

2014 INTEGRATED REPORT



Nampak
packaging excellence

ANGOLA
BOTSWANA
ETHIOPIA
KENYA

MALAWI
MOZAMBIQUE
NIGERIA
SOUTH AFRICA
SWAZILAND
TANZANIA
UNITED KINGDOM
ZAMBIA
ZIMBABWE

A brief profile

Nampak is Africa's leading* diversified packaging manufacturer. We leverage the skills of our 9 269 people and capitalise on our substantial investment in state-of-the-art facilities to produce world-class metal, glass, plastic and paper packaging from facilities in 12 countries across Africa, and in the United Kingdom.

We also make and market a range of high-quality trusted toilet and facial tissue and feminine hygiene products.

Motivated to safeguard our reputation for consistent excellence in everything we do, as well as our strong brand, we are committed to creating sustainable value as a responsible corporate citizen. Our customers – many of them large fast-moving consumer goods companies – benefit from our extensive research and development services, which provide them with innovative solutions that promote their own products while keeping their impact on the environment in check.

Our work to minimise environmental impact also includes supporting and facilitating the recycling, reuse and recovery of packaging.

A mainstay of the South African manufacturing sector, we continue to invest in our home market's success, and are also stepping up our activities in the rest of Africa, where some of our factories have operated since the 1940s.

Our strategy is clear and our commitment to deliver on it unwavering.

** By volume and revenue*

How to get the most out of our integrated report:



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



This icon tells you where you can find more information online and on our website www.nampak.co.za.

Contents

Flap A brief profile of Nampak

IFC About this report

The Nampak group

- 1 Features of the year
- 2 Who we are and where we operate
- 4 Nampak – touching your everyday life
- 6 Our vision, mission and values
- 7 How we allocate resources
- 8 Our business model
- 9 How we create value
- 10 Board of directors
- 13 Group executive committee

Nampak's strategic context

- 14 Our operating context
- 16 Our key relationships
- 20 Our material risks and opportunities
- 24 Our strategy
- 25 **Factbox** – Why is packaging important?

Nampak's strategic performance

- 26 Chairman's review
- 29 Chief executive's report
- 32 Chief financial officer's report
- 37 Five-year financial review
- 40 Our strategic performance table
- 42 Operational review
- 42 Metals and Glass
- 44 **Factbox** – What's the big deal about aluminium cans?
- 46 **Factbox** – Why the excitement about the new glass furnace?
- 47 Paper and Flexibles
- 49 Plastics
- 51 Tissue
- 52 Ensuring responsible business – socially
- 59 Ensuring responsible business – environmentally
- 62 Ensuring product sustainability
- 67 **Factbox** – What's happening with reduce, reuse, recycle initiatives?

Governance and remuneration

- 68 Abridged corporate governance report
- 77 Social, ethics and transformation committee report
- 79 Remuneration report

Summarised annual financial statements

- 97 Independent auditor's report
- 98 Audit committee report
- 100 Directors' responsibility for summarised annual financial statements
- 101 Directors' report
- 106 Summarised annual financial statements
- 110 Notes to the summarised group financial statements
- 121 Composition of the group and corporate activity
- 123 Interest in subsidiaries, associates and joint ventures
- 125 Investments

Shareholder information

- 126 Notice of annual general meeting
- 131 Form of proxy
- 133 Analysis of registered shareholders and company schemes
- IBC Shareholders' diary
- IBC Corporate information

About this report

The integrated report is the principal communication to shareholders in Nampak Ltd (Nampak or the group) and other stakeholders who are interested in Nampak's ability to create value over time. It aims to help all stakeholders better understand our business, giving a balanced and accurate assessment of Nampak's performance and prospects in relation to material financial, social, governance, economic and environmental issues.



It endeavours to provide a meaningful report on the operational and financial performance and position of Nampak. The report also covers its key stakeholders and risks and opportunities and how these translate into material issues, and inform our strategy. It also spells out our operating context, our strategy and our governance structures. The capitals on which we rely and on which we have an impact, and our business model are also included.

Enhancements in the year

We strive to improve the quality of our integrated report every year. Among the enhancements in 2014 are:

- Better articulation of our strategy
- Clearer disclosure of our operating context and the dynamics of the industry
- Refined report structure, only giving information considered material
- More concise report, providing summarised corporate governance, social, economic and environmental contents with better use of cross-referencing to details on our website
- More thorough business model, showing our capital inputs and outputs as well as capital outcomes
- Greater disclosure of risks, including placing them in a heat map
- Better connectivity of information by linking performance, prospects, risks and stakeholder engagement to strategy
- Disclosure of each director's particular expertise relevant to Nampak

Scope and boundary

Nampak reports on its operations by region and then by cluster of packaging substrates: those in South Africa, those in the rest of Africa and those in the United Kingdom. The information in this report covers the financial year to the end of September 2014. However, where significant events occurred between year-end and the report's publication date, we have included these. The report covers the group's businesses and associates. All significant items are reported on a comparable basis. During the year, restatements in line with changes in IFRS occurred. IFRS 10 resulted in the broad-based black economic empowerment transaction no longer being consolidated and IFRS 11 was adopted for equity accounting of joint ventures. Our annual financial statements (AFS), the full corporate governance report, and more details of social, economic and environmental matters are available on our website.  For details on our main stakeholders, see pages 16 and 19. 

Content and how we determine materiality

Most of the content in this report is relevant to all Nampak businesses in all geographies. Some information – such as reporting on broad-based black economic empowerment – pertains only to the group's South African operations. Exclusions to the scope are noted in the relevant sections.

Content is determined based on materiality. Nampak defines material issues as those which have the potential to significantly affect our ability to create value for stakeholders and to sustain the group in the short, medium and longer term.


Our process to determine materiality continues to evolve, but as a starting point for the 2014 report, Nampak's integrated reporting team consulted a wide range of sources. These included minutes of the board meetings and board sub-committee meetings; internal documents on group strategy and the group's risks and opportunities; external research on the industry and economies of the region; equity analyst commentary; opinion (gathered both through formal and informal channels); details of policies and regulations applicable to Nampak and the sector; and relevant media coverage.

We then participated in a series of interviews with key internal role-players, including the chairman, all members of the group executive committee and other key managers, particularly those responsible for issues of sustainability and investor relations. These discussions also considered input from important stakeholders.

Reporting principles and assurance

Financial information: Nampak applies International Financial Reporting Standards (IFRS) in compiling its summarised financial statements and AFS. We comply with the JSE Listings Requirements and the Companies Act, No 71 of 2008 and report in terms of the King Code of Governance Principles for South Africa 2009 (King III) and the guidance provided in the International <IR> Framework of the International Integrated Reporting Council (IIRC). The audit committee advises the board, which approves the AFS. The AFS are audited by Deloitte & Touche.

Non-financial information: We consider international guidelines in compiling non-financial information, making reference to the JSE Listings Requirements, the Companies Act, King III, the IIRC's International <IR> Framework, the JSE's Socially Responsible Investment Index, the UN's Global Reporting Initiatives G3.1 guidelines and the Carbon Disclosure Project standard. We will consider the transition to G4 in the next few years. The group is incrementally improving assurance of material social, economic and environmental reporting. During the year, internal audit commenced with a process to audit for completeness and accuracy data used for safety, energy, water and waste reporting.

For assurance details, see page 75. 



Approval by the board

This report was approved by the board and authorised for release on 20 November 2014. The board has applied its collective mind to the preparation and presentation of this report and acknowledges its responsibility to ensure the integrity of the integrated report, which it considers to have been presented in accordance with the International <IR> Framework.

Report footprint and feedback

Nampak works to reduce its environmental footprint in all its activities, including the production of this report. We use paper approved by the Forest Stewardship Council (FSC). We welcome feedback, which we will use to make improvements to our reporting in future. Direct your comments to lynne.kidd@za.nampak.com.

Navigation

To guide readers to additional information, or to indicate a link to our strategy, we use a number of icons throughout this report. These are on the inside front cover , above the table of contents, and on page 24. 



Features of the year

Financial

- HEPS on continuing operations up 14%*
- Trading profit on continuing operations up by 8%
- Profitability in rest of Africa increased 25%
- Capital expenditure of more than R2.6 billion
- Dividend up 9% to 153 cents per share

People

- Achieved Level 3 B-BBEE rating
- Corporate social investment spend up 27%
- Employed 9 269 people

Governance

- Appointed new CEO
- Established investment sub-committee of the board
- Extended group legal compliance policy to operations in the rest of Africa

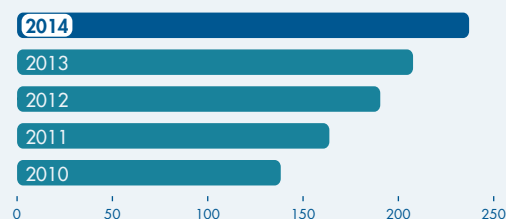
Environment

- Tonnes of CO₂e per R1 million revenue reduced by 6.7%
- Recycled 250 000 tonnes of paper
- Recycled 80 000 tonnes of glass
- Conversion to aluminium beverage cans increases recyclability of end product

* HEPS = Headline earnings per share.

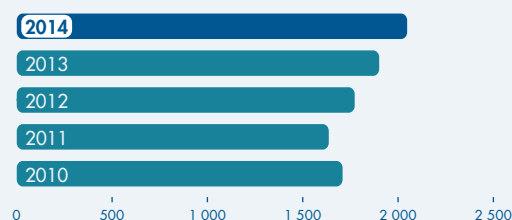
+14%

Headline earnings per share – continuing operations (cents)



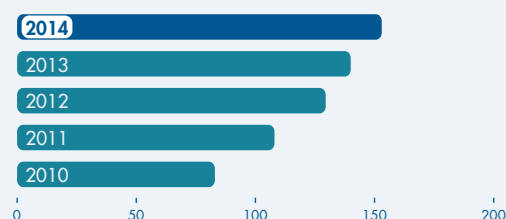
+8%

Trading profit – continuing operations (R million)




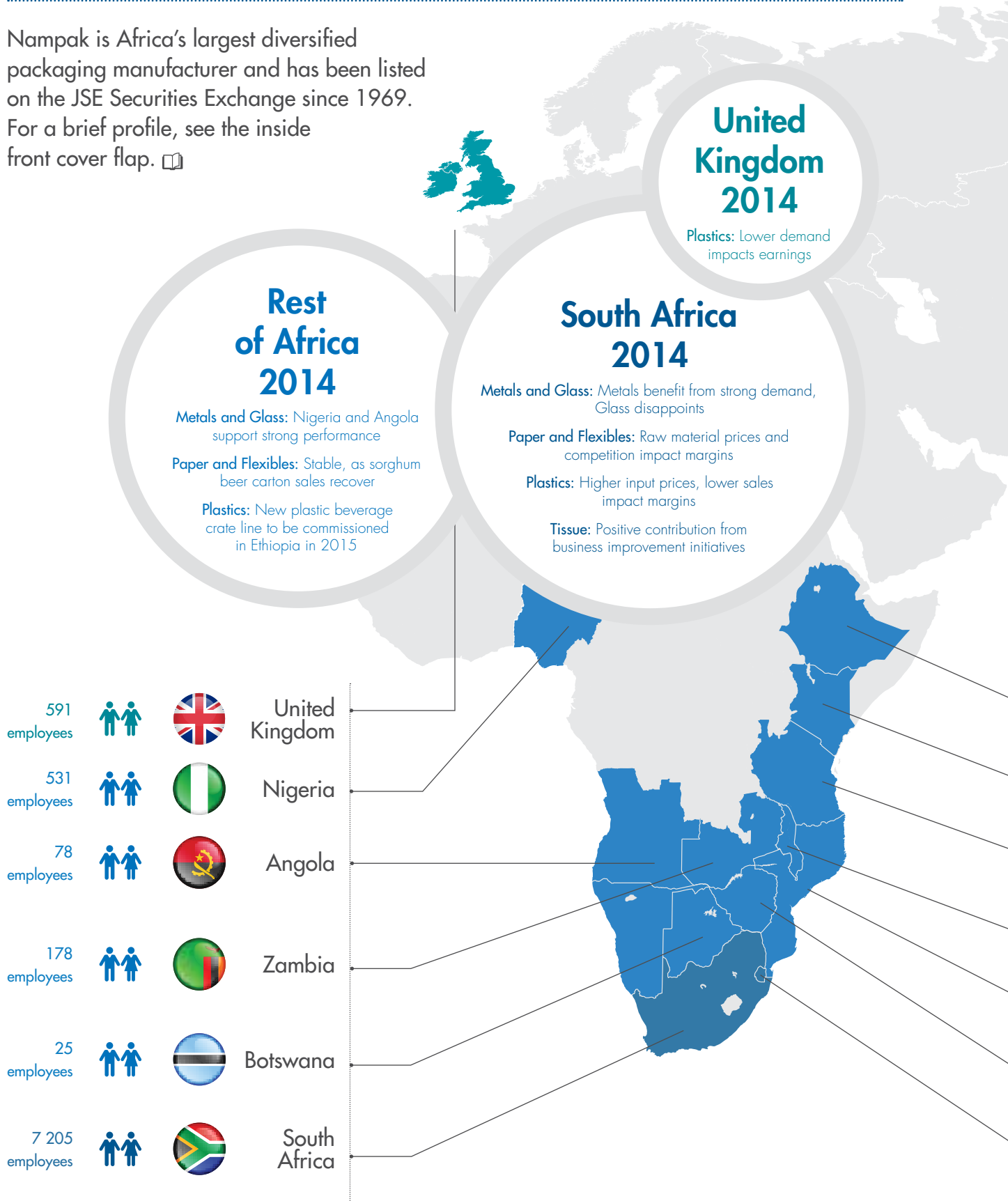
+9%

Dividend per share (cents)

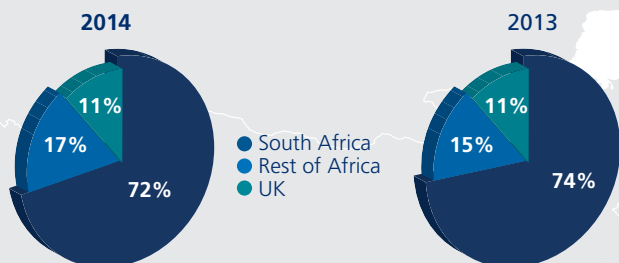


Who we are and where we operate

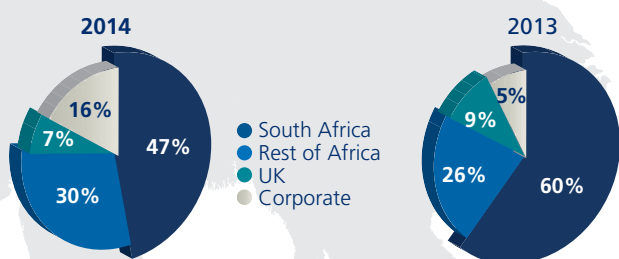
Nampak is Africa's largest diversified packaging manufacturer and has been listed on the JSE Securities Exchange since 1969. For a brief profile, see the inside front cover flap. 



Revenue



Trading profit



In South Africa we manufacture packaging products from metal, glass, paper and plastics. 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	Sancella (50%)
Glass	Sacks	Tubes Drums Crates	Nampak Recycling

In the rest of Africa we have manufacturing operations in Angola, Botswana, Ethiopia, Kenya, Malawi, Mozambique, Nigeria, Swaziland, Tanzania, Zambia and Zimbabwe:

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

In the **United Kingdom** we are the major supplier of plastic bottles to the dairy industry.

Throughout our businesses collection and recycling of all types of used packaging are of the utmost importance.

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**.

Ethiopia



Still being set up

Kenya



220 employees

Tanzania



78 employees

Malawi



127 employees

Mozambique



19 employees

Zimbabwe



138 employees

Swaziland



79 employees