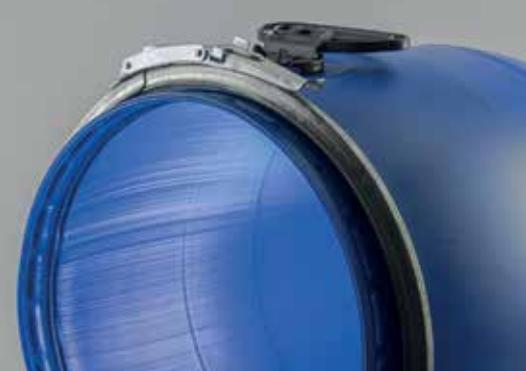




2016 CORPORATE GOVERNANCE REPORT



Corporate governance report

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. The group's structures and processes are adapted from time to time to reflect best practice standards.

Statement of compliance

In the year under review Nampak complied with all the corporate governance requirements of the JSE Limited. King IV released in November 2016 will be applicable to Nampak from the financial year ending 30 September 2018.

Governance framework and structure

The diagram adjacent is a simple overview of the corporate governance structure at Nampak.



Membership

The composition of the board as at the date of this report is shown below.

Non-executive directors	Date of appointment	Independent	Race	Gender
TT Mboweni (chairman)	1 June 2010	Yes	Black	Male
RC Andersen	28 November 2008	Yes	White	Male
E Ikazoboh	1 October 2013	Yes	Black	Male
RJ Khoza	1 October 2005	Yes	Black	Male
NV Lila	1 March 2014	Yes	Black	Female
PM Madi	21 November 2008	Yes	Black	Male
IN Mkhari	1 October 2013	Yes	Black	Female
DC Moephuli*	23 November 2009	Yes	Black	Female
CWN Molope*	1 June 2007	Yes	Black	Female
PM Surgey	29 July 2009	Yes	White	Male

*Mrs Moephuli and Mrs Molope will step down as non-executive directors at the Company's AGM on 1 February 2017.

Executive directors	Year of appointment	Position	Race	Gender
AM de Ruyter	1 April 2014	CEO	White	Male
GR Fullerton	1 September 2015	CFO	White	Male
FV Tshiqi	29 July 2009	Group HR director	Black	Male

Board of directors

The board is made up of an appropriate combination of executive and non-executive directors who have suitable academic qualifications and diverse experience, race and genders. All non-executive directors are considered independent. For the biographical details of directors, and their length of tenure, see pages 74 and 75 of the 2016 integrated annual report, where graphs also provide details of the board's representation by race and gender.

Mrs DC Moephuli and Mrs CWN Molope have indicated their intention to step down as non-executive directors of the company immediately prior to commencement of the annual general meeting (AGM) on 1 February 2017 due to pressure of other commitments and Mrs Molope has indicated that she will also not make herself available for re-election as chairperson of the audit committee. The board agreed to recommend the election of Mr RC Andersen as chairman of the audit committee to replace Mrs Molope. A further announcement will be made in due course about the appointment of a new non-executive director and the recommended election of a fourth member to the audit committee.

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

In the year under review, the board reviewed the independence status of all the non-executive directors and considered them all to be independent. In particular, the board reviewed the independence and performance of Dr RJ Khoza, who completed 10 years of service as a non-executive director on 30 September 2016. The board concluded that Dr Khoza's independence of character and judgement was not in any way affected by his length of service and that his service was of considerable benefit to the company.

The performance of the chairman is assessed by the board every second year and will next be assessed in 2017. No one director has unfettered power of decision making.

The positions of chief executive officer (CEO) 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 CEO is responsible for the operation of the businesses, the development of strategy and the submission of business plans and budgets to the board for consideration.

All directors, other than the CEO and chief financial officer (CFO), are subject to retirement and re-election by shareholders every three years. The CEO and CFO are not subject to this during the periods of their service contracts. Re-election takes place on a staggered basis to ensure continuity, but re-appointment is not automatic. The appointments of new directors are subject to confirmation by shareholders at the first annual general meeting after their appointment.

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 <http://www.nampak.com/Content/Documents/About/board-charter.pdf>

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, divisional performance, 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 concerned 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.

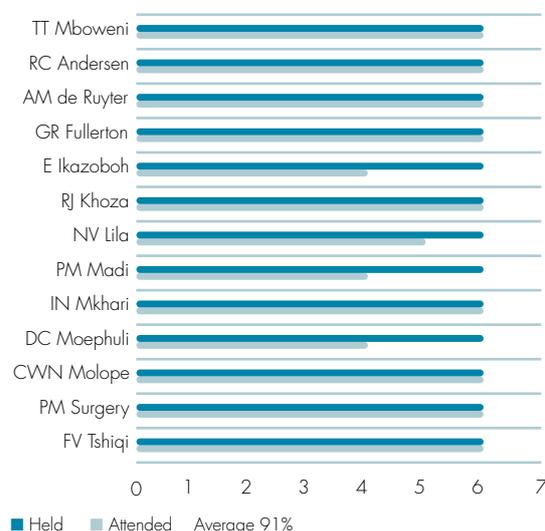
Induction and education

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 integrated annual reports.

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

Attendance at board and committee meetings during the year ended 30 September 2016.

Board



Corporate governance report continued

Board committees

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

Audit committee		
Members	Date of appointment	Meetings attended
CWN Molope (chairperson)*	1 June 2007	
RC Andersen	21 November 2008	
NV Lila	27 March 2014	
IN Mkhari	27 March 2014	

0 1 2 3 4 5 6

■ Held ■ Attended Average 100%

* Mrs Molope will step down as a member of the audit committee at the company's AGM on 1 February 2017.

Role, purpose and principal functions
 The committee operates within written terms of reference which are reviewed and updated regularly. A copy of the charter is available on the company's website <http://www.nampak.com/Content/Documents/About/audit-committee-charter.pdf>. The committee met six times during the financial year. Out of the six meetings which were held three were special committee meetings which considered Nampak Glass capitalisation and depreciation of furnace 3.

Strategic focus for the year under review

- Considered Nampak Glass capitalisation and depreciation of furnace 3
- Considered the sale and leaseback of property transaction
- Considered liquidity issues in Nigeria and Angola
- Considered the JSE report on monitoring financial statements
- Considered the Nampak dividend policy
- Considered impairment of Angolan tinplate line
- Considered deleveraging of the group's balance sheet

Investment committee

Members	Date of appointment	Meetings attended
RC Andersen (chairman)	1 January 2014	
AM de Ruyter	1 January 2014	
GR Fullerton	1 September 2015	
E Ikazoboh	27 March 2014	
PM Madi	1 January 2010	
IN Mkhari	27 March 2014	
DC Moephuli*	1 January 2014	

* Mrs DC Moephuli will step down as a member of the investment committee at the company's AGM on 1 February 2017.

■ Held ■ Attended Average 86%

Role, purpose and principal functions

The committee operates within written terms of reference which are reviewed and updated regularly. A copy of the charter is available on the company's website <http://www.nampak.com/Content/Documents/About/investment-committee-charter.pdf>

Strategic focus for the year under review

- Considered the sale and leaseback of property transaction
- Reviewed the Nampak Glass furnace 3 project
- Considered Glass opportunities in both Nigeria and Ethiopia
- Considered Plastics opportunities in Europe
- Considered the Nampak debt covenant position and rand volatility

Nomination committee

Members	Date of appointment	Meetings attended
TT Mboweni (chairman)	1 June 2010	
RC Andersen	20 July 2009	
RJ Khoza	1 February 2011	
PM Surgey	29 July 2009	

■ Held ■ Attended Average 92%

Role, purpose and principal functions

The committee operates within written terms of reference which are reviewed and updated regularly. A copy of the charter is available on the company's website <http://www.nampak.com/Content/Documents/About/nomination-committee-charter.pdf>

Strategic focus for the year under review

- Considered board and executive succession planning and personal development
- Considered non-executive director independence and rotation
- Monitored implementation of action plans from the board evaluation process
- Reviewed the induction programme

Corporate governance report continued

Remuneration committee

Members	Date of appointment	Meetings attended
PM Surgey (chairman)	29 July 2009	
RC Andersen	20 July 2009	
TT Mboweni	1 June 2010	

0 1 2 3
 ■ Held ■ Attended Average 100%

Role, purpose and principal functions

The committee operates within written terms of reference which are reviewed and updated regularly. A copy of the charter is available on the company's website <http://www.nampak.com/Content/Documents/About/remuneration-committee-charter.pdf>

Strategic focus for the year under review

- Reviewed remuneration policy with independent external consultants (PwC)
- Approved a medium-term incentive scheme to replace the short-term incentive scheme for 2017 and 2018
- Reviewed defined benefit obligations and strategies to manage the liability

See the remuneration committee report on page 78 to 89 of the 2016 integrated report.

Risk and sustainability committee

Members	Date of appointment	Meetings attended
NV Lila (chairperson)	3 November 2015	
AM de Ruyter	1 January 2014	
GR Fullerton	1 September 2015	
PM Madi	12 November 2009	
DC Moephuli*	1 October 2010	
PM Surgey	1 October 2010	
Ex officio: CWN Molope* as chairperson of the audit committee	3 November 2015	

0 1 2
 ■ Held ■ Attended Average 93%

* Mrs Moephuli and Mrs Molope will step down as members of the risk and sustainability committee on 1 February 2017.

Role, purpose and principal functions

The committee operates within written terms of reference which are reviewed and updated regularly. A copy of the charter is available on the company's website <http://www.nampak.com/Content/Documents/About/risk-and-sustainability-charter.pdf>

Strategic focus for the year under review

- Reviewed group key risks, mitigations and monitored the implementation of mitigation activities
- Approved risk appetite and tolerance levels for 2016

Social, ethics and transformation committee

Members	Date of appointment	Meetings attended
PM Madi (chairman)	9 November 2009	
IN Mkhari	27 March 2014	
PM Surgey	29 September 2009	

■ Held ■ Attended Average 100%

Role, purpose and principal functions

The committee operates within written terms of reference which are reviewed and updated regularly. A copy of the charter is available on the company's website <http://www.nampak.com/Content/Documents/About/social-ethics-and-transformation-committee-charter.pdf>

Strategic focus for the year under review

- Recommended transformation commitments and targets to the board for approval
- Reviewed proposals submitted by management to provide an extension to the lock-in period for active employees who remained beneficiaries in The Black Management Trust as at 31 December 2015 when the original lock-in period expired
- Monitored the group's performance against its code of conduct and business ethics

See the full social, ethic and transformation committee report on the website www.nampak.com.

Mrs DC Moephuli was unable to attend all the board meetings and relevant sub-committee meetings due to her commitments at Transnet where she is a fulltime employee.

Professor PM Madi was unable to attend all the board meetings and relevant sub-committee meetings due to other commitments.

Mr E Ikazoboh was unable to attend all the board meetings and relevant sub-committee meetings due to other commitments in Nigeria where he resides.

Group executive committee

The group executive committee is constituted to assist the CEO in managing the business of the group, subject to authority limits delegated to the CEO and the group executive committee in terms of the group's authority policy. The committee assists the CEO in guiding and controlling the overall direction of the business of the group and acts as a medium of communication and coordination between divisions, group companies and the board. The composition of the committee is as follows:

Members	Position
AM de Ruyter	Chief executive officer
C Burmeister	Group executive: DivFood and R&D
GR Fullerton	Chief financial officer
M Khutama	Group executive: Plastics
RG Morris	Group executive: Africa and Glass
EE Smuts	Group executive: Bevcan
FV Tshiqi	Group human resources director
NP O'Brien	Group executive: Legal, secretarial and insurance

Company secretary

The company secretary operates on an arm's-length basis from the board and is not a member of the board. 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 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 of the board, its committees and directors, will be conducted every second year and the next appraisal will take place in 2017.

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). 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, 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.

Corporate governance report continued

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 other 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 auditor 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. The external auditor's 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	2.67
Human resource and other consulting	0.11
'Tip-Offs Anonymous' and fraud prevention	0.46
Other	0.06

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.

Price-sensitive information

In accordance with the 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 CEO, the CFO 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.

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.

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. 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.

Risk management Responsibilities

The board of directors has committed the company to a formalised and systematic process of enterprise-wide risk management. The board's risk governance responsibilities are outlined in its charter, and the status of key risks is contained in board papers. Specific risk concerns are raised at board level in special reports.

A board committee addresses risk and sustainability matters. The committee encourages transparency around risk issues. The full spectrum of risks facing the company is addressed by the committee, from strategic and financial issues to operational and technical matters. A group risk management function coordinates the process to ensure consistency of approach.

Management's risk management roles and responsibilities are detailed in the company's board-approved risk policy, framework and guidelines documents. These responsibilities include participation in risk committees, risk assessments, risk reviews, risk response initiatives, and assurance processes. The risk management framework is based on the ISO 31000 standard.

Risk management process

The risk assessment methodology has been designed to deliver realistic and pragmatic outputs that encourage valuable insights. The risk assessment process is formally integrated into the annual business planning, capital expenditure and budgeting cycle. The methodology includes known income variables and predetermined risk categories have been established to guide the operations in their risk assessments. Risks are quantified in terms of their potential impact upon earnings. Risk registers are maintained by operations and updated quarterly per the corporate calendar.

Risk assessment outputs are evaluated against the company's defined risk appetite parameters, which are based on the group's EBITDA targets and key financial ratios, including interest cover, total shareholder return, HEPS, RONA and ROE. In addition, the risk appetite statements address other social, economic and environmental aspects. The risk appetite framework is board-approved and risk appetite monitoring is governed by the risk and sustainability committee. Furthermore, the board exercises its risk

appetite strategically via investment and divestment decisions. Risk appetite is aligned to investor expectations as evident in the company's growth strategy.

Management is formally required to address any intolerable residual risks, and the effectiveness of risk mitigations on a continual basis is evaluated in the context of group and regional risk control standards, policies and procedures. Strategic risk responses are addressed by the executive committee, and operational risk responses involve the divisional management teams. Management's risk responses are monitored by the risk and sustainability committee.

A corporate risk team is responsible for ensuring integration of risk management 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.

Risk trends are monitored using performance data and key risk indicators aligned to the current business plan. Identified risks are monitored at divisional and group meetings which are attended by the CEO and/or CFO. Internal risk reporting is regimented and interaction on various risk issues occurs throughout the year. Historic risk data is retained so that risk mitigation performance can be tracked and trend-lines established.

A comprehensive programme of risk-based assurance is an established component of the company's risk management plan. The assurance activities cover a wide spread of risk control disciplines, including operational and insurable risks, food and packaging safety, regulatory compliance, ethics management, climate change and sustainability, safety and health, internal financial controls and ISO standards. The risk management process itself is subject to internal audit reviews in an effort to continually enhance its effectiveness.

Risk management plan

The risk management plan for 2016 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. A number of initiatives are in place to ensure continuous improvement of the risk management programme.

Information management services

Information management services (IMS) 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 IMS governance with the board, and the Nampak board has given the CFO overall responsibility for managing the IMS governance structures and processes. The IMS function is managed by the chief information officer (CIO), who reports to the CFO. An IMS 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 IMS direction and investments, and ensuring alignment with business strategy and priorities.

Nampak's IMS function has adopted the IT Governance Institute (ITGI) governance model, COBIT5 (Control Objectives for Information and related Technology), as a framework for IMS governance, while continuing to employ best practice frameworks such as Information Technology Infrastructure Library (ITIL) as guidelines for establishing and maintaining effective internal controls, continuity and risk management.

In line with COBIT5, a framework of IMS policies has been developed and adopted, taking into consideration stakeholder needs, the business imperatives, current legislation and IM trends.

Internal audit provides assurance to management, the audit committee and the risk committee on the effectiveness of IMS governance.

The group's IMS focus remains to deliver value to Nampak through benefits realisation, resource optimisation and risk mitigation that are aligned with Nampak's strategy and goals.

Assurance

The data in this integrated report has been assured to the extent set out below. The combined assurance model envisages obtaining assurance from management particularly in respect of legal and regulatory compliance, internal assurance providers and external assurance providers.

The material areas covered during 2016 are shown below:

Aspect	Requirement	Status	Assurance provider
Fair presentation in all material aspects of annual financial statements	External audit report	Assured	Deloitte & Touche
Insurance claims	Insurance claim review	Assured	Willis Towers Watson
Risks, internal controls, standards and processes	Internal audit review	Assured per internal audit plan	EY
Risk control standards	Applicable to all sites within the group. Peer review and external review by Willis Towers Watson	Assured	Willis Towers Watson
Transformation	B-BBEE scorecard	Assured	Empowerdex
Quality systems	ISO 9001	Certification at 38 out of the 51 target manufacturing sites	SABS, DQS and other registered providers
Environmental audits	ISO 14000	Certification held at 19 sites	SABS, DQS and other registered providers
Carbon emissions	Greenhouse Gas Protocol	Assured	Carbon Known
Energy systems	ISO 50000	Certification held at Nampak Glass	IRQA
Health and safety	OSHAS 18001 and other standards	Certification held at 16 sites. Safety is also extensively covered in terms of the group's risk control standards	SABS, DQS and other registered providers
Data accuracy – safety, energy, water and waste	Internal audit review	As part of the internal audit plan, tested for accuracy and completeness	EY
Food and packaging safety	ISO 22000 and PAS 223 and/or BRC and/or FSSC 22000	Certification held at 32 out of 51 manufacturing sites	SABS, DQS and other registered providers
Business continuity	ISO 22301	Bevcan and Glass have established business continuity policies and frameworks in place for their South African operations	Not externally assured

Corporate governance report continued

Introduction

The audit committee presents its report for the financial year ended 30 September 2016. 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.

Membership

Shareholders appointed four members to the committee for the 2016 financial year at the annual general meeting on 3 February 2016. The current members are as follows:

Name	Date of first appointment
CWN Molope (chairperson)*	1 June 2007
RC Andersen	21 November 2008
NV Lila	27 March 2014
IN Mkhari	27 March 2014

**Mrs Molope will step down as a member of the Audit Committee at the Company's AGM on 1 February 2017.*

Shareholders will be requested to approve the appointment of committee members for the 2017 financial year at the annual general meeting to be held on 1 February 2017.

Following the decision of the chairperson to step down on 1 February 2017, the board has recommended that the remaining three members of the committee be re-elected by shareholders. A communication will be sent to shareholders in due course about the election of a fourth member to the committee.

The CVs of the committee members and their attendance at committee meetings can be found on pages 74 and 75 of the 2016 integrated annual report.

Meetings

The committee meets at least twice per year and during the year under review the committee met six times. Out of the six meetings which were held, three were special committee meetings which considered Nampak Glass capitalisation and depreciation of furnace 3. The group chairman, chief executive officer (CEO), chief financial officer (CFO), internal auditors and external auditors all attend meetings of the committee by invitation. 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 chairperson meets regularly with key executives to review issues which require consideration by the committee.

Role of the committee

The committee operates within written terms of reference which are reviewed and updated regularly. A copy of the charter is available on the company's website <http://www.nampak.com/Content/>

Documents/About/audit-committee-charter.pdf. 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 appointment, performance assessment and dismissal of the chief internal audit executive;
- 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;
- review of the process for financial reporting;
- monitoring compliance with laws and regulations, material pending litigation, material defalcations, risk management, insurance covers, important accounting issues and specific disclosures in the financial statements; and
- review and evaluation of the expertise and experience of the CFO.

Discharge of responsibilities

During the year under review the committee:

- reviewed the interim and annual financial statements and recommended them for approval by the board;
- reviewed the integrated report for 2016 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 CFO, Mr Glenn Fullerton, has appropriate expertise and experience;
- resolved to continue to outsource the internal audit function to EY during the financial year;
- approved the internal 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 2017 financial year, with Mr Trushar Kalan as the designated auditor. Mr Trushar Kalan was initially appointed as the individual registered auditor of Deloitte & Touche during the financial year ended 30 September 2015;
- 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;
- was responsible for the oversight of financial reporting risks, internal financial controls, fraud risks as it relates to financial reporting and IT risks as it relates to financial reporting; and
- reviewed with management legal and regulatory matters that could have a material impact on the group.

General

The internal and external auditors have unrestricted access to the committee.

During the year the committee performed the functions required of an audit committee on behalf of all subsidiary companies in South Africa which are required to have an audit committee in terms of the Companies Act, No 71 of 2008.

CWN Molope
Chairperson of the audit committee

14 November 2016

SOCIAL, ETHICS AND TRANSFORMATION COMMITTEE REPORT

Introduction

The social, ethics and transformation committee presents its report for the financial year ended 30 September 2016. The committee has discharged all its responsibilities and carried out all the functions assigned to it in terms of regulation 43 made under the Companies Act, No 71 of 2008, and as contained in the committee's charter.

Membership

The current members are as follows:

Members

PM Madi (chairman)
IN Mkhari
PM Surgey

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. Key senior executives, including the CEO and the group human resources director, attend the meetings of the committee, which met twice in the year.

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 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; and
- Ensuring that appropriate programmes, resources and internal committees are in place to drive transformation.

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 Economic Empowerment Act.
- Monitoring the company's activities relating to good corporate citizenship, including the company's:
 - promotion of equality, prevention of unfair discrimination and the 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 to evaluation of 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.

The group human resources director, in his capacity of the Ethics Officer for the group, did not report any issues to the board in the year under review.

Report on key responsibilities

Transformation

Transformation is a strategic imperative of the company and receives ongoing attention from the committee. The committee monitors the company's performance against its Broad-Based Black Economic Empowerment targets in each category on the scorecard and was pleased with the steady improvement and overall target achievement. The Empowerdex audit of our B-BBEE score was not finalised by year-end and thus the Level 3 contributor status achieved during 2015 reflects the latest position. It is anticipated that this status level will drop as a direct result of the introduction of the new codes. We continue to develop and implement strategies to improve this position.

We are pleased to report that Nampak received the prestigious Black Management Forum's "Most Progressive Company of the Year" award in 2016 for "promoting and championing black leadership development".

Corporate governance report continued

The lock-in period of The Nampak Black Management Trust (the Trust) which was established in October 2005 as part of Nampak's B-BBEE transaction expired on 31 December 2015. Nampak originally provided a founding grant to the Trust which purchased 27 369 195 Nampak shares at a price of R15.13 per share. The shares were allocated to 679 black managers in the employ of Nampak (the beneficiaries) and the Trust required these shares to be released to the beneficiaries on expiry of the ten-year lock-in period at 31 December 2015. On expiry of the lock-in period, the Trust was required to sell sufficient shares to pay Nampak an amount equal to the founding grant plus a notional return equal to 85% of the prime overdraft rate, less any dividends received by the Trust on the shares that it owned (the hurdle rate).

At 31 December 2015, 189 beneficiaries were still in the employ of Nampak, while 490 of the beneficiaries had left Nampak. The share price at 31 December 2015 was above the hurdle rate, and all the beneficiaries that were no longer active employees of Nampak either sold all their shares or sold sufficient shares to pay the income tax that was due with the balance of the shares transferred into their own names.

Active employees were provided the same options as the beneficiaries that left Nampak but were also provided with an additional option that allowed them to extend their participation in the trust to 15 February 2017. At that point, if the share price is below the hurdle rate at that date, their participation is automatically extended to 31 December 2017. The decision to provide extended participation to active employees was premised on the basis that, as managers still in the employ of Nampak, they could be able to contribute significantly to Nampak's performance and profitability during the period of the extension, thereby helping to improve the Nampak share price and potentially their own personal reward. 58 managers elected to extend their participation in the trust. As at 30 September 2016, the hurdle rate was higher than the share price.

Corporate social investment

Nampak's corporate social investment approach has been in place for a number of years and we are pleased with the long-term relationships that have been formed with the seven carefully selected schools that we sponsor in areas near our operations. During the year, three of our bursars joined the Nampak Graduate Development Programme. We are pleased to advise that for the third time in five years, Nampak achieved second place in the South African Top Graduate Employers of 2016 in the manufacturing category.

Enterprise development

We continue to seek opportunities to sustainably increase our participation in enterprise development activities. We continued our support for several enterprise development initiatives during 2016, including TinPac packaging, Last Drop Juice and Vukani MaNtuli. The disposal of the Nampak Sacks division was also concluded within the principles of supplier and enterprise development.

Social

The committee considered and is satisfied with the progress in monitoring the company's compliance with the company's code of conduct and business ethics and the United Nations Global

Compact's 10 Principles on human rights, labour, the environment and anti-corruption. The committee is pleased to report that there were no reportable offences during the year.

Integrity and ethics

A code of conduct and business ethics is enforced throughout the group. All directors and employees, irrespective of the country in which they are employed, are obligated under the same code to act with honesty and integrity and to maintain the highest ethical standards. The committee ensures that the code is enforced and by monitoring disciplinary action and sanctions, and can report that appropriate action has been taken.

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 social, ethics and transformation committee as well as the audit committee. A total of 24 (22 in 2015) reports were received during the year under review, which resulted in six (six in 2015) disciplinary hearings and one (six in 2015) dismissals.

As a result of Tip-Offs Anonymous reports, 33 (57 in 2015) forensic reviews were conducted during the year in addition to investigations. The reviews resulted in 12 (18 in 2015) disciplinary hearings, which led to three (12 in 2015) dismissals. The remaining reviews did not reveal substantiated evidence of misconduct or irregularities.

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

Health and safety

The committee recognises the importance of health and safety in the workplace and monitors performance against safety targets. We are pleased with the overall improvements in safety performance at our manufacturing operations and continue to support the linkage of safety performance to individual incentive bonus payments. OSHAS 18 000 certification is held at 16 sites.

Customer relationships

The committee reviewed performance against customer and consumer legislation and regulations and noted that there were no material breaches.

We were pleased to note that 38 out of 51 manufacturing sites held ISO 9001 certification. In addition, the manufacturing operations receive certification for various food safety standards with 32 out of 51 operations holding the standards required by their customers. Our smaller operations are subject to peer audits on a regular basis where it is not appropriate to implement and audit the full standard requirements.

PM Madi

Chairman of the social, ethics and transformation committee

21 November 2016

Report on King III compliance

Principle		Implementation
Chapter 1: Ethical leadership and corporate citizenship		
1.1	The board should provide effective leadership based on an ethical foundation	The board is the ultimate custodian of corporate reputation and stakeholder relationships in the group. The board's deliberations, decisions and actions are based on ethical values of responsibility, accountability, fairness and transparency.
1.2	The board should ensure that the company is and is seen to be a responsible corporate citizen	The group recognises that the sustainability of the business is totally dependent on successful interaction with its stakeholders. A stakeholder engagement policy sets out the strategies and objectives behind the group's engagement with material stakeholders, with the primary objective that the company be recognised as a responsible corporate citizen.
1.3	The board should ensure that the company's ethics are managed effectively	The board has established a social, ethics and transformation committee to oversee the group's ethical performance. A group ethics officer has been appointed to assist the committee. The group has a code of conduct and business ethics, compliance with which is mandatory.
Chapter 2: Board of directors		
2.1	The board should act as the focal point for and custodian of corporate governance	The role and responsibilities of the board are regulated by the company's memorandum of incorporation and the board charter. The board determines the group's stakeholder engagement strategies and objectives.
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable	The board approves the long-term and short-term strategies after taking account of key performance and risk areas.
2.3	The board should provide effective leadership based on an ethical foundation	Refer to chapter 1.1 above.
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen	Refer to chapter 1.2 above.
2.5	The board should ensure that the company's ethics are managed effectively	Refer to chapter 1.3 above.
2.6	The board should ensure that the company has an effective and independent audit committee	Refer to chapter 3 below.
2.7	The board should be responsible for the governance of risk	Refer to chapter 4 below.
2.8	The board should be responsible for information technology governance	Refer to chapter 5 below.
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Refer to chapter 6 below.
2.10	The board should ensure that there is an effective risk-based internal audit	Refer to chapter 7 below.
2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation	Refer to chapter 8 below.
2.12	The board should ensure the integrity of the company's integrated report	Refer to chapter 9 below.
2.13	The board should report on the effectiveness of the company's system of internal controls	Refer to chapters 7 and 9 below.
2.14	The board and its directors should act in the best interests of the company	The board is required to act in the best interests of the company and in compliance with legal standards. Directors are permitted to take independent legal advice in connection with their duties. The board has a policy in place in regard to the dealing in securities by directors and prescribed officers.

Corporate governance report continued

Principle		Implementation
2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Companies Act	The board continuously monitors the company's solvency and liquidity and is aware of and understands its responsibilities regarding business rescue proceedings.
2.16	The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should not also fulfil the role of chairman of the board	The chairman is an independent non-executive director. The positions of CEO 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.
2.17	The board should appoint the CEO and establish a framework for the delegation of authority	The board appoints the CEO and provides input regarding senior management appointments. The board has approved a framework for the delegation of authority.
2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	Nampak's board comprises three executive and 10 non-executive directors. All the non-executive directors are considered by the board to be independent in terms of the definition set out in King III and the JSE Listings Requirements.
2.19	Directors should be appointed through a formal process	Directors are appointed through a formal process. The appointments of new directors are subject to confirmation by shareholders at the first annual general meeting after their appointment.
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes	The board has approved a formal induction policy. Ongoing training is offered to individual directors on request, while information and update sessions are provided at board meetings.
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary	The board annually reviews the competence, qualifications and experience of the company secretary.
2.22	The evaluation of the board, its committees and the individual directors should be performed every year	An in-depth evaluation of the board, its committees and individual directors is facilitated by an independent expert every second year, which the board considers to be an appropriate interval.
2.23	The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	The board has delegated certain responsibilities, but without abdicating responsibility, to the remuneration committee, audit committee, risk and sustainability committee, nomination committee and the social, ethics and transformation committee.
2.24	A governance framework should be agreed 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.
2.25	Companies should remunerate directors and executives fairly and responsibly	The remuneration 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.
2.26	Companies should disclose the remuneration of each individual director and prescribed officer	Remuneration of the non-executive and executive directors as well as the prescribed officers is disclosed in the company's integrated report.
2.27	Shareholders should approve the company's remuneration policy	The remuneration philosophy is tabled for a non-binding vote by shareholders at each annual general meeting.
Chapter 3: Audit committees		
3.1	The board should ensure that the company has an effective and independent audit committee	The company has an effective and independent audit committee. The shareholders of the company at an annual general meeting elect an audit committee, comprising the independent, non-executive directors who are named and recommended for appointment in the notice of the annual general meeting.
3.2	Audit committee members should be suitably skilled and experienced independent non-executive directors	All the members of the audit committee are suitably skilled and experienced independent non-executive directors.
3.3	The audit committee should be chaired by an independent non-executive director	The audit committee is chaired by an independent non-executive director.

Principle		Implementation
3.4	The audit committee should oversee integrated reporting	The audit committee discharges its responsibilities in terms of section 94(7) of the Companies Act, No 71 of 2008, and as contained in the committee's charter, including overseeing integrated reporting.
3.5	The audit committee should ensure that a combined assurance model is applied to provide a coordinated approach to all assurance activities	The assurance activities of management, internal and external audit are coordinated with each other, with the relationship between the external assurers and management being monitored by the audit committee.
3.6	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function	The audit committee annually evaluates the expertise, experience and adequacy of resources in the company's finance function.
3.7	The audit committee should be responsible for overseeing of internal audit	The audit committee reviews the internal audit charter and audit plans and further monitors internal audit's effectiveness.
3.8	The audit committee should be an integral component of the risk management process	The chairman of the audit committee and other audit committee members attend and participate in the risk and sustainability committee meetings thereby ensuring the robustness of the risk management process.
3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	The audit committee annually reviews the independence of the external auditors and recommends their appointment to shareholders at the annual general meeting and is responsible for oversight of the external audit process.
3.10	The audit committee should report to the board and shareholders on how it has discharged its duties	The audit committee reports to the board and to shareholders at the annual general meeting, as well as in the integrated report, on the discharge of its functions.
Chapter 4: The governance of risk		
4.1	The board should be responsible for the governance of risk	The board is the ultimate custodian of risk governance.
4.2	The board should determine the levels of risk tolerance	The risk and sustainability committee recommends levels of risk tolerance to the board. These are subject to final approval by the board.
4.3	The risk committee or audit committee should assist the board in carrying out its risk responsibilities	The risk and sustainability committee and, wherever necessary, the audit committee assist the board in carrying out risk responsibilities.
4.4	The board should delegate to management the responsibility to design, implement and monitor the risk management plan	The board has delegated to management the responsibility to design, implement and monitor the risk management plan. A risk management guideline and framework setting out the process has been approved by the board and implemented by management.
4.5	The board should ensure that risk assessments are performed on a continual basis	Risk assessments are performed on a quarterly basis. Risk and opportunities form part of the divisional and group director meetings.
4.6	The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	The board has approved the risk management framework and the risk and sustainability committee interrogates the quality of the identified risks at the half-yearly meetings.
4.7	The board should ensure that management considers and implements appropriate risk responses	The board reviews management's risk responses and suggests changes which are considered appropriate.
4.8	The board should ensure continual risk monitoring by management	The risk and sustainability committee ensures that management monitors and addresses issues related to risk and reports back to the board at least half-yearly.
4.9	The board should receive assurance regarding the effectiveness of the risk management process	The required assurance is provided by the group's risk management plans and internal audit reviews undertaken by EY.

Corporate governance report continued

Principle		Implementation
4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	A report on Nampak's risk management process as well as the key strategic risks facing the group is included in the company's integrated report.
Chapter 5: The governance of information technology		
5.1	The board should be responsible for information technology (IT) governance	The board is responsible for the information management services (IMS) governance and has placed overall management of the IMS function under the CFO. An IMS steering committee has been established and an IMS charter has been adopted.
5.2	IT should be aligned with the performance and sustainability objectives of the company	IMS strategy is integrated with the company's strategic and business processes.
5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework	The board has delegated responsibility for the IMS governance framework to the chief information officer.
5.4	The board should monitor and evaluate significant IT investments and expenditure	IMS investment is managed through the company's capital expenditure process.
5.5	IT should form an integral part of the company's risk management	IMS risk management is incorporated in the overall company risk management framework, overseen by the risk and sustainability committee.
5.6	The board should ensure that information assets are managed effectively	The CFO chairs the IMS steering committee that in turn oversees the effective management of all IMS projects and assets.
5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities	IMS is a standard agenda item on the risk and sustainability committee agenda. Where necessary, matters are referred to the board or another board committee for consideration.
Chapter 6: Compliance with laws, codes, rules and standards		
6.1	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	Nampak is committed to conducting its business in compliance with all applicable laws and regulations. In pursuit of that goal the company maintains an effective compliance programme.
6.2	The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business	The company's compliance programme provides an explanation of the effect of applicable laws and regulations on the company and its business.
6.3	Compliance risk should form an integral part of the company's risk management process	The risk of non-compliance with laws and regulations is considered by the risk and sustainability committee as part of its responsibilities.
6.4	The board should delegate to management the 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.
Chapter 7: Internal audit		
7.1	The board should ensure that there is an effective risk-based internal audit	The board through the audit committee approves the internal audit charter and audit plan and further evaluates the internal audit function's performance. The internal audit function is outsourced to EY.
7.2	Internal review should follow a risk-based approach to its plan	Internal audit follows a risk-based approach in accordance with the internal audit charter.
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal control and risk management	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 internal audit are brought to the attention of management and the audit committee in written reports.
7.4	The audit committee should be responsible for overseeing internal audit	The internal audit plan is approved annually by the audit committee. The audit committee continually monitors internal audit's performance.
7.5	Internal audit should be strategically positioned to achieve its objectives	The chief internal audit executive reports functionally to the chairperson of the audit committee and administratively to the CFO.

Principle		Implementation
Chapter 8: Governing stakeholder relationships		
8.1	The board should appreciate that stakeholders' perceptions affect a company's reputation	A policy on stakeholder engagement has been approved by the board which confirms its understanding of the impact that stakeholder engagements have on the business and its reputation.
8.2	The board should delegate to management to proactively deal with stakeholder relationships	The board has delegated to management to proactively deal with stakeholder groupings and to provide feedback where necessary.
8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings, in the best interests of the company	The board considers the balance of engagement with each stakeholder grouping and endeavours to achieve a climate of respect with constructive debate.
8.4	Companies should ensure the equitable treatment of shareholders	Equitable treatment of shareholders is considered by the company in its engagement activities.
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	Nampak's guiding principles behind stakeholder engagement include equality, transparency, effectiveness, balance and accurate and relevant information.
8.6	The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	The board is informed of material issues and disputes and provides input to enable resolution as effectively, efficiently and expeditiously as possible.
Chapter 9: Integrated reporting and disclosure		
9.1	The board should ensure the integrity of the company's integrated report	The integrated report of the company is tabled to the board for approval prior to being published.
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting	Material sustainability issues are integrated into the company's financial reporting.
9.3	Sustainability reporting and disclosure should be independently assured	The material sustainability issues are subject to independent assurance or internal audit processes.

King III non-compliance

King III principles	Nampak's approach
2.22 The evaluation of the board, its committees and individual directors should be performed every year.	An in-depth evaluation of the board, its committees and individual directors is facilitated by an independent expert every second year, which the board considers to be an appropriate interval.
2.24 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.
6.4 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.

NP O'Brien

Company Secretary
21 November 2016



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