



**Nampak Limited
Broad-Based Black Economic
Empowerment Charter**

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1. Approach

- 1.1. This charter is a dynamic document, which will be adjusted in line with the changing imperatives of Broad-Based Black Economic Empowerment (B-BBEE) policy, strategy and legislation. Its objective is to communicate Nampak's B-BBEE targets and measure the achievement of the targets set.
- 1.2. This charter is not a legally binding document. It is however the intention to explore the possibilities and implications for the Company of registering the Nampak charter as an enterprise charter with the Department of Trade and Industry (DTI). Nampak will endeavor to play an active role in an industry body, should it be created to address B-BBEE initiatives in terms of the proposed broad-based BEE legislation.
- 1.3. The charter timeframe is 5 years to 2020, however, internally this will be translated into short term objectives aligned to Nampak's strategic planning horizon, which will be reviewed on an annual basis as part of the strategic planning process.

2. Preamble

- 2.1. In October 2003, the Nampak Limited Board of Directors committed itself to the development of a broad based BEE charter.
- 2.2. The charter was developed noting that:

Despite significant progress since the establishment of a democratic government in 1994, South African society remains characterised by racially based socio-economic disparities.

B-BBEE is a mechanism aimed at addressing inequalities and mobilising the energy of all South Africans. It will contribute towards sustained economic growth, development and social transformation in South Africa.
- 2.3. B-BBEE is viewed by government as an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and will bring about significant increases in the numbers of black people that manage, own and control the country's economy.
- 2.4. Nampak was a pioneer in the early 1990's with regard to the transformation of labour/management partnerships and employment equity appointments. Nampak respects its relationship with its unions, and continues to build on these relationships. Nampak is proud that a significant number of black managers who started their management careers at Nampak have taken up senior leadership positions in South African business and society.
- 2.5. The Nampak Board of Directors acknowledges the importance of B-BBEE in the transformation of South Africa and has adopted a broad based strategy that will secure and potentially increase Nampak's competitive advantage into the future. Nampak has developed a scorecard approach with a 5 factor enabling framework, aligned to the DTI scorecard, in order to both set objectives and track progress. The 5 factors with their applicable weightings are:

BEE Factor	Weighting
1. Ownership	25%
2. Management and Control	19%
3. Skills Development	20%
4. Enterprise and Supplier Development	40%
5. Socio Economic Development	5%

- 2.6. Nampak has developed an internal scorecard against which B-BBEE contribution can be measured. Nampak will be assessed by an independent rating agency approved by the DTI, to provide an independent assessment of Nampak.

3. Interpretation

- 3.1 **Group Executive Committee (GEC)** means the executives responsible for the operational management of Nampak's operations.
- 3.2 **BEE** means the economic empowerment of all black people, including black women and people with disabilities, through diverse but integrated socio-economic strategies.
- 3.3 **BEE accredited** means being validated in terms of this charter as a BEE company, or being validated as having achieved a certain standard of BEE contribution in terms of a recognised BEE charter scorecard or accreditation system.
- 3.4 **BEE controlled company** means a shareholding or similar members interest in which black participants enjoy a right to Excisable Voting Rights that is more than 50% of the total of such rights.
- 3.5 **BEE owned company** means a shareholding or similar members interest in which black participants enjoy a right to Economic Interest Rights that is more than 50% of the total of such rights.
- 3.6 **Black people** refers to all Africans, Coloureds, Indians and Chinese who are South African citizens by birth or descent or are citizens of RSA by naturalisation:
- 3.7 (a) Occurring before the commencement date of the constitution of the Republic of South Africa Act of 1993; or
- 3.8 (b) Occurring after the commencement date of the Constitution of the Republic of South Africa Act of 1993, but who, without the Apartheid policy would have qualified for naturalisation before then.
- 3.9 **Broad-based ownership** is where an empowerment shareholder represents and / or benefits a broad base of members.
- 3.10 **Control** centres on the authority and power to manage assets, the determination of policies and the direction of business operations. Indicators of control may include:
- Participation in control structures of a business unit or of the company (such as shareholder meetings, the board of directors, board subcommittees, and divisional boards), the exercise of voting rights on the board of directors and committees thereof, and controlling equity.**
- Participation in executive management.**
- 3.11 **Divisional Managing Directors** means the people responsible for the day-to-day operational management of the divisions within Nampak, who report into a GEC member.
- 3.12 **Employment Equity and Skills Development Committee** means a credible, representative forum, responsible for ensuring that the business complies with all requirements of the Employment Equity Act (No. 55 of 1998).
- 3.13 **Executive Directors** refers to directors of Nampak Limited that are responsible for the day-to-day operational management of Nampak, including Africa and Europe.
- 3.14 **Executive Corporate Staff** refers to executives who are at Divisional Managing Director level, but provide Group or Africa wide input around policy.

3.15 Management. Management refers to Peromnes 1 – 8 for purposes of internal Nampak scoring and overall targets are set for this level. A grading matrix will be applied for external measurement. It is categorised further and level specific targets set for the following:

Executive management refers to Executive Directors, GEC members, Executive Corporate staff and Divisional Managing Directors. Peromnes 1 – 3

Senior management refers to Peromnes 4 – 5

Operational Management refers to Peromnes 6 – 8

3.16 Non-Executive Directors refer to Non-Executive Directors of Nampak Limited.

3.17 Ownership refers both to the rights, obligations and control accruing to the B-BBEE party as a result of the percentage shares held in the company, while acknowledging that there could be a time period for the shares to transfer before the B-BBEE party receives the full unencumbered benefit.

3.18 Procurement means all expenditure to acquire goods and or services including capital expenditure, but excluding permanent employee costs. Procurement is further divided into two categories, Core and Non-core.

Core is defined as raw materials and natural monopolies, e.g. Eskom for power supply.

Non-core is defined as all procurement outside of Core, including services.

3.19 Skilled Personnel refers to Peromnes 9 - 14 for purposes of internal Nampak scoring.

3.20 QSE means a qualifying small entity that qualifies for measurement under the small Entity scorecard with a turnover of between R10 and R50 million.

3.21 Technical and Operational Training means the development of technical and support skills required to run the manufacturing base and the business.

3.22 All references to a year-end mean 30 September of that year (e.g. 2020 means 30 September 2020) to fall in line with the Nampak financial year-end.

4. Challenges & Benefits Facing Nampak's Businesses

4.1 Nampak, like other companies, faces the challenges of delivering incremental returns to shareholders, producing more cost effectively and delivering superb service to its customers in the face of growing global competition, through committed and competent staff. B-BBEE is a mechanism that can assist the South African businesses in this regard and should be seen in this context.

4.2 The diversity that B-BBEE brings to Nampak introduces a creativity component that will assist in the reduction of risk associated with business decision-making.

5. Application of the Charter

5.1 This charter belongs to Nampak Limited but applies directly to the South African operations.

5.2 The targets in this charter will be applied from 1 October 2008 (the "effective date") until 30 September 2020.

5.3 Progress against the targets will be tracked and recorded annually, reviewing the ongoing applicability of such targets.

5.4 Nampak acknowledges that the principles contained in the charter will be relevant beyond 2020.

6. Ownership

6.1 Nampak will increase the number of black people who not only have ownership of equity in the Nampak group but can via their ownership, contribute to the sustainable competitive advantage of the Company, and will give preference to broad based organisations where practically possible.

6.2 Nampak is to be regarded as a black controlled company by 2013, from an ownership perspective, as measured by an accredited rating agency.

6.3 Nampak acknowledges the complexity around ownership measurement and will take its lead from best practice.

6.4 When structuring ownership transactions Nampak will look to mechanisms that balance the businesses' need for sustainable black ownership and the requirement of black ownership to unlock appropriate value from their investment.

6.5 Nampak will:

Finalise an appropriate B-BBEE structure for the Nampak Group that balances the leadership role that Nampak needs to assume as one of South Africa's major corporations in terms of transformation of our economy with the commercial obligations to our shareholders, acknowledging that B-BBEE will provide long-term shareholder benefits.

Identify and pursue B-BBEE opportunities at an appropriate level that will either unlock value for the business or preserve current value into the future.

Choose B-BBEE partners whom where practically possible have both a broad based ownership structure and can play an appropriate value-adding role in our businesses.

6.6 The principles of B-BBEE transactions:

B-BBEE ownership initiatives should be aimed at promoting the productive and sustainable participation of black companies and black people in Nampak.

Ownership will be particularly encouraged if it adds value to the companies / divisions involved and include meaningful participation in management and control.

The funding structures should facilitate the transfer of full economic interest to the B-BBEE partner and longer-term shareholder-type relationships, as opposed to short-term portfolio investments (especially where the transaction has been facilitated).

The retention of the shareholding as a B-BBEE share should be promoted to the greatest extent possible.

Initiatives aimed at progressing in the area of broad-based B-BBEE will be promoted.

Joint ventures or partnership arrangements should be meaningfully structured with equitable portions of the responsibility and benefit to each party.

B-BBEE ownership initiatives should be aimed at improving the competitive advantage of Nampak.

7. Management Control

7.1 Nampak will focus on increasing the number of black people in positions that have the authority and power to manage the company's assets, determine policy and the direction of business operations. This would include the GEC members, South African Divisional Managing Directors and certain key corporate positions that participate in decision-making at board and executive management level.

7.2 Nampak will strive to achieve the following targets by 2020:

Management Grouping	% Black Previous	% Black Current	% Black Target
	2013	2016	2020
Nampak Limited Board of Directors – Non-Executive	73%	80%	80%
Nampak Limited Board of Directors - Executive	33%	33%	50%
Group Executive Committee (GEC)	25%	25%	50%
South African Divisional Managing Directors	18%	17%	50%

7.1 Employment Equity

7.1.1 Disparities in the South African workplace resulting from past discriminatory practices and laws are not only unjust, but also have direct negative implications for economic efficiency, competitiveness and productivity. It is therefore in the country's long-term national interests that a broad-based and diverse pool of skills is developed for the sector to unleash the potential of all South Africans.

7.1.2 Consequently, Nampak undertakes to continually redress the inequalities present with regards to race, gender and disability in its employee base and to accelerate the normalisation of this position through structured skills development programmes and the injection of talent, through its ongoing commitment to:

Ensuring that its workforce represents South African demographics in terms of race, gender and disability at all levels and that structured development plans are in place to achieve this.

Actively driving internal promotion opportunities through structured development programmes and career planning.

Encouraging the recruitment of black talent into the Group.

Incentivising and rewarding GEC members, South African Divisional Managing Directors and senior divisional managers to achieve the targets set.

7.1.3 The Employment Equity Targets are as follows:

	Senior Management (SM / P4 – 5)		Operational Management (OM / P6 – 8)		Total	
	2016	2020	2016	2020	2016	2020
Black	31%	45%	59%	75%	45%	60%
Black Women	7%	12%	23%	30%	15%	21%

Black disabled: Target 3% by 2020

7.1.4 The Employment Equity and Skills Development Committees will assess and define policies to address the employment of people with disability. Nampak commits to ensuring that, where practically possible, its sites are adapted to accommodate people with disability.

8. Skills Development

- 8.1** Nampak acknowledges the involvement of black people in operational, professional and executive decision making is a critical aspect of B-BBEE and will accelerate this process via a focused skills development programme.
- 8.2** Employment Equity and Skills Development committees exist at all operations to drive skills development at an operational level.
- 8.3** Nampak classifies its skills development into the following broad categories:

Leadership Development	% Representation
Leaders in Packaging Excellence This programme is aimed at divisional managing directors, divisional board members, senior general managers and senior functional specialists.	50% black
Management Development Program (MDP) The program focuses on leadership development of high potentials at a senior operational management level.	60% black (50% black women)
Graduate Development Program (GDP) The program runs for 2 years and focuses on introducing new graduates to the Nampak Group.	90% black (75% black women)
Tomorrow's Leaders Program (TOM) The program focuses on skilled staff that have the potential to fill an operational management role.	70% black (50% black women)
Supervisory Development Program (SDP) This program is aimed at supervisors and team leaders.	70% black (50% black women)
Business Excellence Program (BEP) The program focuses on developing skilled employees with leadership potential who may not have had the educational opportunities in the past.	90% black (50% black women)
Bursaries and Grants	% Representation
Bursary Scheme and Tertiary Grants Draws bursars, in appropriate fields, with an emphasis on Nampak partnered schools and communities, to provide a feed into the Graduate Development Program	90% black (80% black women)

Technical and Operational	Target	% Representation
Learnerships The program covers technical trades involved in the packaging industry	3% of Payroll	90% black (50% black women)
Technical and Operational Training Covers the technical skills required to run the manufacturing base		70% black (50% black women)
Support Training Training outside of operational		

9. Supplier and Enterprise Development

9.1 Preferential Procurement

- 9.1.1** Nampak will implement a targeted procurement strategy to increase its procurement from companies that have made significant progress in the area of B-BBEE and are rated as Good or Superior Contributors to B-BBEE based on a broad based evaluation methodology, with an emphasis on 51% black owned companies and 30% black woman owned companies.
- 9.1.2** The Nampak target will be 30% of the value of Nampak South Africa's core procurement and 50% of its non-core procurement by 2013.
- 9.1.3** Should a supplier's business not be run on sound and sustainable business practices, its B- BBEE credentials will be discounted, irrespective of its black ownership status.
- 9.1.4** In procuring products and services from a QSE, Nampak will not take a broad based assessment approach and will focus on Ownership and Management and Control. It will however require the QSE to start addressing the other legs as it grows.
- 9.1.5** Nampak will also focus on Enterprise Development as a means to increasing its empowerment supplier base where appropriate. In this regard, it will:

Actively support existing businesses and the creation of new businesses that are owned by black people and encourage these new suppliers and existing suppliers to improve their broad based B-BBEE credentials, through the leverage it has on its suppliers.

Assist in the creation of new businesses by facilitating access to finance and skills transfer, where appropriate.

Provide support to black QSEs to enable them to benefit from targeted procurement programmes. Such support will include programmes designed to assist black QSEs in tendering for business, setting aside areas of procurement reserved or preferred for black QSEs only. This will link up with the enterprise development leg of the scorecard.

- 9.1.6** Nampak will:

Actively pursue purchases from companies in which shareholding (at varying levels) is held by black people and companies empowered in terms of a DTI accredited rating agency.

Increase the level of tracking with the roll out of the ERP system in the medium term.

Encourage existing suppliers to address B-BBEE and become B-BBEE accredited.

Report on all spend in terms of the categories that fall within the definition of B-BBEE accredited.

Set financial incentives for the GEC members and South African Divisional Managing Directors to ensure that progress is made.

- 9.1.7** Nampak will insist on a DTI approved, independent rating agency to rate Nampak's key suppliers' empowerment status.

9.2. Enterprise Development

- 9.2.1** Through its commitment and initiatives aimed at addressing South Africa's packaging solid waste stream, Nampak is to provide seed capital, where appropriate, and capacity building for collection and recycling that will lead to job creation opportunities for black communities.
- 9.2.2** Nampak will look to create economic value and develop potential markets for used packaging, which in turn will encourage collection, job creation and business opportunities.
- 9.2.3** The identified focus areas are:

Strive to develop proven structures and major end use applications for packaging waste that give rise to employment opportunities for black people.

Strive to create opportunity for Black entrepreneurs to take advantage of outsourcing opportunities in Nampak.

10. Socio Economic Development

- 10.1** Nampak acknowledges Socio Economic Development (SED) as an important component of its corporate citizenship. It will take a developmental and transformational approach to initiatives that are linked to the upliftment of South Africa's black youth in the areas of education, health and welfare and environment.
- 10.2** Nampak is to set aside 1% of its worldwide profit after tax for SED in South Africa, focussing the spend on projects and initiatives that can be replicated with other communities either with support from funding from Nampak or other donors.
- 10.3** The underlying principle is that the majority of the SED spend goes towards the intended purpose and not on administration costs.
- 10.4** The focus areas for SED spend will vary over the charter timeframe, however those identified to date are:

Refocus spend on technical training to ensure that students are selected from Nampak partnered schools and communities, trained in appropriate fields and then offered further training and potential employment opportunities within Nampak.

Support organisations that are aligned to the objectives contained within this charter.

11. Implementation

- 11.1** An independent, non-executive director has been appointed to chair the Social, Ethics and Transformation committee to review progress made towards the achievement of the charter.
- 11.2** An executive director has been appointed to manage and coordinate the B-BBEE process for the Group.
- 11.3** Each South African business will submit a scorecard annually, commencing September 2008, reporting on its progress against targets and adherence to the charter.
- 11.4** Employment Equity and Skills Development Committees have been established to specifically focus on the Employment Equity targets and the achievement thereof.
- 11.5** Delivery on the charter objectives will be set as a key performance area for senior staff, particularly in areas under their influence, e.g. Employment Equity.

12. The Scorecard

- 12.1** The scorecard provides a broad based set of measurement indicators for measuring B-BBEE progress which will be done by an independent, DTI approved rating agency. Specific terms used are defined in the scorecard explanation and practical examples have been included. The scorecard will be used by:

Each Nampak division / cluster in South Africa

Nampak South Africa as a whole

Nampak South Africa to evaluate the BEE progress within its suppliers.

12.2 Achievement to date

Year	BEE Rating	Procurement Recognition
2012	Level 3	110%
2013	Level 4	100%
2014	Level 3	110%
2015	Level 3	110%

- 12.3** Nampak South Africa will strive to be a level 2 contributor by 2020 and preference in procurement will be given to suppliers that fall into the same category or higher.