital expenditure processes, thereby taking into account external influences as well as internal factors. Risks are then reviewed and updated by the divisions and group departments on a quarterly basis or as required.

The board is responsible for the governance of risk and ensuring that the group's assets and reputation are suitably protected. The risk and sustainability committee, appointed by the board, formally monitors and reviews:

- the effectiveness of risk management arrangements and that appropriate assessments, responses and interventions are in place;

- that annual risk management plans are in place;
- ongoing activities to ensure that they are sufficiently robust and that key risks are identified;
- the group's risk register bi-annually and evaluates the appropriateness of mitigating actions and controls;
- that unpredictable risks are identified as far as possible;
- reports on incidents, losses and claims; and
- whether the group's risk profile is within the risk and tolerance framework levels approved by the board.

Formal feedback is provided by the risk and sustainability committee to the board so that its members are kept informed of key risks and opportunities and matters that may require attention. The chairman of the audit committee attends the risk and sustainability committee meetings as an ex officio member.

The governance structure for risk management is set out in the corporate governance statement on pages 64 and 65 of the integrated annual report.

The risk management process is subject to internal audit reviews with a view to continually enhancing the effectiveness of the process.

## Accountability

While the responsibility for governance of risk management rests with the board, the accountability for risk management rests with management and staff. Risks identified are monitored at divisional and group meetings which are attended by the chief executive officer and/or the chief financial officer.

## Structure

The Nampak risk management policy framework sets out the risk governance structure. A team with an appropriate understanding of the framework, concepts and principles has been established within the group with responsibility for ensuring integration into the business as well as

coordination of information to the group executive committee for review before being presented to the board's risk and sustainability committee.

Predetermined risk categories have been established to guide the operations in their risk assessments. Management at each of the divisions identifies, quantifies the risks, establishes controls and mitigation initiatives and thereafter monitors performance and ensures that action plans are implemented. Flexibility is provided to add risk categories if required. Historical data is retained and performance can therefore be tracked and trend-lines established.

Management has established a number of functions and processes to address operational risk management requirements. These include an extensive programme of risk control audits, compliance management, ethics management, IT risk, sustainability and climate change.

## Risk tolerance and appetite

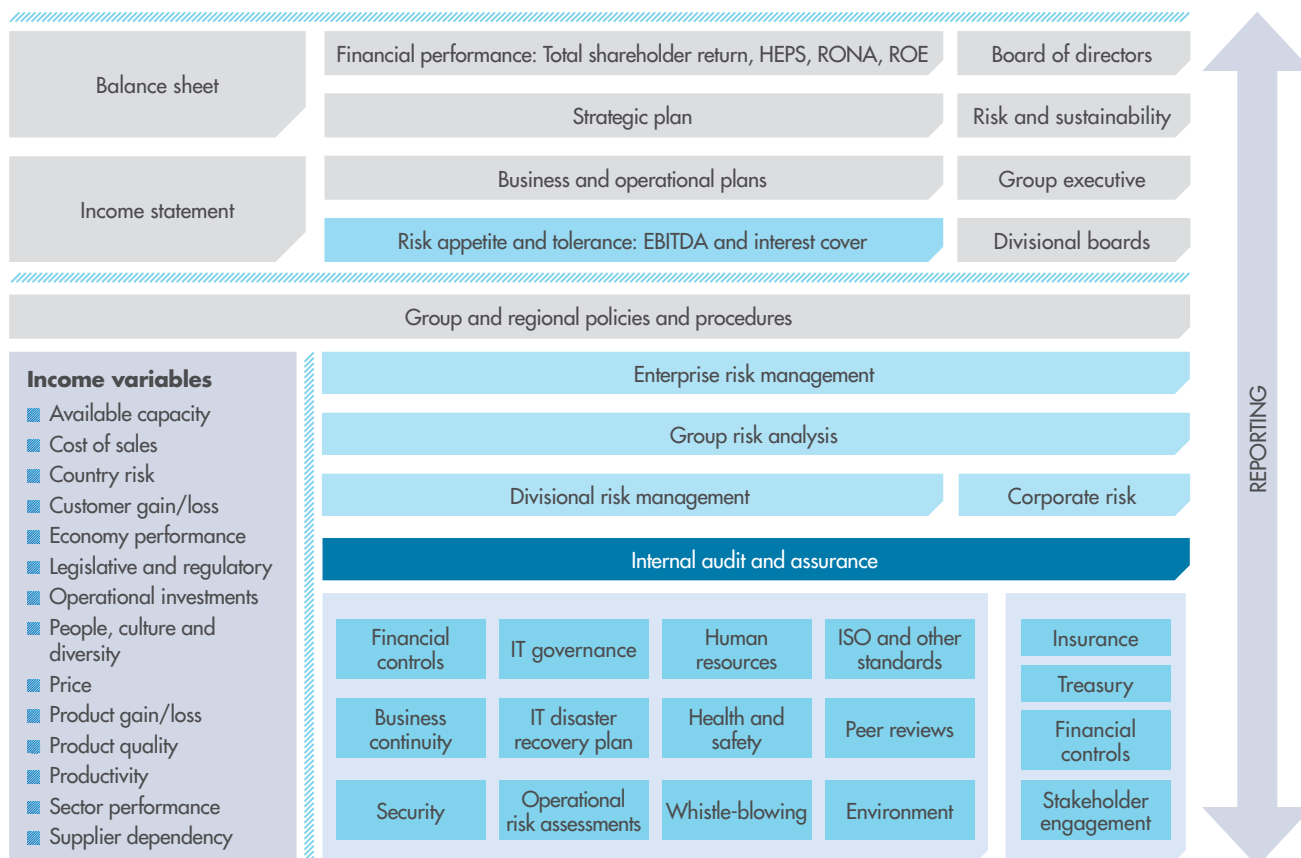
The group has established a risk appetite and risk tolerance framework. The measurement parameters used to determine the risk appetite is the group's EBITDA, and the risk tolerance is set against an appropriate interest cover ratio. Risk appetite statements in respect of other social, economic and environmental aspects have also been agreed. The risk management framework also provides an outline of the potential financial impact on all risk categories, thereby ensuring that the level of financial risk exposure is taken into account when determining the residual risk outcome.

## Risk management plan

The risk management plan for 2014 is included in the risk management guidelines and framework and outlines the calendar for processes including risk assessments, risk reports, assurance activities and risk monitoring. There are initiatives under way for continuous improvement of the risk management programme.

# Risk management report continued

## Risk management and compliance framework



## Key risks

The risks which the group's risk management process identified as the most important facing the group have been identified and reviewed below:

Source of risk	Potential impacts	Mitigations
<b>Customer gain/loss</b> Certain divisions rely on volumes from key customers.	The risk of adverse commercial impacts as a result of a loss of revenue from key account and/or a reduction in margins driven by reliance on key customers.	Many customers have transacted with the group for many years which has resulted in the development of long-term relationships and in some cases long-term contracts. Nampak's research and development capabilities provide opportunity for the group and its customers to develop and deliver innovative sustainable packaging solutions. In addition, wherever possible, the group aims to grow with and expand its customer base to offset negative impacts.
Certain operations operate in highly competitive environments.	The risk of adverse commercial impacts as a result of loss of margins in certain sectors where barriers to entry are lower, imports are easier and product quality is less material.	The board and executive continue to review the divisional business models and product potentials in the short, medium and long term with a view to growing in appropriate sectors. The continued focus on operational and productivity focus continue to deliver value.

## Key risks 2013 continued

Source of risk	Potential impacts	Mitigations
<b>Country risk</b> Growth into countries in the rest of Africa changes the group's footprint.	The risk of investments failing to reach the hurdle rates of performance relative to the initial projected returns which could result in value deterioration for shareholders.	The group has established policies and practices supported by a strong project management process that guides implementation. Executives and management have extensive experience from previous projects. Project performance is reviewed by the executive, risk and sustainability committees and the board at regular intervals to ensure that corrective action can be taken timeously if required.
<b>Economy</b> General downturn in economic conditions in South Africa.	The risk that the South African operations will underperform expectations due to deterioration in economic conditions and insufficient opportunities for new growth investments identified and implemented.	Diversification into other countries in the rest of Africa where growth rates are higher and there is an expectation of higher disposable incomes. Actively pursue opportunities to grow with customers in South Africa and the rest of Africa.
Increased costs associated with defined benefit liabilities.	The risk of ongoing low interest rate environments relative to inflation and longer life scenarios increase the impact of the cost to the group.	Buy-out mechanisms are in place to de-risk liabilities as opportunities occur. Defined benefit structures closed and employees now participate in defined contribution schemes.
<b>People, culture and diversity</b> General shortage of available artisan, engineering, accounting and manufacturing skills.	The risk of insufficient core skills to resource behind the group's growth strategy impacting operational effectiveness and ability to deliver on the growth strategy.	Formal recruitment, performance management and leadership development structures are in place to attract and retain the correct calibre of talent. In support, remuneration structures are benchmarked, transparent and competitive. Executive coaching was introduced into the group three years ago and is producing consistent improvement in management performance and the operating culture. The focus on improvement in high school education and bursaries in its corporate social investment programmes is resulting in a number of young black graduates joining the divisions each year.
Complexity associated with attracting black females into manufacturing.	The risk of a potential negative impact on procurement from the South African customers as a result of the B-BBEE scorecard ranking.	The group's recruitment policy provides for at least 50% of new graduate appointments to be black females.
<b>Product gain/loss</b> Substitution and changes in consumer preferences, health and environmental influences.	The risk of loss of revenue from specific packaging types as trends linked to sustainable packaging change internationally and locally.	Being a diversified packaging group and through ongoing interaction with customers provides early warnings of consumer trends and provides flexibility to move the product offering between packaging materials and types in a structured manner. Competitive pricing of products also assists in reducing the potential impacts in the short term. Nampak's research and development facility as well as its technical partnerships with packaging producers internationally provides the executive with sufficient information on changing trends to inform strategic decisions.

## Risk management report continued

### Key risks 2013 continued

Source of risk	Potential impacts	Mitigations
<p><b>Product quality</b></p> <p>Manufacture of packaging products that fall short of suitability and food and beverage safety criteria of customers either through the group's own manufacturing processes or as a result of poor quality of raw material provided by suppliers.</p>	<p>The risk of loss of market share and deterioration of the Nampak brand value.</p>	<p>The group actively adopts and maintains quality, health and safety, and food and beverage standards to meet customer requirements. Nampak's research and development facility provides customers with an ability to test product suitability before manufacturing. Ongoing formal engagement takes place with raw material suppliers to manage quality and supply.</p>
<p><b>Productivity</b></p> <p>Employment cost increases relative to productivity.</p>	<p>Inability to achieve appropriate levels of productivity relative to employment cost relative to competitors.</p>	<p>Productivity targets are set and monitored at operations. There are formal engagement structures with recognised trade unions to create appropriate relationships where employment issues can be managed and the link to productivity improvements developed.</p>
<p><b>Supplier dependency</b></p> <p>Reliance on energy and water infrastructures.</p>	<p>The risk of being unable to meet customer demand due to power disruptions resulting in products being sourced elsewhere. The reverse applies where customers are unable to take stock due to their inability to produce product which results in lost sales.</p>	<p>The divisions actively engage with parastatals and municipalities to secure consistent supply of power and water. In addition, the group actively participates in forums that address supply issues with government and Eskom. Where it has been feasible, the energy supply has been changed from electricity to natural gas which has an added benefit of reduction in GHG emissions.</p>
<p>Dependence on raw material and energy suppliers and volatility in pricing.</p>	<p>The risk of being unable to meet customer demand due to reliance on single raw material suppliers in the short to medium term as well as the potential impact on margins as a result of raw material pricing volatility.</p>	<p>Supply agreements have been secured with major raw material suppliers that are mutually beneficial. Alternative supply channels have been developed and tested.</p>
<p><b>Regulatory environment</b></p> <p>Complexity and magnitude of the laws, regulations and standards.</p>	<p>Due to the complexity and magnitude of the regulatory environment, the group acknowledges the challenges with staying abreast with changes and maintaining compliance at all times.</p>	<p>Management is responsible for keeping abreast of changes in the regulatory environment and various processes have been introduced to enable communication of changes on a regular basis. Certification under international standards at the various operations provides sufficient comfort on health and safety, environmental, food and beverage regulatory compliance. The divisions are required to report any breaches to the group. The group and, where appropriate, in conjunction with industry bodies, proactively engages on proposed changes in legislation in order to understand the implications and potential impacts and to plan accordingly.</p>

# Contents



## Summarised financial statements 90 – 117

Independent auditor's report	90
Audit committee report	91
Directors' responsibility for summarised annual financial statements	92
Directors' report	93
Summarised group statement of financial position	100
Summarised group statement of comprehensive income	101
Summarised group statement of changes in equity	102
Summarised group statement of cash flows	103
Notes to the summarised group financial statements	104
Interests in subsidiaries and joint ventures	115

## Shareholder information 118 – 126

Notice of annual general meeting	118
Form of proxy	123
Shareholders' diary	125
Corporate information	126

## Independent auditor's report

### TO THE SHAREHOLDERS OF NAMPAK LIMITED ON THE SUMMARISED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The summarised consolidated financial statements of Nampak Limited, contained in the accompanying Integrated Annual Report, which comprise the summarised consolidated statement of financial position as at 30 September 2013, the summarised consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited annual consolidated financial statements of Nampak Limited for the year ended 30 September 2013. We expressed an unmodified audit opinion on those annual consolidated financial statements in our report dated 21 November 2013. Our auditor's report on the audited annual consolidated financial statements contained an other matter paragraph "Other reports required by the Companies Act" (included below).

The summarised consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summarised consolidated financial statements, therefore, is not a substitute for reading the audited annual consolidated financial statements of Nampak Limited.

### DIRECTORS' RESPONSIBILITY FOR THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the summarised consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for summarised reports, set out in Note 1 to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements, and for such internal control as the directors determine is necessary to enable the preparation of the summarised consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Listings Requirements require summarised reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the summarised consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, *Engagements to Report on Summary Financial Statements*.

### OPINION

In our opinion, the summarised consolidated financial statements derived from the audited annual consolidated financial statements of Nampak Limited for the year ended 30 September 2013 are consistent, in all material respects, with those annual consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for summarised reports, set out in Note 1 to the summarised consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summarised financial statements.

### OTHER REPORTS REQUIRED BY THE COMPANIES ACT

The "other reports required by the Companies Act" paragraph in our audit report dated 21 November 2013 states that as part of our audit of the consolidated financial statements for the year ended 30 September 2013, we have read the Directors' report, the Audit committee report and the Certificate by company secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited annual consolidated financial statements. These reports are the responsibility of the respective preparers. The paragraph also states that, based on reading these reports, we have not identified material inconsistencies between these reports and the audited annual consolidated financial statements. The paragraph furthermore states that we have not audited these reports and accordingly do not express an opinion on these reports. The paragraph does not have an effect on the summarised consolidated financial statements or our opinion thereon.



### Deloitte & Touche

Registered auditors  
Per AF Mackie  
Partner

21 November 2013

Buildings 1 and 2, Deloitte Place  
The Woodlands Office Park,  
Woodlands Drive, Woodmead,  
Sandton

**National Executive:** IL Bam Chief Executive, AE Swiegers Chief Operating Officer, GM Pinnock Audit, DL Kennedy Risk Advisory, NB Kader Tax, TP Pillay Consulting, K Black Clients & Industries, JK Mazzocco Talent and Transformation, CR Beukman Finance, M Jordan Strategy, S Gwala Special Projects, TJ Brown Chairman of the Board, MJ Comber Deputy Chairman of the Board

A full list of partners and directors is available on request.

**B-BBEE rating:** Level 2 contributor in terms of Chartered Accountancy Profession Sector Code

Member of Deloitte Touche Tohmatsu Limited

## Audit committee report

### INTRODUCTION

The audit committee presents its report for the financial year ended 30 September 2013.

### ROLES AND RESPONSIBILITIES

The committee has discharged all its responsibilities and carried out all the functions assigned to it in terms of section 94(7) of the Companies Act, No 71 of 2008, and as contained in the committee's charter. A copy of the charter is available on the company's website.

In particular, the committee:

- reviewed the interim and annual financial statements and recommended them for approval by the board;
- reviewed the integrated annual report for 2013 and recommended it for approval by the board;
- reviewed and satisfied itself that the company's finance function was adequately resourced by people with appropriate expertise and experience and that the internal financial controls were effective;
- satisfied itself that the chief financial officer, Mr Gareth Griffiths, has appropriate expertise and experience;
- resolved to continue to outsource the internal audit function to EY during the financial year;
- approved the internal audit charter and audit plans;
- received and reviewed reports from both the internal and external auditors, which included commentary on effectiveness of the internal control environment, systems and processes and, where appropriate, made recommendations to the board;
- reviewed the independence of the external auditors, Deloitte & Touche, and recommended them for appointment at the annual general meeting as auditors for the 2014 financial year, with Mr Andrew Mackie as the designated auditor;
- ensured that the appointment of the external auditors complied with the provisions of the Companies Act, No 71 of 2008, and other legislation relating to the appointment of auditors;
- determined the fees to be paid to the external and internal auditors and their terms of engagement;
- determined the nature and extent of non-audit services which may be provided by the external auditors and pre-approved the contract terms for the provision of non-audit services by the external auditors;
- noted that it had not received any complaints, from within or outside the company, relating to the accounting practices and internal audit of the company, to the content or auditing of its financial statements, or any related matter; and
- conducted an evaluation exercise into the effectiveness of the committee.

The audit committee charter provides for confidential meetings between the committee members and the external and internal auditors. The internal and external auditors have unrestricted access to the committee.

### COMMITTEE MEMBERS

The committee was appointed by shareholders at the annual general meeting held on 8 February 2013 and during the course of the year comprised solely independent non-executive directors. Details of membership of the committee can be found on page 61. The members of the committee are all available for re-election and offer themselves for re-election. The group chairman, chief executive officer, chief financial officer, internal auditors and external auditors all attend meetings of the committee by invitation.



**RV Smither**  
Chairman of the audit committee

21 November 2013

## Directors' responsibility for summarised annual financial statements

for the year ended 30 September 2013

The directors of the company are responsible for the preparation and integrity of the summarised annual financial statements and related financial information included in this report. The annual financial statements have been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards and the requirements of the Companies Act, No 71 of 2008, and incorporate full and responsible disclosure in line with the accounting philosophy of the group.

The directors are responsible for the internal controls and management enables the directors to meet these responsibilities. Adequate accounting records and internal controls and systems have been maintained to provide reasonable assurance on the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability for the group's assets. Such controls are based on established policies and procedures and are implemented by trained personnel with appropriate segregation of duties.

The board is responsible for ensuring that the company maintains a sound and effective system of internal controls and risk management. The audit committee assessed the effectiveness of the system of internal controls and risk management for the year under review, principally through self-assessment by, and information from, management and reports from the internal and external auditors. Based on these processes and reports the board is of the opinion that the company's system of internal control and risk management is effective and provides reasonable assurance on the integrity and reliability of the financial statements and the safeguarding of the company's assets.

It is the responsibility of the independent auditors to report on whether the summarised financial statements are fairly presented in accordance with the applicable financial reporting framework.

The summarised annual financial statements for the year ended 30 September 2013, set out on pages 93 to 117, were approved by the board of directors at its meeting on 21 November 2013 and are signed on its behalf by:



**TT Mboweni**  
Chairman



**AB Marshall**  
Chief executive officer

### PREPARER OF FINANCIAL STATEMENTS

The summarised annual financial statements have been prepared under the supervision of MS Bottyan CA(SA).



**MS Bottyan**  
Group financial manager

21 November 2013

## Certificate by company secretary

In terms of section 88(2)(e) of the Companies Act, No 71 of 2008, as amended, I certify that the company has lodged with the Commissioner all such returns and notices required by the Companies Act and that all such returns and notices are true, correct and up to date.



**NP O'Brien**  
Company secretary

21 November 2013

## Directors' report

for the year ended 30 September 2013

### BUSINESS OF THE COMPANY

Nampak, which has been listed on the JSE since 1969, is Africa's largest and most diversified packaging manufacturer with operations in Angola, Botswana, Ethiopia, Kenya, Malawi, Mozambique, Namibia, Nigeria, South Africa, Swaziland, Tanzania, Zambia and Zimbabwe.

Packaging products are produced from metal, paper, plastics and glass. Nampak is a major manufacturer and marketer of a wide range of tissue products and is the leading supplier of plastic bottles to the dairy industry in the United Kingdom.

The collection and recycling of all types of used packaging is of the utmost importance and is a core strategic activity.

The group's world-class research and development facility based in Cape Town provides technical expertise and support to Nampak's businesses as well as to its customers.

### ACCOUNTING POLICIES

The summarised financial statements have been extracted from the annual financial statements which have been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, No 71 of 2008 (as amended). The principal accounting policies have been applied consistently with the previous year.

### BORROWING FACILITIES

Group gross borrowings at 30 September 2013 amount to R6 041.8 million (2012: R3 188.7 million). In terms of the company's memorandum of incorporation, the borrowing powers are unlimited. Details of the borrowings and facilities are set out in note 6 to the summarised annual financial statements.

### REVIEW OF OPERATIONS AND RESULTS

The performance of the divisions and the group's results are comprehensively reviewed on pages 22 to 39 and 100 to 117.

### CORPORATE ACTIVITY

As mentioned in the 2012 annual report the company acquired the remaining 50% of the issued share capital of Elopak South Africa (Pty) Ltd from Elopak SA of Norway with effect from 1 November 2012.

The company concluded an agreement to sell its Nampak Cartons and Labels business in South Africa to a subsidiary of Caxton and CTP Publishers and Printers Limited, subject to the fulfilment of a number of conditions precedent, including approval of the transaction by the competition authorities in South Africa.

The following company was deregistered during the year:

- Nampak Polycyclers (Pty) Ltd.

### SHARE CAPITAL

During the year the issued ordinary share capital was increased as follows:

	Authorised		Issued	
	Number of shares	R million	Number of shares	R million
Ordinary shares of 5 cents each	776 857 200	38.9	697 897 394	35.0
6.5% cumulative preference shares of R2 each	100 000	0.2	100 000	0.2
6% cumulative preference shares of R2 each	400 000	0.8	400 000	0.8
Redeemable preference shares of 5 cents each	100	–	–	–
		39.9		36.0

Note:

The issued ordinary share capital includes 104 297 245 treasury shares.

Share premium as at 30 September 2013: R45.6 million.

There were no changes to the 6.5% and 6% preference shares.

## Directors' report continued

for the year ended 30 September 2013

During the year the issued ordinary share capital was increased as follows:

	Ordinary shares of 5 cents each
Issued at 30 September 2012	696 711 782
Ordinary shares allotted to employees other than directors in terms of the Nampak Deferred Bonus Plan (DBP)	96 095
Ordinary shares allotted to directors in terms of the DBP	30 685
Ordinary shares allotted to employees and retired employees other than directors in terms of the Nampak 1985 Share Option Scheme (Option Scheme)	423 300
Ordinary shares allotted to a director in terms of the Option Scheme	40 000
Ordinary shares allotted to employees and retired employees other than directors in terms of the Nampak Limited Performance Share Plan (PSP)	200 079
Ordinary shares allotted to directors in terms of the PSP	251 447
Ordinary shares allotted to employees and former employees other than directors in terms of the Nampak Limited Share Appreciation Plan (SAP)	94 784
Ordinary shares allotted to directors in terms of the SAP	49 222
<b>Issued at 30 September 2013</b>	<b>697 897 394</b>

There were no changes to the issued 6.5% and 6% preference shares.

### SHARE PLANS

#### The Nampak 1985 Share Option Scheme (Option Scheme)

A total of 463 300 ordinary shares of 5 cents each were allotted during the year consequent upon the exercise of share options.

The relevant particulars of the Option Scheme, which was closed to future allocations in 2006, are set out below:

	Ordinary shares	
	2013	2012
Balance at the commencement of the financial year	703 300	1 987 100
Options exercised during the year	(463 300)	(1 283 800)
Options forfeited during the year	–	–
Balance at the end of the financial year	240 000	703 300
These options are exercisable over periods between 1 October 2013 and 1 December 2014 at an average price of 14.79 cents per share:		
Directors*	–	40 000
Other employees and retirees	240 000	663 000
Total	240 000	703 300
Number of participants	4	12

\*Please refer to page 98 of the directors' report for details of directors' share options.

#### The Nampak Limited Performance Share Plan and the Nampak Limited Share Appreciation Plan

Shareholders approved the adoption of the Nampak Limited Performance Share Plan 2009 (PSP 2009) and the Nampak Limited Share Appreciation Plan 2009 (SAP 2009) (the replacement plans) in replacement of the Nampak Limited Performance Share Plan (PSP) and the Nampak Limited Share Appreciation Plan (SAP) at the annual general meeting of the company held on 3 February 2010.

As a result of the adoption of the replacement plans, no further allocations of awards have been made in terms of the PSP and the SAP.

Details of the share plans are included in the remuneration report appearing on pages 72 to 74.

The tables below show the number of shares under award and the maximum number of shares which may be delivered. However, the actual number of shares which will be delivered to participants will depend on the extent to which performance conditions will be satisfied and, consequently, may be less than the number stated below:

#### The Nampak Limited Performance Share Plan (PSP)

	2013	2012
Balance at the commencement of the financial year	974 893	2 081 009
Forfeitures/cancellations	(68 587)	(42 665)
Retirements	–	(16 309)
PSP rights forfeited due to underachievement of performance criteria	–	(868 446)
PSP rights exercised	(368 626)	(178 696)
Balance at the end of the financial year	537 680	974 893
Number of participants	11	18

#### The Nampak Limited Share Appreciation Plan (SAP)

	2013	2012
Balance at the commencement of the financial year	1 268 430	4 192 407
Forfeitures/cancellations	(103 420)	(42 828)
Retirements	–	(11 944)
SAP rights forfeited due to underachievement of performance criteria	–	(2 582 232)
Exercised	(313 729)	(286 973)
Balance at the end of the financial year	851 281	1 268 430
Number of participants	63	79

#### The Nampak Limited Performance Share Plan 2009 (PSP 2009)

	2013	2012
Balance at the commencement of the financial year	2 857 674	1 249 500
Number of conditional shares awarded during the year:		
Executive directors	430 649	636 957
Senior executives	726 576	971 217
Forfeitures/cancellations	(260 888)	
Retirements	(37 230)	
PSP rights forfeited due to underachievement of performance criteria	(2 250)	
PSP rights exercised	(49 250)	
Balance at the end of the financial year	3 665 281	2 857 674
Number of participants	22	24

#### The Nampak Limited Share Appreciation Plan 2009 (SAP 2009)

	2013	2012
Balance at the commencement of the financial year	4 681 761	3 843 650
Number of conditional shares awarded during the year:		
Executive directors	230 923	362 921
Senior executives	4 071 550	610 890
Forfeitures/cancellations	(669 526)	(127 650)
Retirements	(16 675)	(8 050)
Balance at the end of the financial year	8 298 033	4 681 761
Number of participants	224	194

## Directors' report continued

for the year ended 30 September 2013

### The Nampak Limited Deferred Bonus Plan 2009 (DBP 2009)

Selected employees are able to apply up to a maximum of 50% of their after-tax annual bonus to purchase bonus shares. Employees will receive a matching award, which is a conditional right to receive shares equal in value to the bonus shares held as at the respective vesting dates on a 1:1 basis. Vesting of the matching award is dependent upon continued employment and is not subject to the satisfaction of performance targets.

The DBP may be summarised as follows:

	2013	2012
Balance at the commencement of the financial year	660 534	397 640
Number of bonus shares purchased by employees during the year:	219 019	262 894
Executive directors	104 582	141 804
Senior executives	114 437	121 090
Number of bonus shares transferred/sold to by employees during the year:	(126 780)	
Executive directors	(30 685)	
Senior executives	(96 095)	
Forfeitures	(49 345)	
Balance at the end of the financial year	703 428	660 534
Number of participants	17	18

### PLACEMENT OF UNISSUED SHARES UNDER THE CONTROL OF THE DIRECTORS FOR PURPOSES OF THE SHARE PLANS

In terms of resolutions passed by shareholders of the company at the annual general meeting held on 8 February 2006, no more than 7.13% of the total issued ordinary shares as at 24 January 2006 (46.4 million shares) may be set aside from the unissued share capital of the company for purposes of all share plans. The total unissued shares under the control of the directors for purposes of all share plans at 30 September 2013 is summarised below:

Balance at the commencement of the financial year	23 776 225
Less: Awards granted in terms of the PSP 2009 during the current financial year	(1 157 225)
Less: Awards granted in terms of the SAP 2009 during the current financial year	(4 302 473)
Less: Number of conditional shares awarded during the year and prior financial years in terms of DBP	(703 428)
Less: Shares allotted in respect of dividends declared and paid during the current and prior financial years	(33 651)
Add: Options forfeited during the current financial year	–
Add: Awards forfeited in terms of the PSP during the current financial year	68 587
Add: Awards forfeited in terms of the SAP during the current financial year	103 420
Add: Awards forfeited in terms of the PSP 2009 during the current financial year	300 368
Add: Awards forfeited in terms of the SAP 2009 during the current financial year	686 201
Maximum available for future allocations	18 738 024

The above calculation illustrates the maximum potential dilution impact of all the share plans and it is unlikely that this dilution limit will be reached. This is because the SAP is much less dilutive than conventional option plans, as only the appreciation in the share price is settled in shares. One award granted will therefore never result in a full share being issued.

It should be noted that, in terms of clause 12.2 of the trust deeds of both the PSP and the SAP, the number of ordinary shares which may be acquired by participants under the plans between the dates of the first awards and the fifth anniversary of the first awards, shall not exceed 2.4548% in aggregate of the company's issued ordinary share capital as at 24 January 2006, or 16 million ordinary shares.

**DIVIDENDS**

Details of dividends paid, dealt with in the financial statements, are shown below:

Class of share	Dividend number	Cents per share (gross)	Declaration date	Last day to trade	Payment date
6% cumulative preference	88	6.00	21/11/2012	18/01/2013	28/01/2013
	89	6.00	20/06/2013	19/07/2013	29/07/2013
6.5% cumulative preference	88	6.50	21/11/2012	18/01/2013	28/01/2013
	89	6.50	20/06/2013	19/07/2013	29/07/2013
Ordinary	82	42.0	28/05/2013	28/06/2013	08/07/2013
	83	98.0	21/11/2013	10/01/2014	20/01/2014

The important dates pertaining to the payment of ordinary dividend number 83 are as follows:

Last day to trade ordinary shares "cum" dividend	Friday 10 January 2014
Ordinary shares trade "ex" dividend	Monday 13 January 2014
Record date	Friday 17 January 2014
Payment date	Monday 20 January 2014

Ordinary share certificates may not be dematerialised or rematerialised between Monday 13 January 2014 and Friday 17 January 2014, both days inclusive.

In terms of the new dividends tax which became effective on 1 April 2012, the following additional information is disclosed:

- The dividend has been declared from income reserves.
- The dividend withholding tax rate is 15%.
- No secondary tax on companies credits have been utilised.
- The net local dividend amount is 83.3 cents per share for shareholders liable to pay the dividends tax and 98.0 cents per share for shareholders exempt from paying the dividends tax.
- The issued number of ordinary shares at the declaration date is 697 897 394.
- Nampak Limited's tax number is 9875081714.

**DIRECTORS AND SECRETARY**

The names of the directors and secretary in office at 30 September 2013 are set out on pages 12 to 14, 16 and 126.

Ms I Mkhari and Mr E Ikazoboh were appointed as independent, non-executive directors of the company on 1 October 2013 and shareholders will be requested to confirm their appointments at the forthcoming annual general meeting.

Prof PM Madi and Mr RC Andersen retire by rotation in terms of the company's memorandum of incorporation but, being eligible, offer themselves for re-election at the forthcoming annual general meeting. None of the said directors have service contracts as non-executive directors.

## Directors' report continued

for the year ended 30 September 2013

### INTERESTS OF DIRECTORS AND PRESCRIBED OFFICERS

The total direct and indirect beneficial and non-beneficial interests of the directors and prescribed officers of Nampak Limited in the issued ordinary share capital of the company as at 30 September 2013 are shown below:

	Ordinary shares		Options to purchase ordinary shares*			
	2013	2012	2013	Option prices (cents)	Date of grant	2012
<b>Beneficial interests</b>						
<b>Executive directors</b>						
G Griffiths	100 545	74 428	–	–	–	–
AB Marshall	502 255	213 849	–	–	–	–
FV Tshiqi	105 271	63 874	–	1 495	01/12/04	40 000
<b>Non-executive directors</b>						
RC Andersen	31 000	31 000	–	–	–	–
<b>Non-beneficial interests of directors</b>	12	12				
<b>Beneficial interests</b>						
<b>Prescribed officers</b>						
CH Bromley	158 289	83 347	–	1 234	27/11/03	70 000
			85 000	1 495	01/12/04	85 000
PA de Weerd	58 668	96 775	–	–	–	–
RG Morris	143 166	99 844	90 000	1 495	01/12/04	90 000
SE Msane	62 688	37 829	–	–	–	–
NP O'Brien	59 899	56 272	–	1 234	27/11/03	20 000
			50 000	1 495	01/12/04	50 000

\* In terms of the Option Scheme.

The following non-executive directors had an indirect, beneficial shareholding through Red Coral Investments 23 (Pty) Ltd in the ordinary share capital of the company as at 30 September 2013:

Name of director	2013	2012
RJ Khoza	3 780 214	3 780 214
CWN Molope	318 891	318 891

There have been no changes to the directors' shareholding outlined above since the end of the financial year and to the date of this report.

#### LITIGATION STATEMENT

There are no material legal or arbitration proceedings (including proceedings which are pending or threatened of which the directors of Nampak Limited are aware) which may have a material effect on the financial position of the group.

#### GOING CONCERN

The directors believe that the company will be a going concern for the foreseeable future.

#### SPECIAL RESOLUTIONS

The following special resolutions were passed by the shareholders of the undermentioned companies during the year under review to adopt memoranda of incorporation, which were subsequently registered with the Companies and Intellectual Property Commission:

- Nampak Limited;
- Nampak Products Limited;
- Metal Box South Africa Limited;
- Nampak Metal Packaging Limited;
- Malbak Limited;
- Nampak Tissue (Pty) Ltd;
- Malbak Group Services (Pty) Ltd;
- Nampak Glass (Pty) Ltd;
- Elopak South Africa (Pty) Ltd; and
- Sancell SA (Pty) Ltd.

#### SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

Details of the company's significant subsidiaries, joint ventures and associates are given in Annexure A on pages 115 to 117.

## Summarised group statement of financial position

at 30 September 2013

	Notes	2013 R million	2012 R million
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment and investment property	2	7 346.8	6 612.1
Goodwill and other intangible assets	3	814.5	715.1
Non-current financial assets and associates	4	268.1	153.2
Deferred tax assets		99.8	65.5
		<b>8 529.2</b>	<b>7 545.9</b>
<b>Current assets</b>			
Inventories		3 307.8	3 336.3
Trade receivables and other current assets	5	2 874.4	2 557.0
Tax assets		3.6	2.9
Bank balances, deposits and cash		4 477.4	1 780.0
		<b>10 663.2</b>	<b>7 676.2</b>
Assets classified as held for sale		551.6	27.9
<b>Total assets</b>		<b>19 744.0</b>	<b>15 250.0</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital		36.0	35.9
Capital reserves		(700.3)	(736.6)
Other reserves		(70.2)	(349.9)
Retained earnings		7 806.4	7 321.5
<b>Shareholders' equity</b>		<b>7 071.9</b>	<b>6 270.9</b>
Non-controlling interest		(80.1)	(54.5)
<b>Total equity</b>		<b>6 991.8</b>	<b>6 216.4</b>
<b>Non-current liabilities</b>			
Loans and borrowings	6	3 537.7	1 594.9
Retirement benefit obligation	7	2 193.1	1 618.3
Deferred tax liabilities		519.9	650.1
Other non-current liabilities		51.8	13.7
		<b>6 302.5</b>	<b>3 877.0</b>
<b>Current liabilities</b>			
Trade payables, provisions and other current liabilities	8	3 560.9	3 471.7
Bank overdrafts		1 808.2	1 575.7
Loans and borrowings		695.9	18.1
Tax liabilities		144.0	91.1
		<b>6 209.0</b>	<b>5 156.6</b>
Liabilities directly associated with assets classified as held for sale		240.7	–
<b>Total equity and liabilities</b>		<b>19 744.0</b>	<b>15 250.0</b>

## Summarised group statement of comprehensive income

for the year ended 30 September 2013

	Notes	2013 R million	Restated* 2012 R million
<b>CONTINUING OPERATIONS</b>			
Revenue	9	18 295.6	16 530.3
Operating profit	9	1 934.9	1 800.0
Finance costs		(259.4)	(216.7)
Finance income		39.5	48.1
Income from investments		5.4	5.3
Share of profit of associates		18.6	8.3
<b>Profit before tax</b>		<b>1 739.0</b>	<b>1 645.0</b>
Taxation		384.0	448.3
<b>Profit for the year from continuing operations</b>		<b>1 355.0</b>	<b>1 196.7</b>
<b>DISCONTINUED OPERATION</b>			
Loss for the year from discontinued operation	12	(87.9)	(4.9)
<b>Profit for the year</b>		<b>1 267.1</b>	<b>1 191.8</b>
<b>Other comprehensive income/(expense) for the year, net of tax</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Net actuarial losses from retirement benefit obligations		(406.5)	(159.8)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		653.7	143.4
Gains/(losses) on cash flow hedges		9.6	(4.5)
<b>Other comprehensive income/(expense) for the year, net of tax</b>		<b>256.8</b>	<b>(20.9)</b>
<b>Total comprehensive income for the year</b>		<b>1 523.9</b>	<b>1 170.9</b>
<b>Profit/(loss) attributable to:</b>			
Owners of Nampak Limited		1 286.5	1 207.1
Non-controlling interest in subsidiaries		(19.4)	(15.3)
		<b>1 267.1</b>	<b>1 191.8</b>
<b>Total comprehensive income/(expense) attributable to:</b>			
Owners of Nampak Limited		1 549.5	1 187.2
Non-controlling interest in subsidiaries		(25.6)	(16.3)
		<b>1 523.9</b>	<b>1 170.9</b>
<b>Earnings per share</b>			
Basic (cents per share)			
Continuing operations	10	231.7	204.8
Discontinued operation		(14.8)	(0.8)
<b>Total</b>		<b>216.9</b>	<b>204.0</b>
Diluted (cents per share)			
Continuing operations	10	217.5	198.2
Discontinued operation		(13.8)	(0.8)
<b>Total</b>		<b>203.7</b>	<b>197.4</b>

\*Restated due to the impact of the discontinued operation.

## Summarised group statement of changes in equity

for the year ended 30 September 2013

	Notes	2013 R million	2012 R million
<b>Opening balance</b>		<b>6 216.4</b>	<b>5 694.9</b>
Net shares issued during the year		28.1	21.8
Share-based payment expense		19.4	19.2
Share grants exercised		(10.9)	(16.7)
Share of movement in associate's non-distributable reserve		0.9	(0.4)
Transfer from hedging reserve to related assets		(10.8)	1.7
Gain on available-for-sale financial assets		2.2	3.2
Total comprehensive income for the year		1 523.9	1 170.9
Dividends paid	11	(777.4)	(421.1)
Cash distributions from share premium	11	–	(257.1)
<b>Closing balance</b>		<b>6 991.8</b>	<b>6 216.4</b>
<b>Comprising:</b>			
Share capital		36.0	35.9
Capital reserves		(700.3)	(736.6)
Share premium		45.6	17.6
Treasury shares		(1 104.3)	(1 104.3)
Share-based payments reserve		358.4	350.1
Other reserves		(70.2)	(349.9)
Foreign currency translation reserve		927.9	268.0
Hyperinflation capital adjustment		–	(24.3)
Financial instruments hedging reserve		4.4	5.6
Recognised actuarial losses		(984.6)	(578.1)
Share of non-distributable reserves in associates		1.9	0.9
Available-for-sale financial assets revaluation reserve		(20.0)	(22.2)
Other		0.2	0.2
Retained earnings		7 806.4	7 321.5
<b>Shareholders' equity</b>		<b>7 071.9</b>	<b>6 270.9</b>
Non-controlling interest		(80.1)	(54.5)
<b>Total equity</b>		<b>6 991.8</b>	<b>6 216.4</b>

## Summarised group statement of cash flows

for the year ended 30 September 2013

	Notes	2013 R million	2012 R million
<b>Cash generated from operations before working capital changes</b>		<b>2 700.5</b>	2 601.8
Working capital changes		(247.7)	(339.6)
<b>Cash generated from operations</b>		<b>2 452.8</b>	2 262.2
Net interest paid		(207.4)	(154.2)
Income from investments		5.4	5.3
Retirement benefits, contributions and settlements		(118.3)	(104.7)
Tax paid		(432.0)	(417.2)
Replacement capital expenditure		(1 044.5)	(778.7)
<b>Cash retained from operations</b>		<b>656.0</b>	812.7
Dividends paid		(777.4)	(421.1)
Cash distributions paid		–	(257.1)
<b>Net cash (utilised in)/retained from operating activities</b>		<b>(121.4)</b>	134.5
Expansion capital expenditure		(393.7)	(303.7)
Acquisition of business	13	(110.4)	(977.5)
Other investing activities		73.0	21.5
<b>Net cash utilised before financing activities</b>		<b>(552.5)</b>	(1 125.2)
Net cash raised from financing activities		2 527.7	465.4
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1 975.2</b>	(659.8)
Cash and cash equivalents at the beginning of the year		204.3	797.9
Cash acquired on reconsolidation of Zimbabwe subsidiary	14	6.0	–
Translation of cash in foreign subsidiaries		483.7	66.2
<b>Cash and cash equivalents at the end of the year</b>		<b>2 669.2</b>	204.3
<b>Cash and cash equivalents consist of:</b>			
Bank balances, deposits and cash		4 477.4	1 780.0
Bank overdrafts		(1 808.2)	(1 575.7)
		<b>2 669.2</b>	204.3

## Notes to the summarised group financial statements

for the year ended 30 September 2013

### 1. BASIS OF PREPARATION

The summarised consolidated financial statements have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) in issue and effective for the group at 30 September 2013. This summarised consolidated information has been prepared using the information required by IAS 34 *Interim Financial Reporting* and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and complies with the Listings Requirements of JSE Limited. These summarised annual financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the annual financial statements as at and for the year ended 30 September 2013 as published on the company's website.

These summarised financial statements were approved by the board of directors on 21 November 2013.

#### Accounting policies

The accounting policies adopted, and methods of computation used, in the preparation of the summarised annual financial statements are in terms of IFRS and are consistent with those of the annual financial statements for the year ended 30 September 2013 except for the adoption of new or revised accounting standards, interpretations and restatements which are described below.

#### New and amended accounting standards

The group adopted the new and amended accounting standards and interpretations that became applicable during the current reporting period.

None of these had a significant impact on the group's accounting policies and methods of computation, and they have not impacted the 30 September 2013 statement of financial position.

### 2. PROPERTY, PLANT AND EQUIPMENT

	Property R million	Plant and equipment R million	Total R million
Net carrying value as at 1 October 2011	986.2	4 701.1	5 687.3
Capital expenditure	12.5	1 069.9	1 082.4
Acquisition of business	60.3	430.8	491.1
Reclassification to held for sale	(27.9)	–	(27.9)
Disposals	–	(37.0)	(37.0)
Depreciation	(36.3)	(595.0)	(631.3)
Net impairments	–	(9.5)	(9.5)
Translation	16.5	34.4	50.9
Other movements	(0.8)	6.9	6.1
Net carrying value as at 30 September 2012	1 010.5	5 601.6	6 612.1
Capital expenditure	8.9	1 429.3	1 438.2
Acquisition of business	–	23.2	23.2
Reconsolidation of Zimbabwe entities	3.3	35.8	39.1
Reclassification to held for sale	(1.8)	(200.5)	(202.3)
Disposals	(0.2)	(62.0)	(62.2)
Depreciation	(39.7)	(692.3)	(732.0)
Net impairments	5.3	(71.1)	(65.8)
Translation	83.2	221.3	304.5
Other movements	1.6	(9.6)	(8.0)
<b>Net carrying value as at 30 September 2013</b>	<b>1 071.1</b>	<b>6 275.7</b>	<b>7 346.8</b>

**2. PROPERTY, PLANT AND EQUIPMENT** continued

	2013 R million	2012 R million
A schedule of the group's properties is available to users of the financial statements on receipt of a written request.		
Insured value of the plant, equipment and vehicles at 30 September	24 497.1	24 398.3
South Africa	19 845.1	20 026.4
Rest of Africa	3 041.6	2 938.9
United Kingdom	1 610.4	1 433.0

Impairment losses have been recognised on certain plant and equipment where the carrying value exceeded the higher of value-in-use or fair value less cost to sell.

**3. GOODWILL AND OTHER INTANGIBLE ASSETS**

	Goodwill R million	Other intangible assets R million	Total R million
Net carrying value as at 1 October 2011	160.8	22.3	183.1
Capital expenditure	–	1.8	1.8
Acquisition of business	321.1	237.5	558.6
Amortisation	–	(28.4)	(28.4)
Net carrying value as at 30 September 2012	481.9	233.2	715.1
Capital expenditure	–	32.9	32.9
Acquisition of business	53.9	43.9	97.8
Net impairments	(0.2)	–	(0.2)
Amortisation	–	(38.7)	(38.7)
Other movements	–	7.6	7.6
<b>Net carrying value as at 30 September 2013</b>	<b>535.6</b>	<b>278.9</b>	<b>814.5</b>

Information about business combinations is contained in note 13.

The group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. Impairment losses are reported in the "other operating expenses" line of the statement of comprehensive income.

Other intangible assets consist mainly of customer relationships identified in business combinations.

**4. NON-CURRENT FINANCIAL ASSETS AND ASSOCIATES**

	Associates R million	Available- for-sale financial assets R million	Loans and receivables R million	Total R million
Net carrying value as at 30 September 2012	28.9	24.8	99.5	153.2
<b>Net carrying value as at 30 September 2013</b>	<b>137.7</b>	<b>27.7</b>	<b>102.7</b>	<b>268.1</b>

Information about associates and non-consolidated investments contained in available-for-sale financial assets is set out in annexures A and B. Loans and receivables mainly consist of loans to joint venture partners and equipment sales.

The fair value of all loans and receivables approximates cost and was calculated by discounting cash flows at a market-related interest rate.

## Notes to the summarised group financial statements continued

for the year ended 30 September 2013

### 5. TRADE RECEIVABLES AND OTHER CURRENT ASSETS

	Trade receivables R million	Prepayments R million	Other current assets R million	Total R million
Net carrying value as at 30 September 2012	2 227.4	113.4	216.2	2 557.0
<b>Net carrying value as at 30 September 2013</b>	<b>2 418.4</b>	<b>163.9</b>	<b>292.1</b>	<b>2 874.4</b>

The directors consider that the carrying amounts of trade receivables and other current assets approximate their fair values due to the short-term nature of these assets. The total amount receivable represents the maximum exposure to credit risk for trade receivables and other current assets, before any credit enhancements or collateral that may be held.

The average credit term on the sale of goods is 30 days. The group does not permit general provisions for doubtful debts based solely on the age of receivables. The allowance for doubtful debt is provided for on the basis of the estimated irrecoverable amounts from the sale of goods, determined by the historical trend analysis for similar classes of receivables.

An allowance of R160.2 million (2012: R151.8 million) has been made for estimated irrecoverable amounts from the sale of goods. This allowance has been determined by reference to past default.

### 6. LOANS AND BORROWINGS

	Loans R million	Finance leases R million	Non-recourse debt R million	Total R million
Net carrying value as at 30 September 2012	1 351.6	3.9	239.4	1 594.9
<b>Net carrying value as at 30 September 2013</b>	<b>3 296.8</b>	<b>1.5</b>	<b>239.4</b>	<b>3 537.7</b>

Loans and borrowings are secured by the following assets:

R500 million (2012: R313.8 million) debt is secured by properties with a market value of R552.0 million.

R2 745.7 million (2012: R1 017.5 million) debt is secured by guarantees issued by Nampak Limited. This facility is subject to covenants relating to interest cover, gearing and liquidity of the Nampak Limited group. The Nampak Limited group was well within the covenant requirements throughout the year under review.

No liabilities have been recognised for the outstanding guarantees.

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default. All leases are on a fixed repayment basis and no arrangement has been entered into for contingent rental payments. Interest rates are fixed at the contract date. The fair value of the group's lease obligations approximates the carrying amount.

The non-recourse debt relates to the preference share funding obtained by Red Coral Investments 23 (Pty) Ltd to fund the purchase of preferred ordinary shares in Nampak Limited as part of the black economic empowerment transaction entered into in 2005. There is no recourse to Nampak Limited or any of its subsidiaries in respect of these borrowings. The debt is subject to covenants based on the Nampak share price. The original preference shares were redeemed on 1 August 2011. New preference shares were issued on 1 August 2011. The final redemption date for the preference shares is 3 October 2015.

## 7. RETIREMENT BENEFIT OBLIGATION

	Pension fund – SA R million	Pension fund – UK R million	Post-retirement medical aid R million	Total R million
Net carrying value as at 30 September 2012	1.8	276.5	1 340.0	1 618.3
<b>Net carrying value as at 30 September 2013</b>	<b>1.8</b>	<b>430.6</b>	<b>1 760.7</b>	<b>2 193.1</b>
The amounts recognised in the statement of comprehensive income are as follows:				
2012				
Current service cost	1.1	–	17.3	18.4
Interest cost	3.5	61.3	67.3	132.1
Expected return on plan assets	(3.4)	(58.4)	30.9	(30.9)
Net defined benefit plan expense	1.2	2.9	115.5	119.6
Net actuarial loss	0.3	103.7	105.3	209.3
2013				
Current service cost	0.2	–	18.8	19.0
Interest cost	0.6	67.9	103.3	171.8
Expected return on plan assets	(0.3)	(65.8)	–	(66.1)
Losses on settlements	2.8	–	–	2.8
<b>Net defined benefit plan expense</b>	<b>3.3</b>	<b>2.1</b>	<b>122.1</b>	<b>127.5</b>
<b>Net actuarial (gain)/loss</b>	<b>(3.0)</b>	<b>137.5</b>	<b>406.8</b>	<b>541.3</b>

The total unfunded pension liability is R1.8 million (2012: R1.8 million) and the unfunded post-retirement medical liability is R1 760.7 million (2012: R1 340 million).

## 8. TRADE PAYABLES, PROVISIONS AND OTHER CURRENT LIABILITIES

	Trade payables and accruals R million	Provisions R million	Other current liabilities R million	Total R million
Net carrying value as at 30 September 2012	3 249.4	23.7	198.6	3 471.7
<b>Net carrying value as at 30 September 2013</b>	<b>3 435.2</b>	<b>25.7</b>	<b>100.0</b>	<b>3 560.9</b>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

The directors consider that the carrying amounts of trade payables and other current liabilities approximate their fair values.

## Notes to the summarised group financial statements continued

for the year ended 30 September 2013

### 9. SEGMENTAL INCOME REPORT

	External revenue		Internal revenue		Trading profit*	
	2013 R million	2012 R million	2013 R million	2012 R million	2013 R million	2012 R million
<b>South Africa</b>	<b>13 607.2</b>	12 764.3	<b>403.5</b>	431.5	<b>1 139.0</b>	1 334.3
Metals and Glass	6 456.0	5 878.3	64.5	89.0	676.7	789.2
Paper and Flexibles	3 116.8	2 980.1	123.1	100.6	104.4	164.3
Plastics	2 392.8	2 278.1	7.2	20.2	254.1	269.8
Tissue	1 641.6	1 627.8	208.7	221.7	103.8	111.0
<b>Rest of Africa</b>	<b>2 750.6</b>	2 087.3	<b>0.3</b>	–	<b>505.7</b>	315.6
Metals	1 745.8	1 215.6	0.3	–	292.4	102.4
Paper	1 004.8	871.7	–	–	213.3	213.2
<b>United Kingdom</b>	<b>1 937.8</b>	1 678.7	<b>–</b>	–	<b>162.0</b>	124.0
Plastics	1 937.8	1 678.7	–	–	162.0	124.0
<b>Other segments</b>	<b>–</b>	–	<b>1 557.6</b>	825.3	<b>108.8</b>	(2.0)
<b>Continuing operations</b>	<b>18 295.6</b>	16 530.3	<b>1 961.4</b>	1 256.8	<b>1 915.5</b>	1 771.9
<b>Discontinued operation</b>	<b>1 066.2</b>	1 108.8	<b>14.4</b>	21.9	<b>(24.6)</b>	0.6
<b>Eliminations</b>	<b>–</b>	–	<b>(1 975.8)</b>	(1 278.7)	<b>–</b>	–
<b>Total</b>	<b>19 361.8</b>	17 639.1	<b>–</b>	–	<b>1 890.9</b>	1 772.5

\*Operating profit before abnormal items.

#### Reconciliation of operating profit and trading profit:

	Continuing operations		Discontinued operation		Total	
	2013 R million	2012 R million	2013 R million	2012 R million	2013 R million	2012 R million
Operating profit/(loss)	1 934.9	1 800.0	(121.9)	(6.3)	1 813.0	1 793.7
Abnormal losses/(gains)*						
Retrenchment and restructuring costs	31.2	8.8	42.3	2.1	73.5	10.9
Net impairment losses on plant, equipment, goodwill and assets classified as held for sale	61.4	4.7	55.0	4.8	116.4	9.5
Cash flow hedge ineffectiveness	(0.4)	3.1	–	–	(0.4)	3.1
Net profit on disposal of property	(0.7)	(0.2)	–	–	(0.7)	(0.2)
Net loss/(profit) on disposal of investments	0.1	(0.5)	–	–	0.1	(0.5)
Gain on reconsolidation of Zimbabwe entities	(87.8)	–	–	–	(87.8)	–
Gain on revaluation of original interest in joint venture acquired	(23.2)	(44.0)	–	–	(23.2)	(44.0)
<b>Trading profit/(loss)</b>	<b>1 915.5</b>	1 771.9	<b>(24.6)</b>	0.6	<b>1 890.9</b>	1 772.5

\*Abnormal losses/(gains) are defined as losses and 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 period.

In addition, the businesses are grouped by geographical location. The main geographical regions identified are South Africa, the United Kingdom, Angola and rest of the world. Geographical split is determined by location of the operating assets.

## 10. BASIC, FULLY DILUTED AND HEADLINE EARNINGS PER ORDINARY SHARE

	Continuing operations		Discontinued operation		Total	
	2013 R million	2012 R million	2013 R million	2012 R million	2013 R million	2012 R million
<b>Determination of basic earnings and headline earnings</b>						
Profit attributable to equity holders of the company	1 374.4	1 212.0	(87.9)	(4.9)	1 286.5	1 207.1
Less: Preference dividend	(0.1)	(0.1)	–	–	(0.1)	(0.1)
<b>Basic earnings</b>	<b>1 374.3</b>	<b>1 211.9</b>	<b>(87.9)</b>	<b>(4.9)</b>	<b>1 286.4</b>	<b>1 207.0</b>
Adjusted for:						
Net impairment losses on goodwill, plant, equipment and assets classified as held for sale	61.4	4.7	55.0	4.8	116.4	9.5
Net loss/(profit) on disposal of investments	0.1	(0.5)	–	–	0.1	(0.5)
Gain on revaluation of original interest in joint venture acquired	(23.2)	(44.0)	–	–	(23.2)	(44.0)
Gain on reconsolidation of Zimbabwe entities	(87.8)	–	–	–	(87.8)	–
Net (profit)/loss on disposal of property, plant, equipment and intangible assets	(24.7)	26.1	(0.5)	0.4	(25.2)	26.5
Tax effects	(10.4)	(8.7)	(15.3)	(1.5)	(25.7)	(10.1)
<b>Headline earnings</b>	<b>1 289.7</b>	<b>1 189.6</b>	<b>(48.7)</b>	<b>(1.2)</b>	<b>1 241.0</b>	<b>1 188.4</b>
<b>Weighted average number of shares in issue ('000)</b>	<b>593 064</b>	<b>591 750</b>	<b>593 064</b>	<b>591 750</b>	<b>593 064</b>	<b>591 750</b>
<b>Earnings per share (cents)</b>	<b>231.7</b>	<b>204.8</b>	<b>(14.8)</b>	<b>(0.8)</b>	<b>216.9</b>	<b>204.0</b>
<b>Headline earnings per share (cents)</b>	<b>217.5</b>	<b>201.0</b>	<b>(8.2)</b>	<b>(0.2)</b>	<b>209.3</b>	<b>200.8</b>
<b>Determination of diluted earnings</b>						
Basic earnings	1 374.3	1 211.9	(87.9)	(4.9)	1 286.4	1 207.0
Dividend paid to preference share funders	16.5	21.6	–	–	16.5	21.6
<b>Diluted earnings</b>	<b>1 390.8</b>	<b>1 233.5</b>	<b>(87.9)</b>	<b>(4.9)</b>	<b>1 302.9</b>	<b>1 228.6</b>

## Notes to the summarised group financial statements continued

for the year ended 30 September 2013

### 10. BASIC, FULLY DILUTED AND HEADLINE EARNINGS PER ORDINARY SHARE continued

	Continuing operations		Discontinued operation		Total	
	2013 R million	2012 R million	2013 R million	2012 R million	2013 R million	2012 R million
<b>Determination of diluted headline earnings</b>						
Headline earnings	1 289.7	1 189.6	(48.7)	(1.2)	1 241.0	1 188.4
Dividend paid to preference share funders	16.5	21.6	–	–	16.5	21.6
<b>Diluted headline earnings</b>	<b>1 306.2</b>	<b>1 211.2</b>	<b>(48.7)</b>	<b>(1.2)</b>	<b>1 257.5</b>	<b>1 210.0</b>
<b>Weighted average number of ordinary shares for the purpose of diluted earnings per share ('000)</b>	<b>639 500</b>	<b>622 488</b>	<b>639 500</b>	<b>622 488</b>	<b>639 500</b>	<b>622 488</b>
Weighted average number of ordinary shares for the purpose of basic earnings per share	593 064	591 750	593 064	591 750	593 064	591 750
Effect of dilutive potential ordinary shares:						
Preferred ordinary shares issued to Red Coral Investments 23 (Pty) Ltd ('000)	24 142	21 520	24 142	21 520	24 142	21 520
Ordinary shares issued to Black Management Trust ('000)	9 524	–	9 524	–	9 524	–
Other share incentive plans ('000)	12 770	9 218	12 770	9 218	12 770	9 218
<b>Diluted earnings per share (cents)</b>	<b>217.5</b>	<b>198.2</b>	<b>(13.8)</b>	<b>(0.8)</b>	<b>203.7</b>	<b>197.4</b>
<b>Diluted headline earnings per share (cents)</b>	<b>204.3</b>	<b>194.6</b>	<b>(7.7)</b>	<b>(0.2)</b>	<b>196.6</b>	<b>194.4</b>

**11. DIVIDENDS AND CASH DISTRIBUTIONS**

	2013 R million	2012 R million
<b>Dividends paid</b>		
Final dividend No 81 paid on 21 January 2013: 89.0 cents per share (2012: No 79 – 30.5 cents per share)	620.5	212.1
Interim dividend No 82 paid on 8 July 2013: gross amount of 42.0 cents per share (2012: No 80 – 40.5 cents per share)	292.9	282.1
Dividend attributable to treasury shares	(136.6)	(74.0)
	<b>776.8</b>	<b>420.2</b>
Other dividends	0.6	0.9
Total dividends	<b>777.4</b>	<b>421.1</b>
<b>Cash distributions paid</b>		
2012: No 8 – 43.5 cents	–	302.5
Cash distribution attributable to treasury shares	–	(45.4)
Total cash distributions	–	257.1
<b>Total dividends/cash distributions paid</b>	<b>777.4</b>	<b>678.2</b>

On 21 November 2013 the directors declared a gross dividend No 83 of 98.0 cents per share payable on 20 January 2014 to shareholders registered on the record date, being 17 January 2014.

**Analysis of dividends declared in respect of current year's earnings:**

	Cents	Cents
Interim	42.0	40.5
Final	98.0	89.0
	<b>140.0</b>	<b>129.5</b>

**6.5% and 6% cumulative preference dividends**

Preference dividends totalling R0.1 million (2012: R0.1 million) were declared on 21 November 2012 and 20 June 2013, and paid on 28 January 2013 and 29 July 2013 respectively.

**12. DISCONTINUED OPERATION**

During May 2013 the directors of the group approved of a plan to dispose of the Cartons and Labels business. On 13 September 2013 the group entered into a sale agreement to this effect and expects to complete the sale by March 2014. The disposal is consistent with the group's strategy of exiting its non-core and underperforming businesses.

The results of the discontinued operation included in the statement of comprehensive income are set out below.

**Loss for the year from discontinued operation**

Revenue*	1 080.7	1 130.7
Expenses	(1 202.7)	(1 137.6)
Loss before tax	(122.0)	(6.9)
Attributable income tax benefit	34.1	2.0
Loss for the year from discontinued operation	<b>(87.9)</b>	<b>(4.9)</b>

**Cash flows from discontinued operation**

Net cash flows from operating activities	(7.0)	(22.3)
Net cash flows from investing activities	2.9	0.4
<b>Net cash flows</b>	<b>(4.1)</b>	<b>(21.9)</b>

The Cartons and Labels business has been classified and accounted for at 30 September as a disposal group held for sale.

\* Includes internal revenue (sales to other divisions within the group).

## Notes to the summarised group financial statements continued

for the year ended 30 September 2013

### 13. BUSINESS COMBINATIONS

	2013 R million	2012 R million
<p>In line with the group's strategy to grow its core businesses, the group acquired, with effect from 1 November 2012, the remaining 50% interest in Elopak (Pty) Ltd (Elopak) which was held by Alopak AS for an amount of R116.2 million paid in cash.</p> <p>During the prior year, the group acquired with effect from 1 March 2012, the remaining 50% interest in Nampak Wiegand Glass (Pty) Ltd which was held by Wiegand Glass (SA) (Pty) Ltd for an amount of R974.5 million paid in cash.</p>		
<b>Assets acquired and liabilities recognised at the date of acquisition:</b>		
<b>Current assets</b>		
Inventories	13.5	86.7
Trade and other receivables	20.8	78.6
Cash	5.8	–
<b>Non-current assets</b>		
Property, plant and equipment	23.2	491.1
Intangibles	43.9	237.5
Non-current receivables	2.3	–
<b>Current liabilities</b>		
Trade and other payables	(7.8)	(67.2)
Bank overdraft	–	(3.0)
<b>Non-current liabilities</b>		
Loans	–	(17.8)
Retirement benefit obligation	–	(6.9)
Deferred tax	(16.2)	(101.6)
	<b>85.5</b>	<b>697.4</b>
<b>Goodwill arising on acquisition</b>		
Consideration transferred	116.2	974.5
Gain on revaluation of original interest	23.2	44.0
Fair value of identifiable net assets acquired	(85.5)	(697.4)
Goodwill recognised	<b>53.9</b>	<b>321.1</b>
<p>Goodwill arose on the acquisitions as the cost of the combinations included a control premium. The consideration paid also included the expected benefits of revenue growth and future profitability. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.</p> <p>The goodwill recognised is not deductible for tax purposes.</p>		
<b>Cash flow impact of the acquisitions</b>		
Consideration paid in cash	116.2	974.5
Bank (cash)/overdraft acquired	(5.8)	3.0
Net outflow on acquisition	<b>110.4</b>	<b>977.5</b>

#### Impact of the acquisition on the results of the group

Included in the group net revenue and profit after tax for the period is R104.5 million and R11.8 million respectively which is attributable to the remaining interest acquired in Elopak.

Had Elopak been acquired with effect from 1 October 2012, the net revenue of the group from continuing operations would have been R18 304.5 million, while the profit after tax would have been R1 356.1 million.

**14. RECONSOLIDATION OF ZIMBABWE ENTITIES**

The group reconsolidated the Zimbabwe operating entities effective 1 October 2012. These entities consist of CarnaudMetalbox Zimbabwe Limited (CMB), a wholly owned subsidiary, and two associates, Megapak Zimbabwe (Pvt) Limited (49% interest) (Megapak Zim) and Hunyani Holdings Limited (38.91% interest) (Hunyani). In addition, the holding company of Megapak Zim, Megaplastics Limited (Megaplast), being a wholly owned subsidiary, was also reconsolidated effective 1 October 2012.

The entities had previously been deconsolidated in 2007 due to Nampak Limited having lost control over these entities. The circumstances that led to this loss of control were the threat of indigenisation and pricing legislation, restrictions on the repatriation of funds from these entities to their holding companies (outside Zimbabwe) and the hyperinflationary environment in which these entities were operating. It is believed that these circumstances no longer exist or their impact has been reduced significantly such that reconsolidating these entities reflects a more accurate position of the performance of the group.

On reconsolidation, the equity of CMB was valued at US\$0.5 million, while the equity of the associates, Megapak Zim and Hunyani, were valued at US\$9.5 million and US\$10.3 million respectively.

**Assets and liabilities of the subsidiaries recognised at the date of their reconsolidation****Current assets**

Inventories	29.6	–
Trade and other receivables	21.8	–
Bank and cash	6.0	–

**Non-current assets**

Property, plant and equipment	39.1	–
-------------------------------	------	---

**Current liabilities**

Trade and other payables	(69.9)	–
--------------------------	--------	---

**Non-current liabilities**

Loans	(11.1)	–
Deferred tax	(2.5)	–

	13.0	–
--	------	---

The gain on the reconsolidation of the Zimbabwe interests includes a gain of R8.6 million attributable to the fair value of the original interest in CMB being less than the carrying value of its net identifiable assets.

**Impact of the reconsolidation on the results of the group (current year)**

Net revenue for the group includes R126.1 million attributable to the subsidiaries, while profit after tax for the group includes R1.4 million attributable to the subsidiaries, as well as R20.7 million attributable to the associates, Megapak Zim and Hunyani.

## Notes to the summarised group financial statements continued

for the year ended 30 September 2013

### 15. OPERATING LEASE COMMITMENTS

	2013 R million	2012 R million
Land and buildings	244.9	136.1
Vehicles	20.5	21.2
Other	46.7	26.8
<b>Total</b>	<b>312.1</b>	<b>184.1</b>

### 16. CONTINGENT LIABILITIES

Guarantees in respect of property leases	3.9	4.8
Customer claims and other	3.0	7.8
Tax contingent liability	3.2	36.2
<b>Total</b>	<b>10.1</b>	<b>48.8</b>

In the previous year, the Malawi Revenue Authority issued assessments for the 2001 to 2010 years of assessments on Packaging Industries Malawi relating to transfer pricing. This claim was subsequently withdrawn by the Malawi Revenue Authority in the current period. The remaining tax contingent liability relates to an outstanding claim by the South African Revenue Service in respect of Malbak Group Services (Pty) Ltd.

### 17. CAPITAL COMMITMENTS

Capital commitments for acquisition of property, plant and equipment		
– contracted	1 113.3	406.3
– approved	1 272.8	687.4
<b>Total</b>	<b>2 386.1</b>	<b>1 093.7</b>
The group's share of capital commitments for property, plant and equipment of its jointly controlled entities is:	6.8	26.3

### 18. RELATED PARTIES

Group companies, in the ordinary course of business, entered into various purchase and sale transactions with associates, joint ventures and other related parties. The effect of these transactions is included in the financial performance and results of the group.

### 19. SUBSEQUENT EVENTS

An agreement has been concluded to acquire Alucan Packaging Limited (APL), a beverage can manufacturer in Nigeria, for a consideration of \$301 million. Nampak has also been granted an option to acquire a large rigid plastic manufacturer in Nigeria.

## Interests in subsidiaries and joint ventures

### ANNEXURE A

	Type (see note below)	Country of incorporation	Issued share capital	Effective percentage holding		Interest of holding company				
						Shares at cost		Indebtedness		
				2013 %	2012 %	2013 Rm	2012 Rm	2013 Rm	2012 Rm	
<b>1. SUBSIDIARIES (CONSOLIDATED)</b>										
Angolata Lda	O	Angola	K4 580 650	70	70					
Auspac Ltd	D	UK	£4 050 000	100	100					
Blowmocan Holdings Ltd	Liquidated	UK	£1	-	100					
Blowmocan Polysystems Ltd	Liquidated	UK	£1	-	100					
CarnaudMetalbox Zimbabwe Ltd	O	Zimbabwe	US\$98 994	100	100					
Crown Cork Co Zambia Ltd	Liquidated	Zambia	ZMK194 285 714	-	100					
Crown Cork Company Zimbabwe (1958) (Pvt) Ltd	D	Zimbabwe	US\$7 105	100	100					
Elopak South Africa (Pty) Ltd	D	RSA	R280	100	50					
EPS (Foston) Ltd	O	UK	£9 750 000	100	100					
Four Four Two Ltd	I	UK	£1 000	100	100					
International Cartons & Packaging Ltd	O	Zambia	ZMK77 526 000	100	100					
Malbak Ltd	I	RSA	R353 864 160	100	100	1 836.8	1 836.8	-	-	
MegaPak Swaziland (Pty) Ltd	O	Swaziland		100	-					
Megaplastics Ltd	I	Zimbabwe	US\$0	100	100					
Metal Box (Namibia) (Pty) Ltd	D	Namibia	N\$1	100	100					
Metal Box South Africa Ltd	D	RSA	R68 153 240	100	100					
Nampak Cartons Nigeria Ltd	O	Nigeria	NGN14 000 000	100	100					
Nampak Corrugated (Swaziland) Ltd	O	Swaziland	SZL250 000	90	90					
Nampak Glass (Pty) Ltd	D	RSA	R600	100	100					
Nampak Holdings (UK) Ltd	I	UK	£1	100	100					
Nampak Holdings Ltd	I	Mauritius	US\$37 094	100	100					
Nampak Insurance Company Ltd	Insurance	Isle of Man	£100 000	100	100					
Nampak International Ltd	I	Isle of Man	£72 682	100	100	1 889.3	1 889.3	-	-	
Nampak Kenya Ltd	O	Kenya	KES40 280 000	100	100					
Nampak Liquid Botswana (Pty) Ltd	O	Botswana	BWP100	100	100					
Nampak Metal Packaging Ltd	D	RSA	R9 134	100	100					
Nampak Nigeria Ltd	O	Nigeria	NGN107 044 183	100	100					
Nampak Petpak (Namibia) (Pty) Ltd	O	Namibia	N\$100	100	100					
Nampak Plastics Europe Ltd	O	UK	£4 863 028	100	100					
Nampak Polycyclers (Pty) Ltd	Deregistered	RSA	R20 000	-	100					
Nampak Products Ltd	O	RSA	R3 758 641	100	100	93.7	93.7	79.8	79.8	
Nampak Properties (Isle of Man) Ltd	P	Isle of Man	£100	100	100					
Nampak Properties Nigeria Ltd	P	Nigeria	NGN14 000 000	100	100					
Nampak Southern Africa Holdings Ltd	I	Mauritius	US\$4 726 922	100	100	52.5	52.5	-	-	

## Interests in subsidiaries and joint ventures continued

### 1. SUBSIDIARIES (CONSOLIDATED) continued

	Type (see note below)	Country of incorporation	Issued share capital	Effective percentage holding		Interest of holding company			
						Shares at cost		Indebtedness	
				2013 %	2012 %	2013 Rm	2012 Rm	2013 Rm	2012 Rm
Nampak Tanzania Ltd	O	Tanzania	TZS304 638 620	100	100				
Nampak Technical Services Ltd	O	Isle of Man	£1	100	100				
Nampak Tissue (Pty) Ltd	D	RSA	R100	100	100				
Nampak Zambia Ltd	O	Zambia	ZMK5 000 000	100	100				
Packaging Industries Malawi Ltd	O	Malawi	MWK13 450 000	100	100				
Teknol BV	I	Netherlands	€18 151	100	100				
Teknol NV	I	Netherlands Antilles	US\$6 000	100	100				
Transmar (Isle of Man) Ltd	I	Isle of Man	US\$600 000	100	100				
Total						3 872.3	3 872.3	79.8	79.8

### 2. JOINT VENTURES (PROPORTIONATELY CONSOLIDATED)

Bullpak Ltd	O	Kenya	KES4 760 000	49	49				
Crown Cork Company (Mozambique) LDA	O	Mozambique	MT3 800 000	50	50				
Sancellia S.A. (Pty) Ltd	O	RSA	R5 000	50	50				

### ASSOCIATES

Collecta-Can (Pty) Ltd	O	RSA	R4 000 000	40	40				
Group Risk Holdings (Pty) Ltd	Insurance	RSA	R11 300	21	33				
Hunyani Holdings Ltd	O	Zimbabwe	US\$319 711	39	39				
Megapak Zimbabwe (Pty) Ltd	O	Zimbabwe	US\$20 100	49	49				

Type

O – Operating

F – Finance

I – Investment holding

P – Property owning

D – Dormant

## 3. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (NOT CONSOLIDATED)

	Type (see note below)	Country of incorporation	Issued share capital	Effective percentage holding		Interest of holding company			
						Shares at cost		Indebtedness	
				2013 %	2012 %	2013 Rm	2012 Rm	2013 Rm	2012 Rm
Sun Citrus Holdings (Pty) Ltd	O	South Africa	R1 000	26	26				

## Investments

## ANNEXURE B

	Type (see note below)	Number of shares held by group		Effective percentage holding	
		2013	2012	2013 %	2012 %
<b>UNLISTED INVESTMENTS</b>					
Ethiopian Crown Cork & Can Industry	O	5 750	5 750	25	25
Houers Ko-Operatief Bpk	O	1 714 901	1 714 901	15	15
Aqua Harvest Ltd	O	–	150 586	–	<1
Nampak Polyfoil Zimbabwe (Pvt) Ltd	O	1	1	<1	<1

Type

O – Operating

F – Finance

I – Investment holding

P – Property owning

D – Dormant

## Notice of annual general meeting

### NAMPAK LIMITED

Notice is hereby given that the 46th annual general meeting of shareholders of Nampak Limited will be held in the Emthonjeni Room, situated on the 1st Floor of Nampak Centre, 114 Dennis Road, Atholl Gardens, Sandton, South Africa, on Thursday, 6 February 2014 at 12:00 for the purpose of considering and, if deemed fit, passing with or without modification, the ordinary and special resolutions set out below.

The record date for purposes of determining which shareholders are entitled to receive this notice is Friday, 6 December 2013.

The record date for shareholders to be recorded in the securities register of the company in order to be able to attend, participate and vote at the annual general meeting, is Friday, 31 January 2014. Accordingly, the last date to trade in order to be registered in the company's register of shareholders is Friday, 24 January 2014.

### Presentation of annual financial statements

The consolidated audited annual financial statements of the company and of the group, for the year ended 30 September 2013, incorporating the directors' report, the audit committee report and the auditor's report, have been distributed as required and will be presented to shareholders as required in terms of section 30(3)(d) of the Companies Act, No 71 of 2008 (as amended).

### Report of the social, ethics and transformation committee

In accordance with Companies Regulation 43(5)(c), issued in terms of the Companies Act, No 71 of 2008 (as amended), the chairman of the social, ethics and transformation committee will table a report to shareholders, as contained in the integrated annual report, at the annual general meeting.

### Percentage voting rights

Ordinary resolutions 1 to 11 require a minimum of 50% plus 1 vote of the voting rights cast in order for the resolutions to be adopted:

#### Ordinary resolution number 1 – confirmation of the appointment of a director – A de Ruyter

"RESOLVED that, in terms of the company's memorandum of incorporation, the appointment of Mr A de Ruyter as an executive director of the company on 1 January 2014 is hereby confirmed."

#### Ordinary resolution number 2 – confirmation of the appointment of a director – E Ikazoboh

"RESOLVED that, in terms of the company's memorandum of incorporation, the appointment of Mr E Ikazoboh as an independent, non-executive director of the company on 1 October 2013 is hereby confirmed."

#### Ordinary resolution number 3 – confirmation of the appointment of a director – I Mkhari

"RESOLVED that, in terms of the company's memorandum of incorporation, the appointment of Ms I Mkhari as an independent, non-executive director of the company on 1 October 2013 is hereby confirmed."

#### Ordinary resolution number 4 – re-election of retiring director

"RESOLVED that Mr RC Andersen, who is required to retire by rotation as a director of the company in terms of the company's memorandum of incorporation, and who is eligible and available for re-election, be and he is hereby re-elected as an independent, non-executive director of the company."

#### Ordinary resolution number 5 – re-election of retiring director

"RESOLVED that Prof PM Madi, who is required to retire by rotation as a director of the company in terms of the company's memorandum of incorporation, and who is eligible and available for re-election, be and he is hereby re-elected as an independent, non-executive director of the company."

#### Ordinary resolution number 6 – appointment of external auditors

"RESOLVED that Deloitte & Touche be appointed as the company's external auditors, as nominated by the company's audit committee, until the next annual general meeting and noted that Mr AF Mackie will undertake the audit during the financial year ending 30 September 2014 as the individual registered auditor of Deloitte & Touche."

#### Ordinary resolution number 7 – appointment of a member of the audit committee

"RESOLVED that Mr RV Smither, an independent, non-executive director of the company, be and he is hereby appointed a member and chairman of the audit committee until the next annual general meeting of the company."

#### Ordinary resolution number 8 – appointment of a member of the audit committee

"RESOLVED that Mr RC Andersen, an independent, non-executive director of the company, be and he is hereby appointed a member of the audit committee until the next annual general meeting of the company."

#### Ordinary resolution number 9 – appointment of a member of the audit committee

"RESOLVED that Mrs VN Magwentshu, an independent, non-executive director of the company, be and she is hereby appointed a member of the audit committee until the next annual general meeting of the company."

#### Ordinary resolution number 10 – appointment of a member of the audit committee

“RESOLVED that Mrs CWN Molope, an independent, non-executive director of the company, be and she is hereby appointed a member of the audit committee until the next annual general meeting of the company.”

\* Brief biographies of the directors named in resolutions 1 to 5 and 7 to 10 above appear on pages 12 to 14 of the integrated annual report.

#### Ordinary resolution number 11 – confirmation of the group’s remuneration policy

“RESOLVED that, as a non-binding advisory vote, the group’s remuneration policy as set out in the remuneration report on pages 70 to 83 of the integrated annual report be and is hereby confirmed.”

#### Percentage voting rights

The following special resolutions require a minimum of 75% of the voting rights cast in order for the resolutions to be adopted:

#### Special resolution number 1 – non-executive directors’ fees

“RESOLVED that, on the recommendation of the remuneration committee, the annual fees payable to the non-executive directors of the company for the 12 months from 1 October 2013 to 30 September 2014, be approved as follows:

Board/committee	Proposed fees			Current fees	
	Base fee per annum (rand)	Fee per meeting for attendance (rand)	Number of formal meetings scheduled per annum (rand)	Total proposed fee per annum (rand)	Total fee per annum (rand)
Non-executive chairman*	1 484 000	Single fee for role of chairman†		1 484 000	1 400 000
Non-executive directors**	146 280	15 370	6	238 500	225 000
Chairman of the audit committee**	132 500	31 800	3	227 900	215 000
Member of the audit committee**	78 970	14 310	3	121 720	115 000
Member of the nomination committee**	47 700	5 300	2	58 300	55 000
Chairman of the investment committee	131 970	12 720	Fees paid only when investment committee meetings are required.		n/a
Member of the investment committee	65 440	7 420	Fees paid only when investment committee meetings are required.		n/a
Chairman of the remuneration committee**	131 970	12 720	2	157 410	148 500
Member of the remuneration committee**	65 440	7 420	2	80 280	75 735
Chairman of the risk and sustainability committee**	131 970	12 720	2	157 410	148 500
Member of the risk and sustainability committee**	65 440	7 420	2	80 280	75 735
Chairman of the social, ethics and transformation committee**	131 970	12 720	2	157 410	148 500
Member of the social, ethics and transformation committee**	65 440	7 420	2	80 280	75 735

Notes:

\* Fees are paid monthly in arrear.

\*\* Fees are paid quarterly in arrear.

† Includes fees for chairing the nomination committee.

## Notice of annual general meeting continued

### Reason and effect

The reason for and effect of special resolution number 1 is to grant the company the authority to pay fees to its non-executive directors for their services as directors.

### Special resolution number 2 – general authority to repurchase company shares

“RESOLVED that, subject to compliance with the requirements of JSE Limited and the Companies Act, No 71 of 2008 (as amended), the directors of the company be and are hereby authorised in their discretion to procure that the company or subsidiaries of the company acquire by purchase on the JSE ordinary shares issued by the company provided that:

- (i) the number of ordinary shares acquired in any one financial year shall not exceed 20% of the ordinary shares in issue at the date on which this resolution is passed;
- (ii) this authority shall lapse on the earlier of the date of the next annual general meeting of the company or the date 15 months after the date on which this resolution is passed;
- (iii) the price paid per ordinary share may not be greater than 10% above the weighted average of the market value of the ordinary shares for the five business days immediately preceding the date on which a purchase is made; and
- (iv) the number of shares purchased by subsidiaries of the company shall not exceed 10% in the aggregate of the number of issued shares in the company at the relevant times.”

### Reason and effect

The reason for special resolution number 2 is to authorise the directors, if they deem it appropriate in the interests of the company, to procure that the company or subsidiaries of the company acquire or purchase ordinary shares issued by the company subject to the restrictions contained in the above resolution.

The effect of special resolution number 2 will be to authorise the directors of the company to procure that the company or subsidiaries of the company acquire or purchase shares issued by the company on the JSE. Such purchases:

- (i) may not in any financial year exceed 20% of the company's ordinary shares in issue at the date of passing the above resolution;
- (ii) 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;
- (iii) may not be made at prices in excess of 10% above the weighted average of the market value of the ordinary shares for the five days preceding the date of purchase;

(iv) must comply with the requirements of the JSE; and

(v) if made by a subsidiary or subsidiaries may not exceed 10% in the aggregate of the issued shares in the company.

The general authority granted by this special resolution will lapse on the earlier of the date of the next annual general meeting of the company or the date 15 months after the date on which this resolution was passed.

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 a repurchase of up to 20% of the company's issued ordinary shares, are of the opinion that if such repurchase is implemented:

- (i) the company and its subsidiaries will be able to pay their debts in the ordinary course of business for a period of 12 months after the date of this notice;
- (ii) recognised and measured in accordance with the accounting policies used in the latest audited annual group financial statements, the assets of the company and its subsidiaries will exceed the liabilities of the company and its subsidiaries for a period of 12 months after the date of this notice;
- (iii) the ordinary capital and reserves of the company and its subsidiaries will be adequate for the purposes of the business of the company and its subsidiaries for the period of 12 months after the date of this notice; and
- (iv) the working capital of the company and its subsidiaries will be adequate for the purposes of the business of the company and its subsidiaries for the period of 12 months after the date of this notice.

The company will ensure that its sponsor will provide the necessary letter on the adequacy of the working capital in terms of the JSE Listings Requirements, prior to the commencement of any purchase of the company's shares on the open market.

In terms of the JSE Listings Requirements for special resolution number 2, the following general information is included in the integrated annual report:

- (i) Directors and management (pages 12 to 16)
- (ii) Major shareholders (page 18)
- (iii) There have been no material changes since 30 September 2013
- (iv) Directors' interests in securities (page 98)
- (v) Share capital of the company (page 93)
- (vi) The company is not party to any material litigation nor is it aware of any pending material litigation to which it may become a party.

The directors whose names appear on pages 12 to 14 of the integrated annual report collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the circular (the notice of the annual general meeting) contains all information required by law and the JSE Listings Requirements."

### IDENTIFICATION, VOTING AND PROXIES

Ordinary shareholders are entitled to attend, speak and vote at the annual general meeting.

In terms of section 63(1) of the Companies Act, No 71 of 2008 (as amended), any person attending or participating in the general meeting 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 a shareholder or as a proxy for a shareholder) has been reasonably verified.

In accordance with the company's memorandum of incorporation, voting shall be by ballot only.

Shareholders holding dematerialised shares, but not in their own name, must furnish their Central Securities Depository Participant (CSDP) or broker with their instructions for voting at the annual general meeting. If your CSDP or broker, as the case may be, does not obtain instructions from you, it will be obliged to act in accordance with your mandate furnished to it, or if the mandate is silent in this regard, complete the attached form of proxy.

Unless you advise your CSDP or broker, in terms of the agreement between you and your CSDP or broker by the cutoff time stipulated therein, that you wish to attend the general meeting or send a proxy to represent you at this general meeting, your CSDP or broker will assume that you do not wish to attend the general meeting or send a proxy.

If you wish to attend the annual general meeting or send a proxy, you must request your CSDP or broker to issue the necessary letter of authority to you. Shareholders holding dematerialised shares, and who are unable to attend the annual general meeting and wish to be represented thereat, must complete the attached form of proxy in accordance with the instructions therein and lodge it with or post it to the share registrar.

Forms of proxy must be dated and signed by the shareholder appointing a proxy and should be forwarded to reach the share

registrar by no later than 12:00 on Monday 27 January 2014. Before a proxy exercises any rights of a shareholder at the annual general meeting, such form of proxy must be so delivered.

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:

1. An ordinary shareholder entitled to attend and vote at the annual general meeting may appoint any individual as a proxy to attend, participate in and vote at the annual general meeting in the place of the shareholder. A proxy need not be a shareholder of the company. 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 only until the end of the annual general meeting.
2. 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.
3. 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.
4. The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the company. 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.
5. 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 company's memorandum of incorporation 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.
6. Attention is also drawn to the "Notes" to the form of proxy.
7. The completion of a form of proxy does not preclude any shareholder from attending the annual general meeting.

## Notice of annual general meeting continued

### Electronic communication

Shareholders or their proxies may participate in the meeting by way of telephone conference call and, if they wish to do so:

- must contact the deputy company secretary (by email at the address [sipho.mahlangu2@za.nampak.com](mailto:sipho.mahlangu2@za.nampak.com)) by no later than 12:00 on 31 January 2014 in order to obtain dial-in details for the conference call;
- will be required to provide reasonably satisfactory identification; and
- will be billed separately by their own telephone service providers for their telephone call to participate in the meeting.

Voting will not be possible via electronic facilities and shareholders wishing to vote their shares will need to be represented at the meeting either in person, by proxy or by letter of representation, as provided for in the notice of the meeting.

By order of the board



NP O'Brien

Company secretary

13 December 2013

### Nampak Limited

Nampak Centre  
114 Dennis Road  
Atholl Gardens  
Sandton 2196  
Republic of South Africa

## Form of proxy

### NAMPAK LIMITED

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



### FORM OF PROXY FOR USE BY CERTIFICATED SHAREHOLDERS AND "OWN NAME" DEMATERIALISED SHAREHOLDERS ONLY – 46TH ANNUAL GENERAL MEETING

#### For use only:

- by holders of **certificated shares** of the company; and
- holders of dematerialised shares in the company held through a Central Securities Depository Participant (CSDP) or broker and **who have selected "own name"** registration;

at the **annual general meeting** of the company to be held in the Emthonjeni Room, situated on the 1st Floor of Nampak Centre, 114 Dennis Road, Atholl Gardens, Sandton, South Africa, on Thursday, 6 February 2014 at 12.00 or at any adjournment thereof (the annual general meeting).

If you are a Nampak shareholder entitled to attend and vote at the annual general meeting you can appoint a proxy to attend, vote and speak in your stead. A proxy need not be a Nampak shareholder.

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)

being the holder(s) of

ordinary shares in the company, hereby appoint (see note 2):

1. \_\_\_\_\_ or failing him/her

2. \_\_\_\_\_ or failing him/her

3. the chairman of the annual general meeting, as my/our proxy to attend, speak and, on a poll, to vote or abstain from voting on my/our behalf at the annual general meeting which will be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat and at any adjournment thereof.

INSERT AN "X" OR THE NUMBER OF ORDINARY SHARES HELD IN THE COMPANY (see note 2)			
Proposed resolutions	For	Against	Abstain
1. To confirm the appointment of a director – A de Ruyter			
2. To confirm the appointment of a director – E Ikazoboh			
3. To confirm the appointment of a director – I Mkhari			
4. To re-elect RC Andersen			
5. To re-elect Prof PM Madi			
6. To appoint the external auditors			
7. To appoint RV Smither a member of the audit committee			
8. To appoint RC Andersen a member of the audit committee			
9. To appoint VN Magwentshu a member of the audit committee			
10. To appoint CWN Molohe a member of the audit committee			
11. To confirm the group's remuneration policy			
12. Special resolution number 1 to approve the fees payable to the non-executive directors			
13. Special resolution number 2 to authorise the directors of the company to acquire or purchase shares issued by the company on JSE Limited			

**Note:** Please indicate with an "X" in the relevant spaces above according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the company, insert the number of shares held in respect of which you wish to vote (see note 2).

Signed at

on

2013/2014

Signature

Please read the notes on the reverse hereof.

## Notes to the form of proxy

1. A shareholder is entitled to appoint one or more proxies (none of whom need be a shareholder of the company) to attend, speak and vote or abstain from voting in the place of that shareholder at the annual general meeting.
2. A shareholder may therefore insert the name of a proxy of the shareholder's choice in the space provided, with or without deleting the words "the chairman of the company or failing him the chairman of the annual general meeting". 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 shareholder's instructions to the proxy must be indicated by the insertion of an "X" in the appropriate box. Failure to comply with the above will be deemed to authorise the chairman of the company or failing him the chairman of the annual general meeting, if the chairman is the authorised proxy, to vote in favour of the ordinary and the special resolutions at the annual general meeting, or any other proxy to vote or abstain from voting at the annual general meeting as he/she deems fit, in respect of the shareholder's total holding.
4. The completion and lodging of this form of proxy will not preclude a shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
5. In case of joint shareholders, 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 shareholders, 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.
6. If a shareholder does not indicate on this form of proxy that his/her proxy is to vote in favour of or against any ordinary resolution or special resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the annual general meeting be proposed, the proxy shall be entitled to vote as he/she thinks fit.
7. The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received, otherwise than in accordance with these notes.
8. 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 unless previously recorded by the company's share registrar or waived by the chairman of the annual general meeting.
9. Any alteration or correction to this form of proxy must be initialled by the signatory/ies, other than the deletion of alternatives.
10. Forms of proxy must be lodged with or posted to the company, c/o Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown 2107, South Africa), to be received by no later than 12:00 on Tuesday 4 February 2014.

## Shareholders' diary

for the year ended 30 September 2013

Annual general meeting	6 February 2014
Interim statement and ordinary dividend announcement for the half-year ending 31 March	May 2014
Group results and ordinary dividend announcement for the year ending 30 September 2014	November 2014
<b>DIVIDEND</b>	
<b>Ordinary</b>	
Final for the year ended 30 September 2013	To be paid on 20 January 2014
Interim for the half-year ending 31 March 2014	To be paid July 2014
<b>Preference</b>	
6.5% and 6% cumulative	Payable twice per annum during February and August

## Corporate information

### AUDITORS

Deloitte & Touche  
Buildings 1 and 2, Deloitte Place  
The Woodlands Office Park  
Woodlands Drive  
Woodmead, Sandton

### BUSINESS ADDRESS AND REGISTERED OFFICE

Nampak Centre  
114 Dennis Road, Atholl Gardens  
Sandton 2196, South Africa  
(PO Box 784324, Sandton 2146)  
Telephone +27 11 719 6300  
Telefax +27 11 444 4794  
Website [www.nampak.com](http://www.nampak.com)

### COMPANY SECRETARY

Neill O'Brien  
BProc  
PO Box 784324, Sandton 2146  
Telephone +27 11 719 6332  
[neill.o'brien@za.nampak.com](mailto:neill.o'brien@za.nampak.com)

### INVESTOR RELATIONS

Graham Hayward  
FCIS, MBA  
PO Box 784324, Sandton 2146  
Telephone +27 11 719 6320  
[graham.hayward@za.nampak.com](mailto:graham.hayward@za.nampak.com)

### SHARE REGISTRAR

Computershare Investor Services (Pty) Ltd  
70 Marshall Street  
Johannesburg 2001, South Africa  
(PO Box 61051, Marshalltown 2107)  
Telephone +27 11 370 5000  
Telefax: +27 11 370 5487

### SPONSOR

UBS South Africa (Pty) Ltd  
64 Wierda Road East  
Sandton 2196, South Africa  
(PO Box 652863, Benmore 2010)  
Telephone +27 11 322 7000  
Telefax +27 11 784 8280

### SUSTAINABILITY

Lynne Kidd BA (Hons) Industrial Psychology  
PO Box 784324, Sandton 2146  
Telephone +27 11 719 6332  
[lynne.kidd@za.nampak.com](mailto:lynne.kidd@za.nampak.com)

#### DISCLAIMER

We may make statements that are not historical facts and relate to analyses and other information based on forecasts of future results and estimates of amounts not yet determinable. These are forward looking statements as defined in the U.S. Private Securities Litigation Reform Act of 1995. Words such as "believe", "anticipate", "expect", "intend", "seek", "will", "plan", "could", "may", "endeavour" and "project" and similar expressions are intended to identify such forward looking statements, but are not the exclusive means of identifying such statements. By their very nature, forward looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that predictions, forecasts, projections and other forward looking statements will not be achieved.

If one or more of these risks materialise, or should underlying assumptions prove incorrect, actual results may be very different from those anticipated. The factors that could cause our actual results to differ materially from the plans, objectives, expectations, estimates and intentions in such forward looking statements are discussed in each year's annual report. Forward looking statements apply only as of the date on which they are made, and we do not undertake other than in terms of the Listings Requirements of the JSE Limited, to update or revise any statement, whether as a result of new information, future events or otherwise. All profit forecasts published in this report are unaudited. Investors are cautioned not to place undue reliance on any forward looking statements contained herein. (Sourced from Nampak's interim results.)

[www.nampak.com](http://www.nampak.com)