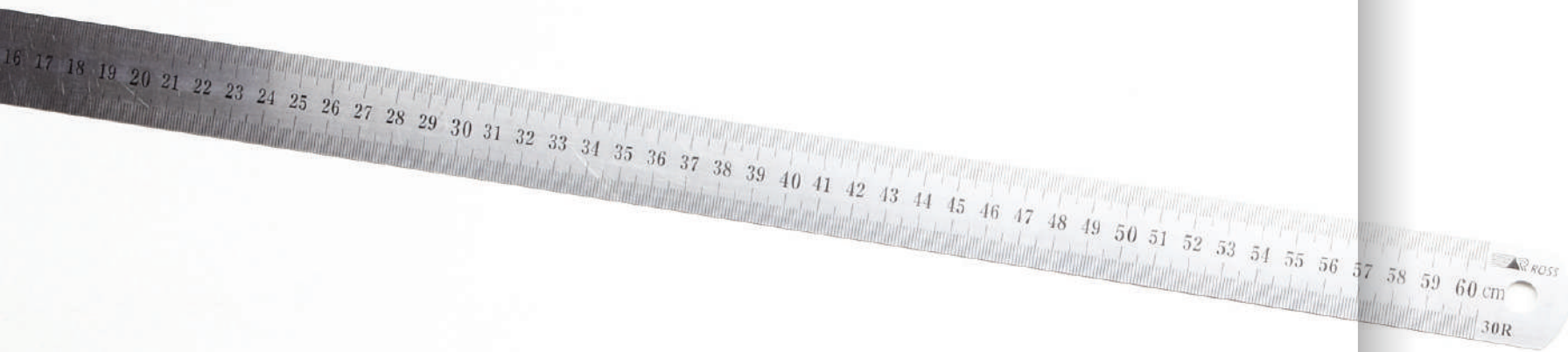


A COMPANY **BUILT BY PEOPLE**  
**THAT GROW OUR INDUSTRIES**

**WE ARE MADE BY**



INTEGRATED ANNUAL REPORT 2015



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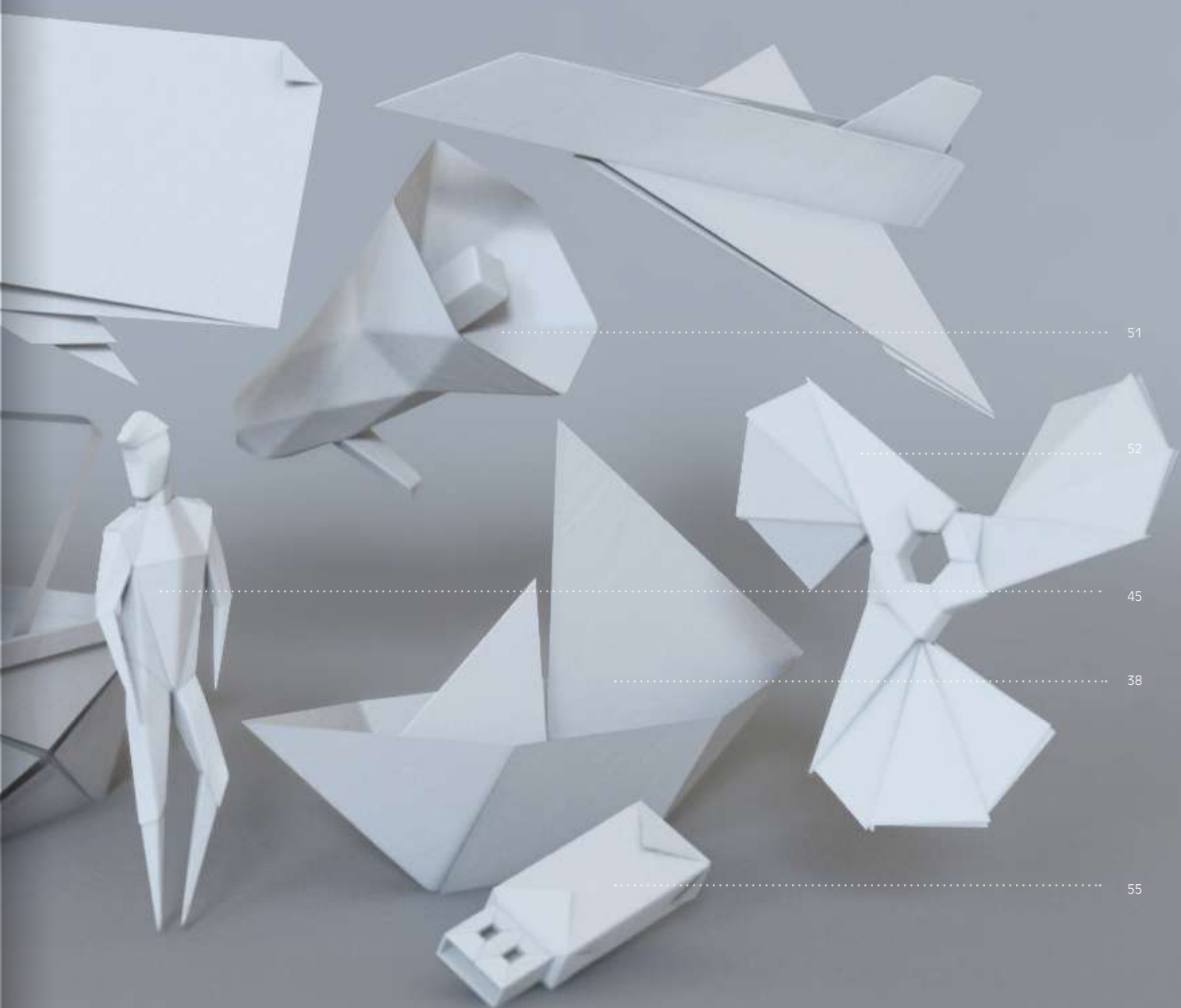
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**WHAT WE DO – IS WHO WE ARE**

## ABOUT THIS INTEGRATED ANNUAL REPORT

The Ohlthaver & List Group (O&L) embraces its obligations as a corporate citizen towards the diverse spheres within which it operates, including its shareholders, employees and the environment. At the same time, we are aiming to build and sustain a corporate reputation and conditions that are conducive to profitable businesses. This is apparent in the Group's Purpose: 'Creating a future, enhancing life', which is inextricably linked to uplifting its communities and protecting their environments in a sustainable way.

Guided by our Purpose, the Group strives to bring quality of life and wellbeing to people to improve the socio-economic conditions of citizens; to create conditions for everyone to succeed, to continually pioneer and operate at breakthrough levels, to build innovative and sustainable businesses and to generate long-term profitability.

This Integrated Annual Report provides a detailed overview of the impacts of all sustainability-related activities of the Ohlthaver & List Group (hereafter referred to as Ohlthaver & List, the Group or the Company) and its affiliated companies, for the period 1 July 2014 to 30 June 2015. In accordance with the recommendations of the Corporate

Governance Code of Namibia (NamCode), based on the Third Report of the King Commission on Corporate Governance in South Africa (hereafter referred to as King III), it is intended to provide information on all sustainability-related aspects of Ohlthaver & List's activities. Furthermore, the report is intended to provide an indication of the company's ability to continue to create such value for these stakeholders in the future.

This report has been compiled with the assistance of GSA Campbell Consulting and is aligned with the principles of the GRI G4 Reporting Standard (Core) of the Global Reporting Initiative (GRI). This report, along with associated relevant information, and the GRI Index, is also available on the Ohlthaver & List Website at [www.ohlthaverlist.com](http://www.ohlthaverlist.com)

In the preparation of this Integrated Annual Report, O&L has attempted to identify and report on the most significant sustainability-related considerations and impacts arising from the core activities of the Group, as well as all significant internal and external stakeholder groups with which the Group engages around these issues.

For additional information regarding the Integrated Annual Report and its contents,

readers are invited to contact Gisela Botha, Group Company Secretary, on +264 61 2075111 Ext. 5313 by email at [gisela.botha@ol.na](mailto:gisela.botha@ol.na).

### The scope and boundary of the Integrated Annual Report

This Integrated Annual Report covers the operations of the Ohlthaver & List Group in their entirety, including subsidiaries and joint ventures, in all markets in which these entities operate. In this regard, an overview of the Group is included in the Report, on pages 14-17.

The Integrated Annual Report is intended to provide all stakeholders with relevant information regarding the value creation offered by the Group through its activities on an annual basis, as well as the economic, social and environmental impacts arising from these activities. Operational activities are analysed within the context of the food production, fishing, beverages, farming, retail trade, information technology, property leasing and development, marine engineering, steel retailing and leisure and hospitality industries that Group has interests in, as well as the broader macroeconomic climate in which the Group operates.

The Integrated Annual Report also discusses

Ohlthaver & List's risks and opportunities, as well as forward planning for sustainable growth. It represents a milestone along the road to the integrated and targeted reporting that all stakeholders require in order to form well-informed opinions of the Group and its activities.

Source data are gathered from the Group's various operating divisions and are, to the greatest extent possible, integrated so as to provide comparable performance data.

The Report includes disclosures on both financial and non-financial aspects of the Group. Financial disclosures correspond with those of the Company's Annual Financial Statements for the 2015 financial year, which was compiled in accordance with the requirements of the Companies Act of Namibia.

With regard to the availability of non-financial data, in instances where insufficient data exist to address various quantitative indicators included in the GRI G4 Guidelines, the Report focuses on relevant policies and practices that have been implemented within the Group and its subsidiaries - particularly those related to regulatory compliance in various areas.

This is the Group's first GRI Integrated Annual

Report and no significant departures have been made from the scope, boundary or measurement methods applied in the Group's Annual Report for 2014.

### Materiality

It is the opinion of the Ohlthaver & List Board and senior management that the information presented in this Integrated Annual Report is the most relevant, or material, to the Group and its various stakeholder groups.

### Process for Identifying Content

In analysing the information to be included in the Integrated Annual Report, the Board and management considered two primary questions: firstly, "Who is our reporting aimed at" and secondly, "What decisions will they be able to make based on our reporting"?

In this context, it is the intention of Ohlthaver & List that this Integrated Annual Report:

- Informs and adds value for all stakeholders with a valid interest in the Group;
- Considers all issues that can impact on the Group's ability to create value for these stakeholders; and
- Reports as comprehensively as possible on the known and potential impacts of these issues for the Group and its stakeholders.

In identifying the issues and information to be included in this Report, the Board considered the relative importance of each matter in terms of its known or potential effects on Ohlthaver & List's ability to continue creating value for all stakeholders. These matters were then prioritised in terms of relevance to the intended users of the Report, so that non-pertinent information could be set aside. We feel that this is in line with the reporting principles for defining report content as defined by the GRI.

It is intended that the outcome of this process is an accurate and comprehensive Sustainability Report, unburdened with the peripheral data that tends to confuse rather than enlighten. Readers are welcome to request more detailed information on any particular aspect of the Report.

Further information regarding Ohlthaver & List's material issues and associated stakeholder groups can be found in this Report, in the sections dealing with Materiality (page 25) and Stakeholder Engagement (page 23).

**Assurance**

Ohlthaver & List is confident that this report provides a comprehensive and balanced account of the company's management of sustainability as well as its financial and ESG performance. The sustainability reporting principles and processes employed by Ohlthaver & List are aligned with those of the GRI G4 Reporting Standard and this report has been subjected to a process of independent third-party assurance. The assurance statement can be found on page 90.

**Forward-looking Statements**

While this Integrated Annual Report is intended as a retrospective review of Ohlthaver & List's sustainability performance over its most recently completed financial year, it also contains certain forward-looking statements regarding the Group's intended performance in these areas in the future.

Although Ohlthaver & List believes that the expectations and outcomes reflected in such forward-looking statements are reasonable, no assurance can be provided that such expectations will prove correct. Accordingly, future outcomes could differ materially from those set out in these forward-looking statements as a result of (among other factors): changes in economic and market conditions;

the success of business and operating initiatives; changes in the regulatory environment and other government action; fluctuations in commodity prices and exchange rates; and business and operational risk management.

A discussion of the sustainability-related risks and opportunities facing Ohlthaver & List is included in the Corporate Governance section of this report, on page 56.

**Contact Details**

O&L Group of Companies  
Alexander Forbes House  
7th Floor, South Block  
23-33 Fidel Castro Street  
Windhoek  
Namibia

Postal Address: P.O. Box 16  
Windhoek  
Namibia

Corporate Relations:  
Tel: +264 61 2075111  
Fax: +264 61 234021

**ABOUT OHLTHAVER & LIST**

**WHO WE ARE  
OUR BUSINESS PROFILE**

As a truly African company employing 5 568 people in various sectors, the Ohlthaver & List Group is rooted in and committed to, Africa and all her peoples. The Group emerged from the early Ohlthaver & List Bank Kommission partnership between Hermann Ohlthaver and Carl List in 1919; subsequently Ohlthaver & List Finance and Trading Corporation Limited (Olfitra) was established in Namibia on the 13th of May 1923. The Group's Headquarters is located in Windhoek, Namibia.

Today, O&L is Namibia's largest privately held group of companies, with revenues contributing about 4% to GDP, business interests in food production, fishing, beverages, farming, retail trade, information technology, property leasing and development, marine engineering, steel retailing and the leisure and hospitality industry.

The parent company of Olfitra is O&L Holdings (Proprietary) Limited and List Trust Company (Proprietary) Limited, with the controlling shareholder of the O&L Group being the Werner List Trust.

With annual revenues of over N\$5 billion, O&L is a major contributor to state coffers and is in the position of representing a significant contributor to GDP in Namibia. Wherever it operates, this broad-based group is actively engaged in uplifting the lives of its people, its consumers and society generally. We at O&L are relentless in our pursuit of creating a sustainable future for all and therefore passionately embrace our Purpose: 'Creating a future, enhancing life' in everything we do while actively pursuing our Vision, which is: 'To be the most progressive and inspiring company'.



## VISION 2019 BREAKTHROUGH ARCHITECTURE

PURPOSE

**CREATING A FUTURE, ENHANCING LIFE**

VALUES

Let's Talk | Let's do it | Hooked on results | Naturally today for tomorrow | We grow people | We do the right thing right | We all serve

**The most progressive and inspiring company**

2019 VISION

N\$2 billion EBIT | 4 000 additional employment opportunities | Employer of choice | 20% reduction in carbon footprint

2019 STRATEGIC AREAS OF FOCUS

Everyone purposefully producing breakthrough everywhere

Amazing experiences, enduring impact

Sustainable execution in everything

STRATEGIC OUTCOMES

Everyone is deeply connected to purpose, lives the values and is proud of what they do  
Everyone is successful, thriving and making things happen in breakthrough mode  
Everyone is valued, recognised and appreciated for the difference they make

Consistent experiences, amazing relationships, lasting impact  
Purity inspired, reliable quality, impacting the whole  
Always there, simple and easy, the natural choice

Excellence in everything, executed with care  
Sustaining growth, ever-expanding, securing the future  
Bringing sustainability everywhere, impacting the world  
Inspired by integrity, creating trust and confidence





## VISION 2019

TO BE THE MOST  
PROGRESSIVE AND  
INSPIRING COMPANY

## OUR VALUES

### Let's talk

Open, honest, down-to-earth, from-the-heart communication

### Let's do it

Deliver on tasks with speed and quality

### Hooked on results

Committed to delivering breakthrough outcomes

### Naturally today for tomorrow

Caring about the future, caring about everyone

### We grow people

Taking responsibility and providing opportunities for growth

### We do the right thing right

Bringing thinking to everything

### We all serve

Serving the purpose, owning the whole, everyone matters

GROUP PORTFOLIO

**1** EMPLOYEE  
**BRANDTRIBE**

Established in 2012, Brandtribe is a joint venture between O&L (SA) and Techsys (CT). Brandtribe has created and manages two digital platforms: the Brandtribe SMS gateway and the Brandtribe e-CRM platform. The SMS gateway, only operational in Namibia, manages brand interactions with consumers via short codes. Brandtribe is a multi-channel consumer optimisation platform. It combines return on investment and underlying data to provide brands with a sustainable competitive advantage in the digital age. Brandtribe tracks the digital effectiveness of brands all in one place, from push messaging and pay per click (PPC) advertising to consumer interactions, allowing brands to quickly see what is working and what is not and most importantly, to identify why.



**76** EMPLOYEES  
**BROLL NAMIBIA**

Broll and List Property Management (Namibia) (Proprietary) Limited (Broll Namibia) is a strategic partnership between the O&L Group and the Broll Property Group of South Africa. It was established in 2003 and Broll Namibia has been managing O&L's Property Portfolio since then. O&L's Property Portfolio, which provides mainly prime retail and office space, now exceeds the N\$1.5 billion value mark. Properties included in the O&L Property Portfolio include the Wernhil Park Shopping Centre, Standard Bank Centre/Town Square, Alexander Forbes House/Carl List Mall, Fruit & Veg City/Cashbuild complex and the Old Breweries Building (which are all located in Windhoek) as well as the Pick n Pay Centre in Walvis Bay.



**62** EMPLOYEES  
**DIMENSION DATA NAMIBIA**

Dimension Data Namibia (Proprietary) Limited was established in November 2006 as a business partnership between the O&L Group and Dimension Data Middle East and Africa. It has grown considerably since then and is currently one of Namibia's most successful information technology (IT) solution providers. It services highly strategic Namibian clients, both within and outside the O&L Group and has a global footprint with great penetration in Africa.



**1** EMPLOYEE  
**EROS AIR**

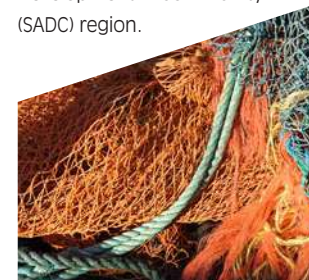
Eros Air (Proprietary) Limited was founded in 1978 and provides express corporate transport and charter flights for medical and private purposes within southern Africa for the O&L Group and the general public.



**1311** EMPLOYEES  
**HANGANA SEAFOOD**

Hangana Seafood (Proprietary) Limited, established in 1997, is the operating company for the white hake quota holders, namely Consortium Fisheries Limited and Kuiseb Fish Products (Proprietary) Limited. Hangana Seafood is committed to a leadership role in the Namibian fishing industry and has a wet-fish fleet of eight vessels.

The company's land-frozen products are mainly exported to Australia, France, Germany, Italy, the Netherlands, Spain, the United States and the Southern African Development Community (SADC) region.



**221** EMPLOYEES  
**KRAATZ MARINE**

Kraatz Marine was established in 1947 and provides engineering and related services to the oil and gas, mining and general industrial sectors. These services include ship's repair, rig repair, fabrication, machining, welding and construction.



**8** EMPLOYEES  
**KRAATZ STEEL**

Kraatz Steel operates from Walvis Bay and has been engaged in industrial steel supplies in Namibia since 1995. The business supplies steel, steel-related products and non-ferrous metals to marine engineering and construction companies, the mining sector (on land and offshore), fishing factories/vessels, oil and petroleum plants and the general public.



**822** EMPLOYEES  
**NAMIBIA BREWERIES**

Established in 1920, Namibia Breweries Limited (NBL) is among the frontrunners in the beverage manufacturing sector in Namibia. The company leads the domestic beer market and has a significant share of the premium beer category in southern Africa. The total exports of NBL account for more than half of the total production output. Brewed by choice according to the Reinheitsgebot of 1516, NBL beer enjoys an outstanding reputation with regard to quality and purity, for which its brands have earned international recognition.





**687** EMPLOYEES  
**NAMIBIA DAIRIES**

Namibia Dairies (Proprietary) Limited was created in 1997, following the merger between Rietfontein Dairies and Bonmilk. Since then it has grown into Namibia's primary dairy, juice and water manufacturing company, with a total annual production in excess of 38 million litres. The company is the country's market leader, with a significant market share in all its product categories. It also operates one of the most modern dairy farms in the world, the !Aimab Superfarm, which is located in Mariental in the Hardap Region, southern Namibia.



**2** EMPLOYEES  
**O&L ENERGY**

O&L Energy (Proprietary) Limited focuses on energy management. It also develops, designs, procures and implements renewable energy projects, especially large-scale solar power, solar water heating and bioenergy systems. O&L Energy and its international partners offer the highest German engineering and efficiency standards and the best workmanship and reliability. These result in maximum energy saving results, as well as important contributions to the improvement of our environment.



**194** EMPLOYEES  
**O&L LEISURE**

The O&L Leisure Portfolio is made up of the 106-room Mokuti Etosha Lodge; the 46-room Midgard Country Estate; the boutique, 16-room Chobe Water Villas lodge; and the 125-room, 4-star Strand Hotel Swakopmund.



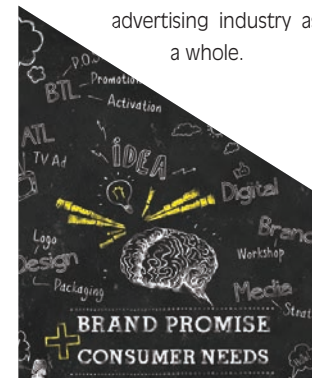
**1970** EMPLOYEES  
**MODEL PICK N PAY**

Leading Namibian retailer Model Pick n Pay is the direct descendant of Model Supermarkets. For over 30 years, Model Supermarkets traded as Model Woolworths until the expiry of the associated franchise agreement in 1997. A new franchise agreement was then entered into with Pick n Pay South Africa and the first Model Pick n Pay supermarket was subsequently inaugurated in Namibia. To build its brand, Model Pick n Pay has embarked on a strategy to extend its network of franchise stores throughout Namibia with 19 stores countrywide at present. The business attributes its success to the constant delivery of quality, variety, customer service and value for money.



**9** EMPLOYEES  
**WEATHERMEN & CO**

A joint venture between O&L and a leading Cape Town advertising agency, The Jupiter Drawing Room, has now grown into a fully-fledged agency in the Namibian advertising realm. Weathermen & Co. is a below-, above-, on-, through- and beyond-the-line agency, born and raised in the digital age. It aims to be the main navigating vehicle for brands in a world where choices are vast and consumer needs, competition, the economy and the environment for brands are ever-changing. They see themselves as the weathermen: the rainmakers for both their clients and the advertising industry as a whole.



**62** EMPLOYEES  
**WINDHOEK SCHLACHTEREI**

Windhoek Schlachtereij (Proprietary) Limited, acquired in the 1970s, is known for its processed meat products crafted in the European continental tradition. The company is the second-largest processed meat producer in the country, with a local market share of over 35%. Windhoek Schlachtereij was fully integrated into Namibia Dairies in 2010 to consolidate and optimise its manufacturing, sales and distribution, marketing and administrative functions on its journey to becoming a sustainable operation.



**74** EMPLOYEES  
**O&L CENTRE**

The Ohlthaver & List Centre (Proprietary) Limited assumes the functions of investor and shared services hub. It provides and facilitates human capital, finance, corporate relations, payroll, marketing, secretarial, risk and SAP business management software support services to the O&L Group.



**DIRECTORATE AND ADMINISTRATION**

**EXECUTIVE DIRECTORS**

**S Thieme**  
Executive Chairman  
Appointed to the Board in 2001  
Elected Chairman of the Board on 17 April 2002

**P Grüttemeyer**  
Chief Executive Officer  
Appointed to the Board on 1 October 2003

**G Hanke**  
Group Financial Director  
Appointed to the Board on 16 November 2004

**B Mukuahima**  
Group Human Capital Director  
Appointed to the Board on 1 May 2006

**G Shilongo**  
Chief Corporate Relations Officer  
Appointed to the Board on 9 July 2014

**NON-EXECUTIVE DIRECTORS**

**UM Stritter**  
Vice-Chairman  
Appointed to the Board in 1994  
Elected Vice-Chairman on 17 April 2002

**C-L List**  
Appointed to the Board in 1980

**EP Shiimi**  
Appointed to the Board on 1 August 2007

**E Ender (German)**  
Appointed to the Board on 23 June 2008

**HH Müsseler**  
Appointed to the Board on 20 March 2014

**Governor LV McLeod-Katjirua**  
Appointed to the Board on 2 April 2012

**Reverend WS Hanse**  
Appointed to the Board on 2 April 2012

**BOARD COMMITTEES**

**Audit Committee**  
HH Müsseler, Chairman  
EP Shiimi  
P Grüttemeyer

**Remuneration Committee**  
EP Shiimi, Chairman  
P Grüttemeyer

**ADMINISTRATION**

Company Registration Number 331  
(Incorporated in Namibia)

**Secretary**  
Ohlthaver & List Centre (Pty) Ltd  
Postal address:  
PO Box 16  
Windhoek

**Business address and registered office**  
7th floor – South Block  
Alexander Forbes House  
23-33 Fidel Castro Street  
Windhoek

**Auditors**  
Deloitte & Touche  
Registered Accountants and Auditors  
Chartered Accountants (Namibia)  
PO Box 47  
Windhoek

**Attorneys**  
Engling, Stritter & Partners  
PO Box 43  
Windhoek



GROUP EXECUTIVE TEAM

1 Sven Thieme, Executive Chairman 2 Mike Reilly, MD: Brandtribe 3 Martin Theron, MD: O&L Centre 4 Sonja Bartsch, MD: Eros Air 5 Dirk van Niekerk, MD: Kraatz Marine & Kraatz Steel 6 Berthold Mukuahima, Group Human Capital Director 7 Bernd Walbaum, MD: O&L Energy 8 Eike Kraft, MD: O&L Organic Energy 9 Terence Makari, MD: O&L Leisure 10 Gideon Shilongo, Chief Corporate Relations Officer 11 Marco Wenk, MD: Broll Namibia 12 John Fitzgerald, Global Marketing Director 13 Hendrik van der Westhuizen, MD: Namibia Breweries 14 Günther Hanke, Group Financial Director 15 Peter Grüttemeyer, Chief Executive Officer 16 Leon Crous, MD: Weathermen & Co 17 Rowan Kleintjies, MD: Dimension Data 18 Herman Theron, MD: Hangana Seafood 19 Norbert Wurm, MD: Model Pick n Pay 20 Günther Ling, MD: Namibia Dairies 21 Patricia Hoeksema, Group Manager: Corporate Relations

**OUR OPERATING STRUCTURE**

During the period under review, the Board comprised five Executive Directors and seven Non-executive Directors. The names and appointment dates of each of the Directors are set out on page 18.

The roles of the Chairperson and the Chief Executive Officer are separate in order to ensure a balance of power and authority, such that no one individual has unrestricted powers of decision-making. The Board is responsible for the strategic direction of the Group: matters reserved for the Board and its committees are defined to ensure that the Directors retain full and effective control over the Group with specific regard to strategic, financial, organisational and compliance matters. All members of the Board have a fiduciary responsibility to represent the best interests of the Group and all of its stakeholders. All Directors have the appropriate expertise to fulfil their duties and enjoy significant influence at meetings. This ensures a balance of authority and precludes any one Director from exercising unfettered decision-making.

Procedures for appointment are formal, transparent and for the full Board's consideration although shareholders are ultimately responsible for the composition of the Board. The procedures involve evaluating the existing balance of skills and experience within the Group and include a process of assessing the Group's needs.

A formal Induction Framework has been adopted through the Director's Governance Policy and is being implemented. This serves to familiarise incoming Directors with the Company's operations, its business environment, strategies, Director's duties and the sustainability issues relevant to its business.

A Board Evaluation Programme has been developed and is being implemented through the Company Secretary and the Audit Committee Chairman.

Generally, Directors have no fixed term of appointment but retire by rotation. At each of the Group's Annual General Meetings, at least one third of the Directors retire, these being the Directors who have served the longest since their last election. If they are available, they are considered for reappointment.

The Board of Directors is chaired by an Executive Chairperson; due to the vast experience and in-depth knowledge he has of O&L businesses, the incumbent has retained the position of Chairman over the reporting period.

An evaluation of the independence of Non-executive Directors resulted in the following assessment:

<b>NON-EXECUTIVE DIRECTORS   INDEPENDENCE</b>	
UM Stritter	Independent
C-L List	Shareholder representative
EP Shiimi	Shareholder representative
E Ender	Independent
HH Müsseler	Independent
Governer McLeod	
-Katjirua	Shareholder representative
Reverend Hanse	Shareholder representative

The Board acknowledges that the majority of Non-executive Directors are not independent due to the O&L Group of Companies being majority owned by two entities (Werner List Trust and O&L Holdings).

As this Integrated Annual Report is prepared for a group of companies, there are several boards of directors at various subsidiaries. The governance framework is determined by Olfitra and is then driven down to each and every subsidiary.

**CODE OF CONDUCT AND BUSINESS ETHICS POLICY**

A formal Code of Ethics and Business Conduct is in place to set out standards of integrity in dealing with suppliers, customers, business partners, stakeholders, government and society generally. Every employee is required to subscribe to the Code and strict adherence to it is a condition of employment.

Compliance with the Code is monitored and employees are encouraged to report any suspected contravention of the Code or perceived unethical behaviour.

The Group also introduced a Tip-Offs Anonymous line whereby employees, suppliers and customers can anonymously report unethical activities. This line is operated by a company operating independently of O&L.

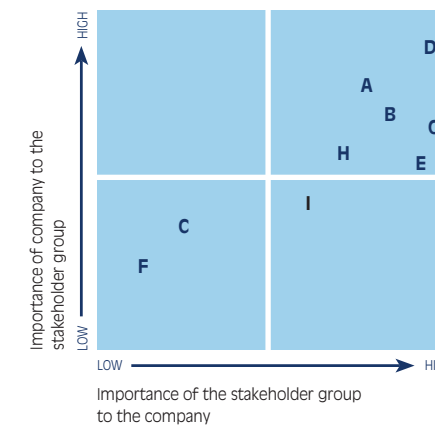
**STAKEHOLDER ENGAGEMENT**

At O&L, we recognise that engaging with our stakeholders is very important as this will impact our business directly and indirectly. Our Purpose: 'Creating a future, enhancing life' is directed towards stakeholders within and beyond our business operations. We recognise

that proactively engaging with our stakeholders is key to creating value. Our approach to stakeholder engagement is determined by the principles of influence and dependency on the Group. A stakeholder-inclusive approach is followed by the Board to ensure that appropriate dialogue between the Company and stakeholders is maintained. We realise that all our stakeholders must be treated equitably and therefore everyone strives to achieve an appropriate balance between the interests of all our stakeholders in the best interest of the Company.

The process of identifying our key stakeholders begins by gathering important members of our organisation – people who understand the business and its impacts. These individuals are then invited to identify principal stakeholders and their suggestions are then discussed in order that a stakeholder identification matrix can be created to plot the impacts of the business on the various stakeholder groups and vice versa. In this way we can identify the key stakeholders for our business and develop engagement actions appropriately.

**O&L STAKEHOLDER MATRIX**



- Identified stakeholder groups: (key stakeholders marked \*)**
- A\* Employees / unions
  - B\* Shareholders
  - C Equity owners
  - D\* Consumers / customers
  - E\* Government / regulators
  - F Pension fund
  - G\* Suppliers (including monopolies)
  - H\* Civil society / NGOs
  - I Competitors

As a critical stakeholder group, employees enjoy regular and constant interaction through our various employee engagement initiatives. Our human capital departments actively engage our employees through face-to-face communication, social media, e-mails, road shows, surveys, intranet, social events, training sessions, performance reviews, leadership conferences, staff meetings and internal publications in order to align employees with the Group's strategies, Vision and Purpose, as well as to achieve our strategic goal of remaining the employer of choice in our fields of operation. In caring for its employees, the Group continues to invest in training and development through talent programmes and other leadership development initiatives (such as the O&L World). The results of our employee engagement initiatives – which are not just the prerogative of the human capital departments but are owned by all the leadership throughout the Group – are evidenced by the fact that O&L has won the Deloitte Best Company To Work For accolade for four consecutive years. Further testimony to our success in this regard is the high staff morale enjoyed throughout the Group.

Employees have several channels available to them to raise their concerns and make recommendations, or to obtain feedback

from the leadership teams. We hold workplace forums within the different functions on a weekly or bi-weekly basis; this is done in order to keep employees and unions informed on issues relevant to the critical role that they play in relation to business performance and to create a platform for addressing together any related issues. At these forums, our staff members have the opportunity to discuss matters of concern to them – thus ensuring we continue to live up to our 'Let's Talk' Value. If an employee is not comfortable with airing his or her views at these forums, they can contact the Tip-offs Anonymous hotline. The hotline is administrated by an independent service provider, namely Deloitte & Touche (South Africa). Use of the hotline is encouraged by communication of our Value: 'We do the right things right'. The Audit Committee is responsible for embedding a culture of high ethical standards.

All Directors may seek independent advice at the Company's expense under appropriate circumstances in the discharge of their responsibilities. Directors have access to the expertise of the Company Secretary at all times.

Engagement with stakeholders beyond our organisation is also a priority for the O&L Group.

As such, the O&L Group actively and regularly engages with government and regulatory bodies through telephone calls, e-mails and face-to-face meetings. Other forms of engagement include the submission of compliance returns; dialogue to understand and support the strategy of government (Vision 2030); talks to remain aligned with the regulations set by the various regulators; and adherence to these regulations by maintaining open, honest and transparent relationships. The Group's sound relationship with government is evident in our commitment and support to its Growth at Home strategy through our use of local suppliers and investment in job creation; payment of taxation on time and as per legislation; and decreasing our carbon footprint by continuously seeking more sustainable energy sources, to name but a few examples.

As a caring corporate citizen, we are not only concerned with managing our direct and indirect impacts on the spheres we operate within, but also in regularly engaging with communities through various means – be it our commitment to continuously adapting to meet the needs of our customers, or through our ongoing corporate social responsibility and social investment initiatives – activities that take place on a regular basis wherever we operate. In

delivering against our Strategic Area of Focus: 'Amazing relationships, enduring impact', we pride ourselves in being a leader of positive change, not only within our organisation, but beyond. This is evidenced through our commitment to various organisations (such as Team Namibia and the Namibia Chamber of Commerce and Industry) and industry bodies (such as the Self-regulating Alcohol Industry Forum and the Recycle Namibia Forum) in which we play a significant role through our leadership and active participation.

In order to remain competitive and adjust our product and service offerings to meet the ever-changing needs of our customers and consumers, the O&L Group actively engages these stakeholders through direct dialogue, social media and marketing and advertising activities, as well as through market research and perception surveys, to name but a few. This is done on a daily, weekly and quarterly basis (as required) in order to nurture the relationships that we have established and seek these stakeholders' continuous support to secure our long-term business growth by sustaining and improving employment levels.

Our commitment to sustainability is also evidenced in our management of supplier

relations through regular, direct engagement, by which means we continuously strive to work together in fostering healthy relations that are beneficial to all parties involved.

In addition to our proactive communication with all stakeholders through various channels ranging from traditional media to digital platforms, O&L also engages with its shareholders through the quarterly List Trust, O&L Holdings and Olfitra board meetings, as well as its AGM (and on other occasions when necessary). Namibia Breweries Limited also has an AGM and various communication channels through which it interacts with shareholders. The Group's financial results are also available on the O&L website and are shared widely through various stakeholder engagements. In this way, we keep shareholders informed on our aggressive growth journey and seek their approval for the major investment decisions required.

#### MATERIALITY PROCESS

Ohlthaver & List faces an array of issues related to the operation of our businesses and how they impact society. To ensure that we are focused on the

most important issues, in the reporting period we conducted a Materiality Analysis, which examined the potential impact of specific sustainability issues from both a stakeholder and a company perspective.

A materiality workshop process was used to identify issues that were then ranked in terms of importance. We assembled a group of appropriate executive stakeholders for the Group – people who have knowledge of the organisation and of the issues that impact and influence stakeholders. Each issue was then discussed, agreed upon and plotted on a matrix that showed 'level of concern' and 'affect' on its two axes. The outcome of this materiality process was used to ensure that the most relevant and material indicators were included in this Sustainability Report.

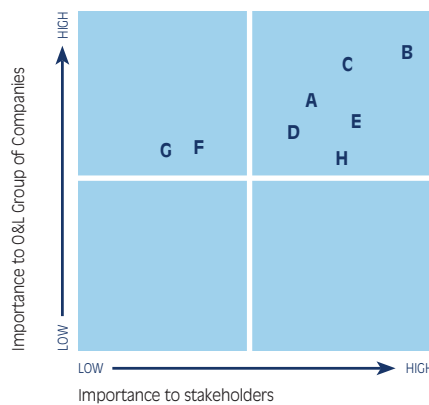
**Key Material Aspects Identified in the Process**

- Regulatory environment (external to organisation):
  - Training levies, environmental levies, export duties and many other pieces of legislation impact all of our operating companies (OpCos) in some manner, whether on a financial or compliance level.
- Water (external to organisation):
  - Drought is a national crisis that impacts all of our operations, but especially the beer and soft drink and dairy companies.
- Energy (internal and external to organisation):
  - All of our operations are impacted by the uncertain electricity supplies in Namibia and South Africa and the probability of load shedding.
- Skills - shortage and retention (internal to organisation):
  - We are experiencing shortages in certain skillsets that impact all operations on a general level (i.e., in technical, IT, risk management, and logistics areas) while a lack of brewers, people with specific dairy-related skills and experienced skippers affect our beer, dairy and fishing sectors respectively.
- Cost of doing business (incl. taxes, levies, excise duties etc.) (external to organisation):
  - All of our operations are impacted to a greater or lesser extent where relevant, by

the cost of doing business. Major impacts are anticipated on our brewing, dairy and retail operations due to the upcoming environmental legislation. The regulatory environment of the dairy industry also has a significant impact on our operations.

- Growth and expansion (external and internal to organisation)
  - Our fishing, brewing, dairy and retail operations are all impacted by growth and expansion issues.

**O&L MATERIALITY MATRIX**



The effectiveness of our management approach to these material aspects has not been included in this report due to uncertainty about the accuracy of our research. The Group intends, however, to include this information in next year's Sustainability Report.

The Group subscribes to the following externally developed economic, environmental and social charters and principles:

- Companies Act of Namibia
- The Corporate Governance Code of Namibia (NamCode)

- A Regulatory environment
- B Water
- C Energy – carbon footprint
- D Skills – shortage and retention
- E Cost of doing business (incl. taxes, levies, excise duties etc)
- F Foreign competition / market distortion
- G Raw material impacts
- H Growth and expansion (limitations, including disposable income)

**MEMBERSHIPS AND ASSOCIATIONS**

Ohlthaver & List is a member of a number of industry associations and forums related to the activities of the Group's companies.

- Team Namibia
- Namibia Chamber of Commerce and Industry (NCCI)
- Namibian Employers' Federation (NEF)
- Namibian Manufacturers Association (NMA)
- Namibia Environmental & Wildlife Society (NEWS)
- Dairy Producers' Association (DPA)
- Namibia Hake Fishing Association
- Hospitality Association of Namibia (HAN)
- Self-regulating Alcohol Industry forum (SAIF)

**AWARDS RECEIVED**

The O&L Group of Companies was named the overall SADC region winner in the Large Business category in the 2011, 2012, 2013 and 2014 Deloitte Best Company To Work For surveys. The O&L Group further holds the No.1 position as the Deloitte Best Company to Work For in Namibia in the Large Business category (2012, 2013 and 2014).

**SUPPLY CHAIN FRAMEWORK**

Within the various operating companies (OpCos) of the O&L Group of Companies, supply chain management (SCM) encompasses the planning and management of all activities relating to sourcing and procurement, conversion of raw materials into finished goods and logistics. Importantly, it also includes coordination and collaboration with channel partners: suppliers, intermediaries, third-party service providers and customers. In essence, SCM integrates supply and demand management within and across companies and their stakeholders. Within the O&L Group of Companies, SCM is seen as an integrating function with primary responsibility for linking the major business functions and business processes within the relevant OpCos and across their relevant value chains. The management of the supply chain includes all of the logistics management activities noted above as well as manufacturing operations and it drives coordination of processes and activities with and across marketing, sales, product design, finance and information technology.

In line with O&L's value system and strategic intent, the management of the supply chain is to be conducted under the following framework:

- Critical Information Systems relevant to the management of the supply chain are maintained by the O&L OpCos. These might include enterprise resource planning (ERP)/material requirements planning (MRP) solutions; forecasting and planning tools such as Futurmaster and Forecast Pro; warehouse management systems; and routing and scheduling systems etc.
  - Should service providers be able to offer their own solutions, the ownership of the data must vest within the O&L OpCos' to enable flexibility to engage into regular request for quotation (RFQ)/request for information (RFI) or tender processes.
- Use of service providers: in order to manage supply chains effectively and efficiently, the use of specialised service providers is supported. The identification of potential service providers lies at the discretion of the relevant OpCo but should be guided by the following criteria:
  - Cost efficiency;
  - Innovation;
  - Sustainability (focused on the sustainable use of natural, human and financial resources);

- “Local content” and empowerment of SMEs; and
- Reliability and anticipated service levels.

OpCos are obliged to manage service providers by means of signed contracts and service level agreements, as well as regular and frequent service reviews.

Contractual engagements with service providers should be limited to three years, thereafter the provision of services should be tendered/offered in the open market.

- The management of supply chain functions should be conducted in line with the ISO 9001:2008 quality standard.

#### **Material Impacts on the Supply Chain**

A number of the Group’s material aspects impact our supply chain. The regulatory environment adds costs to our material and service providers that are then passed on to O&L and ultimately the consumer. The whole of our supply chain is impacted by the energy crisis currently affecting Namibia and South Africa as well as the national general skills shortage.

Upcoming environmental levies on non-returnable plastic bags and containers are expected to impact the cost of packaging material for our suppliers; the dairy regulatory environment and the cost of electricity will also have their impacts. The increase in cost of sewerage and effluent treatment only impacts our supply chain at the local level but some of our suppliers are reliant on single suppliers, including parastatals, resulting in non-competitive pricing and a monopolistic environment that also increases the cost of doing business.

Our supply chain is also dependant on growth, with limitations to expansion having a material impact. Quotas, distance from the market and market saturation in Europe limit the growth of our fisheries. The local market for our breweries is limited and dependant on national growth, thus requiring a focus on South Africa and other export markets. Existing production capacities and low-cost imported dairy products (which erode local market share) limit the growth of our dairies and threaten local production. The extremely competitive, limited and saturated local market limits the growth of our retail operations, making us dependant on national growth.

## JOINT MESSAGE FROM THE EXECUTIVE CHAIRMAN AND THE CEO

Developing countries faced a series of tough challenges in 2015, including the looming prospect of higher borrowing costs in a new era of low prices for oil and other key commodities. According to the World Bank's 2015 Global Economic Prospects report, this will result in a fourth consecutive year of disappointing economic growth as developing countries have been projected to grow by 4.4% in 2015, with a likely rise to 5.2% in 2016 and 5.4% in 2017.

Although developing countries were an engine of global growth following the financial crisis, they now face a more difficult economic environment. The World Bank believes that countries that invest in people's education and health, improve the business environment and create jobs through upgrades in infrastructure will emerge much stronger in the years ahead. These kinds of investments will help hundreds of millions of people lift themselves out of poverty.\*

The International Monetary Fund also projects sub-Saharan Africa's economic growth to slow down in 2015 to below the 4.4% annual average growth rate of the past two decades. Slower expansion of economic activity largely reflects the impact of the fall in oil prices and other commodities on the region's economies, even though net oil importers would see gains.

Commodity prices and foreign investment are expected to provide less economic support; subdued demand and economic activity in emerging markets will weigh on the region's growth as well.\*

In maintaining our track record of consistent economic growth, the emergence of global value chains (GVCs) is perceived as an opportunity for Namibia - especially in view of

*The World Bank believes that countries that invest in people's education and health, improve the business environment, and create jobs through upgrades in infrastructure will emerge much stronger in the years ahead.*

our abundant natural resources - as there is an urgent need to implement innovative measures to enable the country to make the most of her comparative and competitive advantages, including policies to reduce the high cost of doing business, removing various bottlenecks in infrastructure and investing in skills as part of a broader diversification strategy.

The past financial year marks 12 months of major transformations, including changes to the political environment which have been very positive indeed. Many initiatives undertaken by government to improve the socio-

economic wellbeing have created an optimistic atmosphere of hope, while on the economic front we have experienced less turmoil than in previous years.

The last financial year has seen a great performance by the O&L Group with special mention given to our Property Portfolio, Broll Namibia; Namibia Breweries Limited (NBL); and Namibia Dairies, which recovered significantly despite the import restrictions being lifted. All in all we showed good overall growth in these sectors, which we

believe will accelerate significantly in the years to come.

When taking financial performance into consideration however, we must always remember that a portfolio of investments such as that of the O&L Group is always impacted by very well-performing businesses but also those that go through a development phase. A great example here is the Pick n Pay portfolio, which embarked on a major investment programme in building new stores and revamping existing stores, that will continue into the new year. The return on these stores has not been



immediately forthcoming but we believe that they will do well in the coming years. Equally, some great improvements will be offset by investment in the forthcoming year, thereafter the situation will start to reverse, namely with the Leisure Portfolio becoming profitable within two to three years.

The fishing industry was impacted by international fish prices as well as diminished fishing quotas. Other principal challenges to come will include the successful opening of Chobe Water Villas and the Strand Hotel Swakopmund by our operating company O&L Leisure, while a further test will be the successful turnaround of Pick n Pay in order to resume previous profit levels with both new and revamped stores.

Although the above factors have had an impact on the return for shareholders, we believe that

the future looks bright. As employer of choice, we have made significant progress in the latter half of the financial year by increasing our total number of employees to 5,568. In addition to its contributions to the economy and to enhancing the lives of its people through its role as an employer of choice, O&L has also continued to enhance the lives of the communities in which we operate through our Corporate Social Investment Portfolio which supports, inter alia, health, education and environmental protection. O&L embraces its obligations as a responsible and caring corporate citizen - which

is why it not only manages its environmental and social impacts and invests heavily in mitigating its effects on externalities, but also continues to contribute significantly to enhancing the lives of the people within local communities.



On the external front, the rise in interest rates we have experienced will continue although we are confident that the increase will not be as steep as was experienced in the past. There is also a great opportunity to get the mass housing initiative back on track with the appropriate governance structures in place.

New ventures are envisaged through our Energy initiative as well as other potential new undertakings. We are in the process of further enhancing our human capital by moving away from key performance indicator (KPI) management to breakthrough stand management – which is a forward-looking approach, not a retrospective one. Major product innovations and site renovations are underway and many processes have been further streamlined. All of this, we believe, is building the foundation for our 2019 Breakthrough Plan.

Good governance remains the foundation upon which our Board and committee structure is based. While the Board empowers management to execute O&L's strategies and holds it accountable for delivering against them, the Board also needs to provide responsible leadership to our leadership team that enables it to achieve a sustainable economic, social and environmental performance. As Executive

Chairman and CEO, responsible for the leadership of the Board and for fostering a culture of openness and constructive debate that allows for all views to be heard, we are pleased that the year under review indicated Board members' satisfaction of the positive ethical tone of the Company and our approach - which is more focused on creating a value-based culture as opposed to a compliance-driven one.

We are more than confident that O&L will have a great 2016. The number of projects which are in infancy can only grow and start contributing to the bottom line. Equally, changes in how we will manage performance management in the future, coupled with sound leadership interventions, can only contribute significantly to the bottom line too. Overall, we believe that the foundation of the earnings before interest and tax (EBIT) trajectory projected to 2019 will be seen for the first time.

On behalf of the Board of Directors, we would like to extend our heartfelt gratitude to all our employees, shareholders, investors, the Government of the Republic of Namibia, our business partners, associates, customers and consumers for the remarkable contribution they have made in 2015 towards our Purpose, Vision and Objectives. May 2016 be a year of great success!



Sven Thieme  
Executive Chairman



Peter Grüttemeyer  
Chief Executive Officer

\* Sources: World Bank's 2015 Global Economic Prospects report and International Monetary Fund



## OPERATIONAL REVIEW

### BEER AND SOFT DRINKS

#### Namibia Breweries Limited

During 2014 – 2015, Namibia Breweries Limited (NBL) delivered yet another commendable financial performance. Revenue grew by 5% from the previous financial year to N\$2 434 million for the period under review. In comparison with the previous financial year, operating profit for the year ending 30 June 2015 increased by 12.2% to N\$507 million. NBL exceeded total budgeted volumes by 5%; this was mainly driven by an increase in domestic beer sales and volumes supplied to our joint venture, DHN Drinks in South Africa.

Our brands are enjoyed around the globe. We currently export worldwide to countries such as the United Kingdom, Germany and Australia as well as to African countries, including Tanzania, Botswana, Zambia, Mozambique, Zimbabwe and Swaziland.

In its effort to staying true to the innovative spirit of the Vigo brand and to reinforcing brand affinity, Vigo Kiwano was launched by NBL to Namibian customers and consumers in non-returnable bottles and cans in June 2015 as the third variant in the range. This product has a uniquely refreshing

taste, offering consumers an exotic alternative to the two existing Vigo flavours.

A new look for the McKane tonic and soda water variants was unveiled in a 330ml slender can, aimed at creating renewed interest in consumers for this high-quality NBL mixer range.

The introduction of the 330ml Windhoek Draught can in Mozambique was motivated by customers' preference for smaller serving sizes and will provide customers and consumers alike with more choice in this premium offering.

Windhoek Draught also saw the launch of the 360° marketing communication campaign 'For Real', which was aired across the SADC region. The brand also saw a renovation of its primary, secondary and tertiary packaging to maintain its relevance to its target consumers. Windhoek Draught hosted the Nigerian R&B duo P-Square for their first appearance on Namibian soil.

The Team Namibia product endorsement was rolled out across back labels of the Windhoek Lager, Windhoek Draught and Tafel Lager brands to celebrate our national pride and NBL's commitment to Namibia's growth as a nation. The Team Namibia logo featured on Namibia Breweries' products highlights our

contribution to the local economy and helps to show consumers how they can support the economic and social development of our nation through the single purchase of a local product.

NBL's Employee Engagement and Communications initiatives are designed to ensure that employees are committed to the organisation's goals and values, motivated to contribute to NBL's success and are able at the same time to enhance their own sense of wellbeing. Employee engagement and communications were accomplished through the continuation of successful and thriving platforms such as open forum meetings; business engagement forums; leadership/shop steward meetings; union leadership engagement forums and the Affirmative Action Consultative Committee meetings. Our Mwenyopaleka Value Programme continued through various initiatives such as the Value Star Programme, the Mwenyopaleka Road Show and the monthly NBL newsletter.

As an industry leader, NBL plays a leading role in communicating the 'responsible drinking' message and tackling alcohol abuse. NBL has made significant investments over the years through alcohol harm-reduction programmes, such as DRINKiQ, which aim to equip people



with important facts to promote the responsible use of alcohol in our society.

Through continuous innovation and sustainable operations, NBL aims to continue to produce the quality consumers have come to know and love and overcome the challenges facing our industry. We are confident that the next financial year will deliver further volume growth as we will continue to build sustainable consumer confidence and thus prompt renewed brand interest.





## FRESH PRODUCE

### Namibia Dairies (Proprietary) Limited

The vision of Namibia Dairies is to be recognised as a vertically integrated, independent dairy servicing the value chain from farm to fridge.

During the year under review, Namibia Dairies focused on four critical success factors to achieve its strategic initiatives and business goals:

- Financial stability;
- Sustainable sources of growth;
- Service excellence; and
- Our people.

Namibia Dairies, including processed meat sales from Windhoek Schlachtereï, reported revenue of N\$588 million for the year under review, compared to N\$497 million during the 2014 financial year. The year-on-year increase in turnover of 18% is due to increased selling prices as well as increased local demand gained by government's support of local industry. On 16 October 2013, the Ministry of Trade and Industry implemented quantitative measurements on milk and other dairy products imported into Namibia, in line with the government's 'Growth at Home' strategy to promote both Namibian

food and employment security. Unfortunately these quantitative measurements were put aside by a court decision early into the financial year under review.

Despite increasing pressure on manufacturing costs at the dairy and meat processing plants, as well as increasing feeding costs at the !Aimab Superfarm, total operations resulted in an operating profit of N\$48 million in the 2015 financial year. This reflects a great financial turnaround when compared to the breakeven situation back in the 2013 financial year. This N\$48 million includes a gain of N\$7 million from the sale of the Aqua Splash brand.

The continued success of the Nam milk and Rietfontein trademarks resulted in good sales volume growth for a number of our products. Like-for-like sales volumes in Namibia grew by 9% on the previous reporting period.



The continued focus on the QDVP4 (quality, distribution, visibility, price, promotion, persuasion and partnerships) Sales Excellence Programme ensured benefits such as high-quality sales execution, improved sales performance, improved merchandising standards and greater consumer acceptance and recognition.

The !Aimab Superfarm now houses 1,420 cows in milk. The herd comprises just over 3,000 animals and produces 65% of Namibia Dairies' raw milk requirements, which meets 50% of Namibia's fresh and UHT milk demand. The high cost of production, led by very high feeding costs, remains the biggest challenge to the !Aimab Superfarm and is the main reason that it remains in a marginal operating loss position.

All technical quality audits – comprising regulatory, supplier and compliance audits – were passed. This confirms that the quality management and food-safety systems at Namibia Dairies are of good standard. We have also further optimised our systems and processes to enhance effectiveness and efficiency and will continue to drive our continuous improvement philosophy.

### Windhoek Schlachtereï (Proprietary) Limited

In its sixth year under the wing of Namibia Dairies, Windhoek Schlachtereï again showed a solid performance and is contributing positively to the operating profit of Namibia Dairies. Like-for-like sales volumes in Namibia grew by 14% on the



previous reporting period, driven by a strong increase in our proudly African and promising 'Proudly Namibian' King Polony brand.

## FISHING

### Hangana Seafood (Proprietary) Limited

Hangana continues to aim towards being 'The most progressive and inspiring company' by 2019 as well as becoming a world-class seafood company.

The strategic focus areas for our 2019 Vision are:

Increased focus on current business/system improvements, i.e:

- Installing new-design trawl doors and nets on vessels;
- Optimising the implementation of the TPM (Total Productive Management) system;
- Optimal utilisation of Innova System (integrated production software system); and
- Market diversification

Implementation of trading strategy:

- Registration of a Hangana Branch in SA;
- Appointment of a Commercial Manager in SA; and
- Development and implementation of a Global Trading Strategy

Development of properties:

- Conducting an environmental impact assessment (EIA) to build a new concrete jetty of Phase 1 of the Service Hub Development.

Own freezer vessel operations:

- Investigating the viability of purchasing our own freezer trawlers or jointly owning freezer trawlers with the other joint venture parties.

Value Adding:

- In the process of preparing feasibility studies exploring coating and crumbing options; and
- In the process of appointing a Food Technologist to develop new products

Aquaculture:

- Investigating a possible aqua farming joint venture.

Even though it was a challenging year for Hangana (as well as for the fishing industry generally), our concentrated focus on strategic areas resulted in a respectable turnover and operating profit. Turnover declined from N\$502.1 million to N\$443.8 million (-11.6%) over the reporting period, mainly as a result of a decrease in available raw material due to quota reductions, fluctuations in exchange

rates, market challenges and a significant reduction in the fillet price due to oversupply in the market by the South Africa industry. Operating profit decreased from N\$57.7 million to N\$42.5 million (-26.3%), mainly as a result of an increase in fuel prices, high labour costs, unexpected vessel breakdowns and higher utility costs, amongst other factors.

As part of our commitment and responsibility towards our Purpose: 'Creating a future, enhancing life' and creating an additional 4,000 employment opportunities by 2019, Hangana has started exploring other opportunities and possible joint ventures in various aquaculture fields that could potentially improve the social welfare of communities within Namibia by creating jobs and other business opportunities.

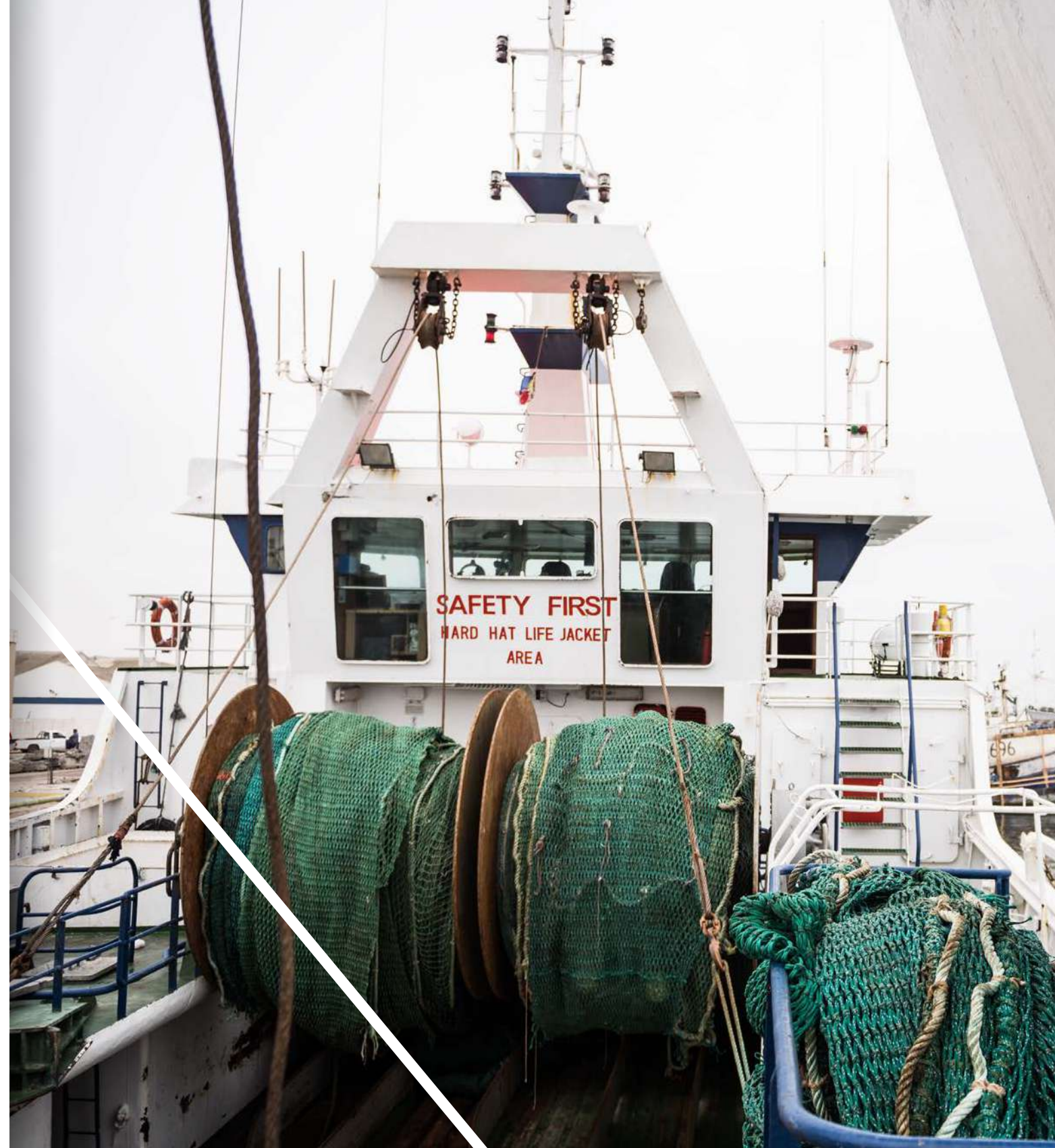
The following initiatives have also contributed to the sustainability of the company:

- Continuous investment in fleet efficiencies, such as new trawl doors and new net designs.
- Upgrading our factory operating systems; improving production efficiencies, flow of raw material and stock control.
- Implementing Total Productive Manufacturing (TPM), which will focus on the following four pillars: teamwork, continuous business improvement; visual management (measuring performance target through visual means); and 5S (a process developed to establish basic discipline and order in the work place). The TPM system will also grow and develop our own employees through Train the Trainer programmes, which will result in all of our employees receiving training inputs over the next 18 months.

- Building on and improving the vision and cooperative spirit of our 1,292 employees.
- Maintaining a fully integrated Quality Management System including Hazard Analysis and Critical Control Points (HACCP), ISO 22000 and British Retail Accreditation.
- Building a “preferred customer” base with the emphasis on market diversification.
- Continually focusing on product quality and customer service.
- Improving productivity by optimising our relationship with our employees through communication and incentives.
- Introducing various operational excellence initiatives to further reduce operational costs.
- Working towards achieving world-class in quality in everything we do.



Hangana will continue to invest in the industry while focusing on value adding, innovation and further job creation.





## RETAIL

### Model Pick n Pay (A division of WUM Properties Limited)

This Division's stated objective remains to be the preferred and most trusted retail group in Namibia. As a consumer-centric organisation, the Division has made continued efforts in achieving this goal by focusing on exceptional customer service, quality product ranges, a world-class shopping experience, community-based social investment initiatives and expanding our footprint in Namibia. These focus areas have been supported by significant investment in our human capital as revised management structures, initiatives on leadership enhancement and engagement sessions have provided the required levels of support to our employees.

The outcome has been a turnover of N\$1.54bn, representing a growth of 12%, or N\$165 million in the reporting year. The increase in turnover was mainly driven by an above-inflation increase in average basket size (9%) as well as increases

in customer counts (3%) and units sold (5%). The highest growth rates achieved were in the northern regions, at over 30%.

These turnovers for the Division were achieved despite significant competitor activity in certain regions, the closure of the inefficient Khomasdal store in F14 and negative year-on-year growth at our premium Auas Valley store due to a comprehensive refurbishment aimed at creating a premium retail destination.

During the period under review we have made significant investments in our operations to increase our countrywide footprint and upgrade existing stores. This investment has seen the refurbishments of the Auas Valley and Oshakati stores as well as the opening of two brand new stores at Grootfontein (December 2014) and Mega Centre in Windhoek (April 2015). Furthermore, as another first for the Division, we have opened two standalone Pick n Pay clothing stores (Auas Valley and Mega Centre). The Auas Valley refurbishment also included the addition of a Wiesenhof coffee outlet – for which we have obtained the first franchise in Namibia.

The year under review saw our new concept store in Okongo (opened June 2014) operating for a full 12-month period and following certain

initial difficulties it is now showing improving turnover and profitability trends. In addition, the investment in our new Tsumeb store (opened May 2014) is bearing fruit as this store has delivered average growth rates in excess of 25% over the previous financial year.

Enhanced promotional activity during the year saw a substantial increase in promotions and advertising (including the annual Independence Day and Easter campaigns) as well as our prominent 'Win a House' competition where the lucky winner walked away with a home loan worth N\$500,000.

During the period, refurbishments were undertaken at a number of stores. During this refurbishment period, trading levels were negatively impacted resulting in reduced sales volumes and profits. Additionally a number of new stores have been opened. These new stores often incur significant opening expenses and have a 'settling in period' during which profits are subdued. The preceding factors have had an impact on overall performance. The Division generated an EBIT of N\$21.6 million up to 30 June 2015. This represents a decrease of 51.2% against the previous financial period.



The performance and profitability were further impacted by the following key factors:

- Gross profits (0.4% below prior year) were impacted positively by the turnover growth and an increase in units sold, customer counts and basket sizes;
- Total shrinkage at a world-class 0.66%;
- Additional rebate income received from the franchisor;
- Efficiencies achieved through a focus on in-store execution and management; and
- Our 50% joint venture with Natural Value Foods (NVF) has contributed a profit of N\$944,000 which is 39% above than the previous financial year. This result includes significant expenses borne in getting the Otavifontein farm operational. The farm itself belongs to the WUM farming division and is leased out to NVF who are utilising the farm for agricultural purposes. Crops grown on the farm are sold for profit through Model Pick n Pay.



## PROPERTIES

**Broll & List Property Management (Namibia) (Proprietary) Limited**  
**Central Properties (Proprietary) Limited**  
**O&L Properties (A Division of Wum Properties Limited)**  
**Wernhil Park (Proprietary) Limited**

Although the period under review has been extremely challenging, the O&L Group's Investment Portfolio has yet again shown an overall strong performance and produced exceptional results in line with the target set for the financial year.

The past 18 months have seen substantial development in the central parts of Namibia. These developments were focused mainly on the retail sector and included malls in Windhoek, Okahandja and Rehoboth. With the majority of the O&L Group's Property Portfolio being retail related and located in Windhoek, the increase in development activity within central Namibia, as well as the reduced spending power per Angolan shopper compounded by the reduced numbers of Angolan shoppers, impacted not only the O&L-owned retail properties but the entire Namibian retail landscape.

The O&L Property Portfolio has shown great resilience however; although faced with substantial competition, the growth in value of O&L's core Investments Portfolio – which includes Wernhil Park, Alexander Forbes House and the Standard Bank Centre – exceeded 10.5%, with operational EBIT increasing by 6% year-on-year.

The planning stage of the expansion to the Wernhil Park Shopping Centre has gained significant momentum and the development received in-principle approval from the City of Windhoek during May 2015. Development is scheduled to commence during the first quarter of 2016. Building work at the development called 77 on Independence – which comprises 165 residential units as well as a retail component on the ground floor – commenced during June 2014 has been progressing well and the property is headed for completion during June 2016.

In addition to the strong performance of O&L's Investment Portfolio, Broll Namibia – the Property Management Company of the O&L Investment Portfolio and a subsidiary of the O&L Group – secured the management contract for The Grove Mall of Namibia during July 2014. At approximately 53,000m<sup>2</sup>, the

Grove Mall is the largest single retail property in Namibia and this achievement has further increased Broll Namibia's Property Portfolio under Management to over N\$ 2.8 billion.

The Property Portfolio managed by Broll Namibia has shown exceptional growth over the past five years and has exceeded its budgeted earnings before interest and tax by N\$50 million, or 24%. This was achieved although operational performance was challenged by increased competition and lower consumer spending, trading densities and foot traffic during the period under review.

The overall portfolio generated revenue (excluding deferred rentals) of N\$139 million in the year under review compared to N\$128 million in the previous financial year, with an operational EBIT of N\$105 million (2014: N\$99 million).



Total EBIT of N\$261 million (2014: N\$245 million) – which includes fair value gains of N\$156 million (2014: N\$145 million) – was achieved in the period under review and exceeded our budgeted numbers by 24%.

The Wernhil Park Shopping Centre continued to show a solid operational performance with no vacancies, strong turnover rentals and high foot traffic numbers – which increased by 7.58% year-on-year. Retailer demand for premises in Wernhil Park remains high and such demand will be accommodated on completion of Phase 4 development. Wernhil Park's EBIT (including valuation gains) was 19% over the projected budgeted figure with a value growth of 10.5% compared to the previous financial year.

The Standard Bank Centre also substantially exceeded its valuation gain budget, showing a 12% increase from the previous year on its property value; Alexander Forbes House achieved a 9% year-on-year growth in property value. Both increases exceeded the valuation budget. Standard Bank Centre's retail component, Town Square, showed exceptional turnover rentals for the period under review, with most vacant properties having been let before the end of the financial year. The N\$4.5 million upgrade planned for Town Square's retail component will be completed by the first quarter of 2016.

Both the Old Breweries and the Fruit & Veg City/Cashbuild sites are still being held for development with the Fruit & Veg City/

Cashbuild erven earmarked for incorporation into the expansion of Wernhil Park Phase 4 while the Old Breweries property has been identified for a possible future mixed-use development.

Broll Namibia remains extremely proud of both the growth in its property value under management as well as the overall O&L Property Portfolio results achieved during the 2014 - 2015 financial year.

## ENERGY

### O&L Energy (Proprietary) Limited

O&L Energy set up a network of international and local suppliers and business partners, intensified its marketing activities in Namibia and South Africa and developed various large-scale projects during the year under review. A strategic partner for large-scale solar power plants was also brought on board.

The strategic focus for O&L Energy lies in the project development, project management, engineering, procurement and construction, as well as operation and maintenance of:

- Large-scale solar power systems;
- Large-scale solar heating systems; and
- Bio-energy plants.

O&L Energy also developed and started implementing energy-saving solutions with a special Energy Management System and Energy Auditing activity within the O&L Group and then expanded these



services to customers outside the O&L Group. It also started an Energy-Saving Lights Programme for all O&L companies and external clients.

Together with Namibia Dairies and an external engineering partner, O&L Energy is developing a biogas plant at the Superfarm in Mariental, which will be owned by Mariental BioEnergy. Construction of this plant is in progress.

In addition, O&L Energy developed a bush-to-energy business through which invader bush in Namibia is harvested and offered as an energy source to industrial companies. For this business a separate company - Organic Energy Solutions - was established, which started its operations this year.





The Central Reservations Office and Hotel Management teams are responsible for central operations, marketing, sales, finance, HR, IT, development, technical services and hotel management.

During the year under review, the following achievements were realised:

- Mokuti Etosha Lodge increased its occupancy from 42.1% in 2014 to 51.8% in 2015, while also increasing its average room rate from N\$813 to N\$ 899. This enabled Mokuti to generate an EBIT of N\$4.3 million vs. a loss of N\$0.2 million in the previous year.
- Midgard Country Estate increased its occupancy from 53.8% in F14 to 59.6% in 2015, while also increasing its average room rate from N\$604 to N\$698. This enabled Midgard to generate an EBIT of N\$0.7 million vs. a loss of N\$1.5 million in the previous year.

## LEISURE

### O&L Leisure (Proprietary) Limited

The year under review saw O&L Leisure (Proprietary) Limited maximise the potential of Mokuti Etosha Lodge and the Midgard Country Estate while pursuing the construction of the Strand Hotel Swakopmund and Chobe Water Villas.

A key achievement worth highlighting is that Mokuti has moved from #16 in the 'Specialty Lodging in Etosha National Park' category on TripAdvisor® to #4. Mokuti continues to benefit from foreign and local tourists seeking thrilling wildlife encounters at Etosha, while Midgard primarily hosts conferences during

the week and leisure visitors at weekends. Furthermore, the revitalisation projects at both lodges continued during the year under review, thereby adding value and enhancing the reputation of our brands.

Both the Strand Hotel Swakopmund and Chobe Water Villas projects are on target for opening during October 2015 and 2016 respectively. These two additional hotels in the portfolio will create 270 additional employment opportunities in line with the Group's Purpose of 'Creating a future, enhancing life'.

The achievements of 2015 lay a good foundation for O&L Leisure's journey towards F19.





Built on a historic and iconic site, with extensive unique and creative entertainment areas – such as restaurants, bars, a delicatessen, a lobby lounge, sea-facing terraces and a beach take-away – the Strand Hotel Swakopmund is bound to become a destination in itself for the residents of the beach town and for visitors from around the world when it opens in October 2015.

The under-construction boutique 16-room Chobe Water Villas – an exclusive and intimate wildlife lodge – is located at the eastern tip of the famous Caprivi Strip, in the recently re-named Zambezi Region of Namibia. The lodge is situated in the 150 km<sup>2</sup> Kasika Conservancy, in a secluded position directly on the banks of the Chobe River and near to the town of Kasane in Botswana. This location affords unobstructed views towards the world-renowned Chobe National Park and also overlooks the Sedudu Island, which boasts the greatest density of wildlife species of any river system in the world, including elephant, lion, buffalo, hippo, crocodile, as many as eight species of antelope and 460 species of birds.

## ADVERTISING

### Weathermen & Co. (Proprietary) Limited

Through the 2015 financial year (its second year of operation) Weathermen & Co. established itself as one of the leading advertising agencies in Namibia. Solid strategic creative campaigns launched in its start-up year introduced the agency to clients who entrusted the agency with their brands and ignited an increasing interest from other potential clients. The agency has had steady growth on all fronts, which puts it in a fantastic position to seize the tremendous opportunities ahead.

Emphasis was placed on the following strategic focus areas throughout the year:

- Improving the creative product and service to clients by attracting talented staff. Increasing efficiencies of agency processes and systems via the investment in new hardware, software and telecommunications systems;
- Maintaining the current client base and the acquisition of new clients;
- Innovating and evolving the agency's service offering to clients; and
- Maintaining and building a diversified supplier base and leveraging shareholder positions and expertise in the market.

Achievements throughout the year:

- Servicing a stable and strong local client base and acquiring new clients, such as Pupkewitz Megabuild, Total Namibia, United Africa Group (Plaza Casino) and Pasta La Vita;
- Growing the permanent staff complement from five to nine, with 100% staff retention
- Moving to new premises to position the agency for successful growth;
- Being nominated as a category finalist in the South African advertising awards, the Loeries and being awarded 'Ad of the Week' for the Tafel Lager 'Moments' TV commercial by leading South African marketing blog marklives.com;
- Increasing revenue to N\$24.4 million from N\$7.8 million in the 2014 financial year; and
- Achieving an EBIT performance representing a 270% growth in EBIT compared to the 2014 financial year.



## ENGINEERING

### Kraatz Marine (Proprietary) Limited

Kraatz Marine delivered an excellent set of results (before provisions for bad debts) for the period under review, being significantly better than those of the previous period. However at the time of this report, management have decided to create a bad debt provision of N\$6.6 million for a single customer. A payment plan has been received from this customer and management is vigorously following on this plan with the customer. Profitability was positively affected by high activity levels during the year with a 75% increase in billable hours, particularly in the Industrial Division, where target billable hours were exceeded by 33%.

Dry-docking revenue remained flat due to the downturn in the oil and gas industry as a result of the significant reduction in the oil price. Significant growth was experienced in the Industrial Division however, driven primarily by the high activity levels generated by several projects at Uranium mines.

Revenue for the financial period under review increased to N\$107 million from N\$62 million in 2014, while operating loss increased further from N\$2.2 million in 2014 to \$5.5m in 2015. Margins reduced to 23% in 2015 compared to 32% in 2014.

Dry-docking revenue remained a challenge for

the Marine & Offshore Division; the downturn in the oil and gas industries had a negative impact on revenue in the last quarter with a significant reduction in activity levels experienced. Dry dock projects were successfully completed for two significant customers and generated revenue of N\$16.8m. A conversion project amounting to N\$9.7m was also successfully delivered in line with world-class standards. In order to achieve sustainable growth in revenue we succeeded in expanding our client base by adding new businesses – including Damen Shipyards, Bumi Armada and Posh Fleet Services – to our client portfolio, which generated revenues of N\$12m collectively. Another significant milestone for the Marine & Offshore Division during the period under review was the signing of a 3-year maintenance agreement by the Ministry of Defence for work on their navy vessels. This division continued to provide ship-repair services to our sister company, Hangan Seafood, which accounted for 9% of our total ship-repair revenue.

The Industrial Division experienced a significant increase in activity levels during the period under review. Revenue of N\$3.4m was generated by the new regional office in Tsumeb and revenue of N\$1.5m was generated by the regional office in Windhoek.

Activity levels at our mining clients increased considerably during the period under review, with the award of our first three-year leach tank maintenance contract, with an estimated

annual value of N\$15.6 million, as well as various other maintenance projects. The total revenue of N\$36m generated from our mining clients accounted for 70% of revenue in the Industrial Division and 31% of revenue in the business overall.

A new business unit, Specialised Engineering Services (SES), was established in 2015. SES is a multifaceted business unit focusing on machining services, hydraulic services, laser alignment and line boring. This business unit will service the marine and offshore, fishing, mining and general engineering sectors.

Access to the right mix of skills, on both a permanent and limited duration basis, remains a challenge that we hope to address through our Learn to Weld programme, which was launched in the last quarter. Taking welding education to the next level is part and parcel of exploring new ways to bring quality vocational training to underserved communities and six students were enrolled after more than 300 applications were received. The objective of the programme is to annually provide a minimum of 18 young Namibians who do not have a permanent job with an additional skill that they can either use to get a permanent or higher-paying job or even to start their own business. Enrolment in the programme is free of charge and training runs over a 3-month period, covering the basics of welding theory and practice.



Capital investments amounting to N\$5.7 million (including the property of N\$2.1m in Tsumeb) were geared at further improving operational efficiencies and replacing outdated and ageing equipment.

Kraatz Marine is well positioned to react to emerging market opportunities in the future. Access to bigger dry dock facilities remains a key challenge, although strategies are in place to address this challenge in due course.





## ASSOCIATE AND JOINT VENTURE

### Brandtribe (Proprietary) Limited

The Brandtribe joint venture recorded its first year of positive earnings before interest in this reporting period, with strong revenue growth of N\$3.1 million to N\$5.5 million (78% increase vs. the prior year), while keeping a lid on operational expenses, which were in line with the previous year.

Our key focus areas for the year under review were:

- Increase revenue – as already stated, revenue increased from N\$3.1 million to N\$5.5 million. This increase was driven by an increase in SMS revenue in Namibia and increased adoption of the Brandtribe platform in South Africa.
- Positioning - based on customer feedback we reviewed how Brandtribe was positioned in an industry that is still very much in its infancy. Following this positioning work, we developed easy-to-understand marketing material highlighting key features and benefits relevant to potential customers.
- Route to market - this has proven to be the biggest barrier to entering the market in a meaningful way. When it comes to data, companies have many layers across multiple departments that might be involved in decision-making, which increases the complexity and time it takes to get Brandtribe approved as a service provider.

### Dimension Data Namibia (Proprietary) Limited

During the year under review, Dimension Data delivered exceptional revenue growth of 74% compared to the previous financial period in the Next Generation Data Centre and Networking Integration businesses.

In particular, we built the Data Centre for the City of Windhoek and furnished the O&L Data Centre at Namibia Breweries with new equipment.

This year Dimension Data recruited six students of training through the Exponential Training (XT) programme in order to develop their IT skills. This programme has been running for the past nine years and has delivered 21 successful graduates to date.

Our objectives for the period under review were:

- To deliver world-class enterprise services;
- To continue to drive annuity and service-level revenue; and
- To continue to build stronger vendor and contractor relationships.

The Group equity accounted a profit after tax of N\$2,8 million from Dimension Data for the year under review, compared with a profit after tax of N\$3,4 million in 2014. Included in the 2014 number was a recovery of bad debts to the value of N\$630,000.



## CORPORATE GOVERNANCE

### PRINCIPLES OF CORPORATE GOVERNANCE

The Directors of the O&L Group of Companies are committed to maintaining high standards of corporate governance, which they see as fundamental to discharging their stewardship responsibilities. All the Group's businesses share this commitment and the adoption of and adherence to, sound corporate governance policies have become a business imperative for the Group.

The Board strives to provide the right leadership and a strategic oversight and control environment to produce and sustain value delivery to all its shareholders. The Board continues to instil a culture of openness, accountability and integrity, which is reflected in its commitment to best practices. The Group is proud of its ethical and transparent management of the business, not only in following accepted corporate practices for risk management, but also in providing strong assurance to its shareholders and other stakeholders by living the Group's ethics.

### GOVERNANCE AND COMPLIANCE OVERVIEW

During this review period, the Board has gone to great lengths to further align the Company

with the principles and practices contained in the NamCode.

### THE O&L BOARD OF DIRECTORS

**Sven Thieme**, Namibian (47)

Group Executive Chairman

Appointed: April 2002

Joined O&L in 1998, elected as Chairman in 2002; previously a chartered accountant in Luxembourg  
Qualifications: CA

Director of various O&L companies within the Group, Chairman of the Werner List Trust

External: President of the NCCI, Chairman of the WCC, Chairman of NBC, Member of the National Planning Commission

**Peter Grüttemeyer**, Namibian (61)

Chief Executive Officer

Appointed: October 2003

Joined the O&L Group in 2003; previously Partner-in-Charge of Deloitte Namibia  
Qualifications: CA

Director of various O&L companies within the Group  
External: Chairman of NASRIA, Trustee of the Goreangab Trust

**Günther Hanke**, Namibian (59)

Group Financial Director

Appointed: November 2004

Joined the Ohlthaver & List Group of Companies in March 2004 as Group Financial Director responsible for formulating and executing strategy as part of the Executive Team. He has held various senior executive positions over the past 25 years. He is also currently the Chairman of Dimension Data Namibia. Director of various O&L companies within the Group.

Qualifications: BCom (Accounting) at University Pretoria with completed articles. He obtained the senior management programme certificate with the University of Stellenbosch Business School. He is a CFA (SA) and has attended various other leadership and business courses

**Berthold Mukuahima**, Namibian (56)

Group Human Capital Director

Appointed: May 2006

Qualifications: BA; Certificate in IR; MBA

Directorship: Director of Olfitra Trustee: O&L Pension Fund

External Trusteeship Chairman: HealthWorks (formerly, NABCOA); Alternate Trustee, Namibia Business School.

Has accumulated over 25 years' experience in strategic HR management in the higher education, telecommunications and private sectors.

**Gideon ML Shilongo**, Namibian (51)

Executive Director

Appointed: July 2014

Qualifications: Advanced Diploma in Business Administration

Professional Membership: MABE, MCIM, FSBP, ACIBM

O&L Group Directorship: Olfitra and O&L Digital  
External Directorship: Offshore Development Company (Pty) Ltd, Namibia Competition Commission, Team Namibia, Namibia Trade Forum, Wilderness Safaris Namibia (Pty) Ltd.

**Hans-Harald Müseler**, Namibian (66)

Appointed to Olfitra Board: 2009 as Alternate Director; full Director from March 2014

Qualifications: CA (NAM), MBA (Stellenbosch), Post-Graduate Diploma: Compliance and Board Governance (UJ)

Directorship: Olfitra Board member and Audit Committee Chair

External directorships: Bidvest Namibia, Sanlam Namibia, Capricorn Asset Management

Trusteeship: Benchmark Retirement Fund Chair.

**Ernst Ender**, German (69)

Joined the Group in 1975, appointed to the NBL Board in 1983

Qualifications and experience: 2-year post-graduate commercial trainee-ship with AC Toepfer International: over 20 years' experience relating to marketing, sales and export

Directorships: Non-executive Director of NBL and Olfitra.

**Laura McLeod-Katjirua**, Namibian (56)

Qualifications: Diploma in Development Studies and Management, Diploma in Basic Education

Joined the O&L Group in 2012

Director of various O&L companies within the Group  
External: Regional Governor of Khomas Region, Other directorships: SeaFlower (Fishcor), National Heritage Council of Namibia (NHNCN).

**Prins Eliakim Shiimi**, Namibian (76)

Qualifications: Grade 12, Certificate in Education  
Directorship: FNB Foundation 1992 - to date, Rossing Foundation 1997- to date, EPIA

Investment 2002 - to date, M& Z (Pty) Ltd 1997 to date, Fountier Property 2013-2015 & Olfitra  
Has over 40 years' experience in Business Leadership and trading enterprises.

**Carl-Ludwig List**, Namibian (67)

Non-Executive Director, joined the O&L Group in 1980

Qualifications: Banking (1971 Germany)

Directorship: Director of List Trust Company, OLFITRA, NBLIH, NBL and trustee of the Werner List Trust

**UM Stritter** (76)

Non-Executive Director, joined the O&L Group in 1971 as legal advisor and assistant to the late

chairman Werner List and Director since 1994.

Qualifications: Attorneys admission (University of South Africa)

Experience: Practicing attorney since 1969 and senior partner and sole owner from 1970 to 1976 of Engling Stritter & Partners focusing mainly on commercial law; Management and chairmanship.

Directorships: Non-Executive Director on various O&L companies, vice chairman of the Olfitra board and Trustee of the Werner List Trust

External directorships: Executive Chairman and CEO of Namibia Estate Enterprises (Pty) Ltd and Japonica Investments Nineteen (Pty) Ltd.

**Reverend Willem Hanse** (50)

Non-Executive Director, joined the O&L Group in April 2012 as non-executive director.

Qualifications: Undergraduate from Academy (UNAM), Windhoek, 1988 (Majored in History and Psychology) and Pastoral Training from R. R. Wright Seminary, Johannesburg, 1995

Experience: Includes Compliance, Marketing and Public Relations (1990 to 2003), Special Assistant to the Prime Minister and Speaker (2003 to 2010); also Presiding Elder at various AME churches since 2010)

Directorships: O & L Holdings (Pty) Limited, Olfitra  
External directorships: EPIA Investment Holdings (Pty) Limited.

### Responsibilities of the Board

The Board's role is to exercise stewardship of the Group within a framework of prudent and effective controls that enable risks to be assessed and managed. The Board sets the Group's strategic aims, reviews whether the necessary financial and human resources are in place for it to meet its objectives and monitors management performance. The Board is kept informed about major developments affecting the Group through quarterly Business Performance Reports. The Board also holds at least one strategy session each year, at which high-level strategic matters are debated.

The Board has overall authority for the conduct of the Group's business. There are also a number of matters that have been specifically reserved for the Board to decide upon, which include the following:

- Approval of financial reporting and controls, such as interim and annual results, the payment of dividends and accounting policies;
- Monitoring the cash and capital resources, as well as the overall liquidity of the Group, and authorising any significant acquisitions, disposals of core businesses, investments, capital expenditure, or other material projects or transactions;

- Monitoring and managing the relationships between the Group and its regulators;
- Reviewing and implementing effective systems of delegation and internal control, and carrying out an annual review of the effectiveness of such systems;
- Identifying and continually reviewing key risks, as well as their mitigation by management, against a background of economic, environmental and social issues;
- Reviewing and approving of Group strategy and the setting of long-term objectives and/or changes in strategic direction;
- Monitoring the overall performance of the Group in relation to its objectives, plans and targets, as well as monitoring the implementation of projects and decisions;
- Ensuring that the company has an effective and independent Audit Committee;
- Assuming responsibility for information technology (IT) governance;
- Confirming that the risk-based internal audit function is effective;
- Monitoring how stakeholders' perceptions affect the Company's reputation; and
- Verifying the integrity of the Company's Integrated Report.

The Board is aware that in this reporting period, independent assurance was obtained on the

Integrated Report. This assurance included a review on the Governance content but did not specifically include the NamCode. The Board is committed to provide external assurance on the Governance Section, in the context of the NamCode in the next reporting period. In terms of the Sustainability Report, a detailed Assurance Report has been provided.

### Communication with the Board

Communication with all stakeholders embodies the principles of balanced reporting, comprehensibility, openness and valuing substance over form. The Board is aware of the importance of communicating the Group's activities to stakeholders in a balanced and comprehensible manner and strives to present clearly any matters material to a proper appreciation of the Group's position. The interests and concerns of the Group's stakeholders are addressed by communicating information as it becomes known.

### BOARD MEETINGS AND ATTENDANCE

Meetings held by the Board during the financial year under review and the concomitant attendance by members was as follows:

MEMBERS	9/7/2014	25/9/2014	2/4/2015
E Ender	A	A	A
P Grüttemeyer	A	A	A
G Hanke	A	A	A
Rev. WS Hanse	A	A	A
C-L List	A	A	A
C Shilongo	A	A	A
Gov. LV McLeod Katjirua	A	#	#
B Mukuahima	A	#	A
HH Müseler	A	A	A
EP Shiimi	A	A	A
UM Stritter	#	A	A
S Thieme	A	A	#

A - Attended # - Apologies

### BUSINESS PERFORMANCE, ACCOUNTING AND AUDITING

The Group employs a comprehensive financial reporting and evaluation system, with the performance of each operating business unit being monitored against both budget and prior-period performance through regular meetings.

### Business Performance Review Meetings

Monthly business performance review meetings are held with each individual operation. Full, in-depth business performance review meetings are held quarterly, with shorter performance update meetings being held in the other months.

The purpose of the full business performance review meetings is to conduct an in-depth review of a specific operation's performance and progress in disciplines such as finance, marketing, human capital, risk management, corporate citizenship responsibility and IT. These meetings are attended by the Group Leadership Team and the senior leadership team of the individual operation. The purpose of the performance update meetings is to focus on and discuss key issues affecting the individual operation, as well as its financial results and forecasts. These meetings are attended by the Chairperson, the Managing Director and the Financial Director/Manager of the individual operation.

### Group Operational Meetings

The purpose of these meetings is to review and evaluate the Group's performance and progress in disciplines such as finance, marketing, human capital, risk management, corporate citizenship responsibility and IT. The meetings provide

a platform for identifying opportunities and synergies within the Group and for discussing issues requiring the Group's attention. These meetings, which are held twice a year, are attended by the Group Leadership Team, senior managers from the O&L Centre and the managing directors and financial directors/managers of the OpCos.

### AUDIT AND RISK COMMITTEES

#### Accounting, Auditing and Reporting

This Integrated Annual Report focuses on material developments and issues and provides pertinent, related performance indicators. We define a material development or issue as one that affects our ability to remain commercially viable and socially relevant to the communities in which we operate.

The Board places strong emphasis on achieving the highest levels of financial management, accounting and reporting to stakeholders. The Directors are responsible for preparing the Annual Financial Statements (and other information presented as part of these statements) in a manner that fairly presents the state of affairs, the results of operations and the cash flows of the Group.

The external auditors are responsible for carrying out an independent examination of the Annual Financial Statements in accordance with the International Standards on Auditing (IASs). The external auditors also declare whether or not the Annual Financial Statements are fairly presented and whether or not they comply with International Financial Reporting Standards (IFRSs).

The Group's own Audit Committee evaluates the independence and effectiveness of the external auditors and considers whether any non-audit services rendered by such auditors substantially impair their independence. If this is found to be the case, appropriate corrective action is taken with regard to those services.

The independent auditor's report is set out on page 104 herein.

#### Internal Audit and Control

The Group's internal controls are designed and operated to support the identification, evaluation and management of risks affecting the Group, as well as the business environment in which it operates.

Internal control systems were introduced to provide management and the Board with reasonable assurance as to the integrity and

reliability of financial statements. Responsibility for the adequacy and operation of the systems is delegated to the Executive Directors. The records and systems are designed to safeguard assets and to prevent and detect fraud. The internal audit is an independent appraisal and assurance function that is central to the Group's governance structures. Its primary purpose is to examine and evaluate the appropriateness and effectiveness of the internal control systems applicable to the operational activities of the business units within the Group. The Group utilises the independent professional services firm Ernst & Young to provide outsourced internal audit functionality which is currently focussed on NBL.

The Audit Committee is responsible for overseeing the internal audit function and approving the Internal Audit Plan. The Audit Committee ensures that the Company's internal audit function is independent and has the necessary resources, budget, standing and authority within the Company to enable it to discharge its functions.

An Internal Audit Charter is formally defined and approved by the Board.

The internal audit function's key responsibilities

include: evaluating the Company's governance processes (including ethics); undertaking an objective assessment of the effectiveness of risk management and the internal control framework; systematically analysing and evaluating business processes and associated controls; and providing sources of information, as appropriate, regarding instances of fraud, corruption, unethical behaviour and irregularities.

The internal audit function reports to the Audit Committee at every meeting and has the cooperation and support of both Board and management.

Nothing has come to the attention of the Directors to indicate any material breakdown in the functioning of these controls, procedures and systems during the year under review.

#### BOARD COMMITTEES

While the Board remains accountable to the Group and is responsible for the Group's performance and affairs, it delegates to management and Board committees certain functions to assist it with properly discharging these duties. Appropriate structures for such delegations are in place and are accompanied by monitoring and reporting systems.

Each Board committee acts within agreed written terms of reference. The Chairperson of each Board committee delivers a report at each scheduled Board meeting and minutes of Board committee meetings are provided to the Board.

All Directors, as well as the Chairperson of each Board committee in particular, are requested to attend AGMs to answer questions raised by shareholders. The various Board committees currently operating are set out below.

The current CEO is a member of the Audit and the Remuneration committees, as a consequence of the specific knowledge and experience he possesses. Over time however, these committees will be structured to exclude the CEO and to have majority Non-executive Directors.

#### Audit Committee

During the financial year under review, the Audit Committee comprised three Directors. Two of them were Non-executive - being Mr HH Musesler (Chairman) and Mr EP Shiimi - while one of them was Executive, being Mr P Grüttemeyer.

The Audit Committee's Terms of Reference are set out in an Audit Committee Charter. The Audit Committee is mandated by the Board to review

the financial statements, the appropriateness of the Group's accounting and disclosure policies, compliance with IFRSs and the effectiveness of internal controls. In keeping with this policy, Deloitte & Touche (Namibia), was appointed as the Group's external auditors, whilst Ernst & Young fulfilled the role of internal auditor, as stated previously.

Both the external and internal auditors have unrestricted access to the Audit Committee and attend all meetings to report on their findings and to discuss matters relating to accounting; auditing; risk identification, measurement and mitigation; internal controls; and financial reporting. The Audit Committee ensures that a combined assurance model is applied to provide a coordinated approach to all assurance activities.

The Audit Committee should satisfy itself as to the appropriateness, expertise and adequacy of resources of the finance function and the experience of the senior members of management responsible for the financial function. This evaluation is to be performed annually.

The Audit Committee is also responsible for overseeing the content and disclosure of the

Integrated Report and has been tasked by the Board to assist in overseeing the integrity of Integrated Report. The Audit Committee has complied with its legal, regulatory or other responsibilities and has recommended the Integrated Report to the Board for approval.

The Audit Committee meets at least twice a year, preferably prior to the Board's approval of the interim results and after the annual external audit has been completed prior to the Board's approval of the Annual Financial Statements. Meetings held during the financial year under review and attendance by Audit Committee members were as follows:

MEMBERS	24/9/2014	15/3/2015
HH Musesler	A	A
EP Shiimi	A	A
P Grüttemeyer	A	A

A - Attended

Appointments to the Audit Committee are made by the Board and take into account a potential candidate's education and/or business experience within the Audit Committee's scope of activities. Members are appointed for a 3-year term, with the initial term for at least one member being two years and for at least one other member being one year.

### Risk Committee

The purpose of the Risk Committee is to assist the Board of Directors in fulfilling its oversight responsibilities with regard to the risks inherent in the Group's business, as well as the control processes with respect to such risks; the assessment and review of credit, market, fiduciary, liquidity, reputational, operational, fraud, strategic, technology, data-security and business-continuity risks; and the monitoring of the Group's overall risk profile, including significant risks faced by individual companies within the Group and by the Group as a whole.

Membership comprises people in the following roles:

- Executive Chairperson;
- Chief Executive Officer (Chairperson of the Risk Committee);
- Group Financial Director;
- Group Human Capital Director;
- Group Risk Manager;
- Chairpersons of OpCos' risk committees; and
- Company Secretary.

In appointing members to the Risk Committee, a potential candidate's education and/or business experience within the committee's scope of activities are taken into account. The Risk Committee is a subcommittee of the

Audit Committee and gives feedback at Audit Committee meetings.

Whilst the membership of the Risk Committee would normally comprise Non-executive Directors, in its current form the membership is made up of the persons as listed above. The Audit Committee achieves oversight of the Risk Committee through the Chairmanship being fulfilled by the CEO (also a member of the Audit Committee) and the optional attendance of H Müsseler, the Chairman of the Audit Committee, who is an independent non-executive Director and of the internal auditors Ernst & Young. The Risk Committee met twice in the last financial year.

### Remuneration Committee

The Remuneration Committee consists of two Directors: Mr EP Shiimi and Mr P Grüttemeyer (CEO) and its responsibility is to review the remuneration of the Group's Executive Leadership, as well as performance bonuses and Directors' fees. The remuneration of senior executives is based on their performance within their area of responsibility and is calculated using key indicators of operational and financial performance, among other factors. The Board's remuneration philosophy dictates that rewards to executives are balanced against the

interests of the Group and its shareholders. The Remuneration Committee is also empowered by the Board to set the short- and long-term remuneration of Executive Directors. More generally, the Committee is responsible for the assessment and approval of a broad remuneration strategy for the Group, which is documented in a Remuneration Policy and is at liberty to solicit the assistance of outside consultants with specialised skills and expertise to formulate and maintain an equitable compensation structure. The committee's Terms of Reference are set out in a Remuneration Committee Charter.

There were no Remuneration Committee meetings held during the period under review since the committee is only obliged to meet when it is deemed necessary for it to do so.

The Board appoints the members of the Remuneration Committee, taking into consideration potential candidates' education and/or business experience within the committee's scope of activities. Members are appointed for a 3-year term, with the initial term for at least one member being two years and for at least one other member being one year.

The Remuneration Committee does not recommend disclosure of individual Director's fees. These fees are paid by subsidiaries and not by the holding company.

### Professional Advice

All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring compliance with procedures, as well to applicable statutes and regulations. All Directors also have full and timely access to all information that may be relevant to the proper discharge of their duties and obligations, thus enabling the Board to function effectively.

The Company Secretary ensures that Board charters and various terms of reference are regularly reviewed and complied with and ensures that all minutes are circulated to the relevant Directors. A Board evaluation process has been adopted through the Directors' Governance Policy and is being implemented.

Board nominations are considered through the Remuneration Committee and recommendations on appointments are made to the Board for adoption.

### Conflicts of Interest

Directors are required to inform the Board immediately with respect to actual or potential conflicts of interest they may have in relation to particular aspects of a business. Directors are obliged to recuse themselves from discussions or decisions on matters in which they have a conflict of interest.

During the financial year ended 30 June 2015, none of the Directors had any interest in contracts or arrangements entered into by the Group or its subsidiaries.

### Compliance with Laws, Rules, Codes and Standards

The Board acknowledges the responsibility of ensuring that the Group is compliant with laws, rules, codes and standards. The Board has ensured that an effective Compliance Framework has been established and implemented. This Compliance Framework is designed in such a way that the relevant laws, rules, codes and standards are identified; compliance monitored; and any non-compliance rectified.

The compliance function has been delegated to each OpCos, while the Audit Committee - through the Group's Risk Committee - has an

assurance programme in place to confirm that compliance to laws, rules, codes and standards is applied within the business.

During the reporting period, no fines or sanctions for non-compliance with laws and regulations were initiated against the Group and no legal action for anti-competitive behaviour was instigated.

### Risk Management Practices

The Board is ultimately responsible for managing the Group's risk and setting its risk appetite. The Risk Management System is designed to manage rather than eliminate the risk of failure in order to achieve business objectives. The system includes having ongoing processes in place to identify, assess, manage, monitor and report on the significant risks faced by individual companies in the Group and by the Group as a whole.

A Risk and Opportunity Assessment is conducted on an annual basis at the OpCos to ensure that management remains aware of these issues throughout the Group. The assessment process identifies the critical business, operational, financial and compliance exposures facing the individual operations, as well as the adequacy and effectiveness of control factors at all levels.



Materiality levels are set for each business unit level and vary according to the nature, scope and size of the business concerned. In setting these levels, due consideration is given not only to financial impact but also to the potential threat to the integrity of the business as a going concern, its reputation and the wellbeing of employees and other stakeholders.

Each OpCo in the Group has its own risk committee that identifies major risks from the risk assessments outlined above and ranks these in a risk matrix. The Group has a formal risk management process, which is documented in the Group's Risk Management Policy. The Group risk matrix is compiled from the risk matrices of the individual OpCos.

The risk matrix is used as a tool to assist management in recognising all material risks to which the Group is exposed and ensuring that the required risk management culture, practices, policies, resources and systems are progressively implemented and function effectively. The risk committees of the various OpCos report to the Group's Risk Committee.

The systematic risk assessment process ensures that risks and risk controls are not only adequately identified, evaluated and managed at

the appropriate level in each OpCo but also that their impact on the Group as a whole is taken into consideration.

In the current period under review the Group did not expose itself to any undue, unexpected or unusual risks that caused it to suffer material losses.

The Board of Directors is of the opinion that the risk matrix is an appropriate tool for risk identification and assessment. The matrix is very detailed and specific, and is therefore not disclosed in this Sustainability Report in order to ensure that no confidential information and thus undue advantage is provided to our competitors.

During the reporting period, the Group adopted a centralised risk management structure in order to ensure specialised focus on targeted risk management areas such as enterprise risk, occupational health and safety, environmental management and security. Through this centralised structure, operational risk management across the Group has also been standardised and enhanced.

The Group has entrenched its anti-corruption policies and procedures during the reporting

period through its Annual Declaration Programme, communication of its Code of Ethics and the implementation of a commercial crime audit at all of its OpCos. The Group has also invested in a 24-hour Tip-offs Anonymous hotline, which is available to everyone so that they can report any unethical behaviour by Group employees.

During the reporting period, one minor case of fraudulent action was identified and handed over to Nampol for further investigation, which is in line with the zero tolerance on fraud stance of the Group.

#### **Succession Planning**

The Group benefits from having an extensive pool of people with diverse experience and competence at senior management level. The Board is confident that it is able to identify suitable short- and long-term replacements from within the Group when the need arises.

In taking succession planning to the next level, the Group introduced a Talent on the Move Programme whereby forthcoming vacancies in critical positions are widely published. Employees are encouraged to submit their names for consideration so that their capacities can be developed to fill these positions once

they become available. Two objectives are aimed at here: employees take charge of their own career development and the Company has a database of talented individuals who are ready to move into higher positions.

#### **Governance of Information Technology**

The Board, assisted by the Risk and Audit committees, is responsible for the governance of information technology (IT) of the entire Group. The Board recognises that IT is essential to manage the transactions, information and knowledge necessary to initiate and sustain a company. The Board therefore developed an IT Internal Control Framework, which has been adopted and implemented. The external auditors provide assurance on this IT Internal Control Framework when conducting their annual audit. During 2014 and 2015, this external review did not result in any significant or material findings.

#### **Internal Audit Includes Procedures on IT in its Internal Audit Programme.**

The Board is aware that the Group's IT strategy must be integrated in the Company's strategic and business processes as a matter of priority. Although the Board is ultimately responsible for the IT governance framework, it delegates the responsibility of implementation to management. There is an appointed Chief

Information Officer (CIO) who is responsible for the management of IT; the Board is comfortable that the CIO is suitably qualified and experienced person and that he is primarily appointed to act as a bridge between IT and the business.

The Board is further responsible to monitor and evaluate the investment and expenditures incurred for IT by the Group to ensure that it acquires and uses the appropriate technology, processes and people to support its business and governance requirements in a timely and relevant manner.

IT risks form part of the Group's risk management activities and considerations. The Board recognises that IT legal risk arises from the possession, ownership and operational use of technology that may result in the company becoming a party to legal proceedings. Furthermore, the Group is aware of the need for compliance with applicable laws, rules, codes and standards that are affected by IT and the Board therefore ensures that IT-related laws, rules, codes and standards are considered.

The Board, through various processes, ensures that the information generated and stored by the IT system is kept secure, private, confidential and also available to users in a timely manner and

in a suitable format.

These processes are implemented, documented and maintained on the Process Model. The Process Model includes the following:

- Business continuity;
- Change control;
- Acceptable IT policies and procedures;
- Security policies and procedures; and
- IT security standards.

#### **Dispute Resolution**

The Board recognises the importance of resolving disputes with all stakeholders as effectively, efficiently and expeditiously as possible and it has therefore implemented a Dispute Resolution Methodology. The Directors thus make use of the Labour Act – which has a provision for alternative dispute resolution that is distinct from the Compulsory Dispute Resolution Mechanism channelled through the office of the Labour Commissioner.

## ECONOMIC, SOCIAL & ENVIRONMENTAL SUSTAINABILITY

### RISKS FROM CLIMATE CHANGE

Ohlthaver & List is aware of the very real threat that climate change poses to our operations in the highly arid country of Namibia.

Water scarcity and drought are of particular concern to the Group. As water is one of our most material issues, the rising costs of this scarce resource are predicted to pose a financial challenge to operations – especially the water shortage in Windhoek that is already reaching crisis levels. To address this challenge, the Group is considering a number of options outlined in the Environmental Sustainability section of this Report, including desalination, making use of underground water sources and moving production sites in severely impacted areas to other regions.

Due to Namibia's arid landscape and its legislation against GMO crops being used as feed, the Group already has concerns relating to the cost of feed for our dairy cows and the price of barley as a raw material for some of our processes. Importing these raw materials from overseas markets is a costly endeavour. As a material issue for the Group, the cost of doing business is a risk that could increase greatly with climate change. The company is

attempting to manage this through long-term purchase agreements with fixed pricing and constant supplier performance evaluation, as well as by growing our own animal feed and constantly monitoring the prices and costing for our dairies.

### LOCAL HIRING AND PROCUREMENT

The O&L Group is committed to contributing to communities by, among other things, hiring and procuring locally wherever possible. We therefore give preference to Namibian businesses and small- and medium-scale enterprises; 84% of senior management are Namibian citizens.

During the year under review, local procurement spending constituted 48% of all spending on goods and services, compared to 45% the previous year. The majority of imported commodities comprise barley malt and hops for the brewing industry, as well as packaging material for the brewing and dairy industries.

In July 2014, a strike in the metal industry affected Namibia Breweries Ltd (NBL) as their key supplier, Bevcan, experienced production shortfalls during this period that led to stock-outs and a delay in the supply of beverage cans.

### LOCAL PROCUREMENT SPENDING AS % OF TOTAL SPEND

	2013/14 % LOCAL SPEND	2014/15 % LOCAL SPEND
Namibia Breweries Limited	33%	35%
Namibia Dairies	53%	54%
Model Pick n Pay	80%	80%
Hangana Seafood	89%	88%
O&L Centre	60%	47%
Kraatz Marine	91%	94%
Kraatz Steel	6%	5%
O&L Energy	95%	100%
Weathermen & Co.	85%	89%
<b>Total</b>	<b>45%</b>	<b>48%</b>

In order to manage the risk that limitations to growth pose for our operations, the Group sells goods and services at competitive market prices, exports certain products and services due to limited domestic market opportunities and supports local communities and suppliers in order to encourage local growth. We have also diversified our Group Portfolio in order to maximise our potential for growth.

## SOCIAL SUSTAINABILITY

### HUMAN CAPITAL

#### Employment and Equity

WORKFORCE PROFILE AS AT 30 JUNE 2015

JOB CATEGORY	RACIALLY DISADVANTAGED		RACIALLY ADVANTAGED		PERSONS WITH DIABILITIES		NON-NAMIBIANS		TOTAL	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
	Executive Directors	3	1	12	1	0	0	2	0	17
Senior Management	24	10	54	16	0	0	18	3	96	29
Middle Management	208	139	107	50	0	0	14	3	329	192
Specialised/skilled/senior supervisory	328	309	21	11	2	0	3	0	355	320
Skilled	418	185	1	2	1	0	1	2	421	189
Semi-skilled	1133	1037	0	1	6	1	0	0	1139	1040
Unskilled	294	374	0	0	1	0	1	0	296	374
Total permanent	2408	2055	195	81	10	1	39	8	2653	2146
Fix Terms/Temporary	441	315	8	2	0	0	0	1	451	318
<b>Total</b>	<b>2849</b>	<b>2370</b>	<b>203</b>	<b>83</b>	<b>10</b>	<b>1</b>	<b>39</b>	<b>9</b>	<b>3104</b>	<b>2464</b>

The O&L Group of Companies subscribes to the principle of equal opportunities for all and gives preference to Namibian citizens when filling vacant positions across the Group. Furthermore, the Group strongly supports the Affirmative Action (Employment) Act, 1998 (No. 29 of 1998) and files the required Affirmative Action report with the Office of the Employment Equity Commission on an annual basis.

The above table indicates that as at 30 June 2015 85.8 % of senior management are Namibian citizens and hired from within the country.

The table below depicts the spread of employees across the Group. It shows the number of employees from the lowest (1) to highest (9) Job Grades.

#### LEVEL IN EMPLOYEE HIERARCHY AND GRADE

#### RACIALLY DISADVANTAGED

Job Category	2014		Variance		2015	
	Men	Women	Men	Women	Men	Women
Executive Directors (Grade 9)	3	1	0	0	3	1
Senior Management (Grades 8A - 8C)	24	10	0	0	24	10
Middle Management (Grades 7A - 7C)	184	115	24	24	208	139
Specialised/skilled/senior supervisory (Grades 6A - 6B)	294	258	34	51	328	309
Skilled (Grade 5)	393	149	25	36	418	185
Semi-skilled (Grades 2 - 4)	1048	899	85	138	1133	1037
Unskilled (Grade 1)	298	365	-4	9	294	374
<b>Total permanent</b>	<b>2244</b>	<b>1797</b>	<b>164</b>	<b>258</b>	<b>2408</b>	<b>2055</b>
Fix Terms/Temporary	467	317	-26	-2	441	315
<b>Total</b>	<b>2711</b>	<b>2114</b>	<b>138</b>	<b>256</b>	<b>2849</b>	<b>2370</b>

The Group recorded an increase of formerly disadvantaged women. Of this, 138 employees were appointed or promoted to semi-skilled level, 51 to Specialised/Skilled/Senior Supervisory and 36 to skilled job categories. The Group increased the number of formerly disadvantaged employees by 394, for the period in review. 32 racially disadvantaged employees left the employment of the Group of which 4

were permanent at unskilled level and 28 were temporary employees.

The reduction in employees in the abovementioned category is as a result of reduction of temporary employees because of either projects that has been completed or due to affluxion of time in their contracts of employment.

The O&L Group aims to create a feasible and flexible strategy that addresses work-related employment barriers and the expectations of employees in the designated groups, namely racially disadvantaged, women and persons with disabilities. At the same time, the Group recognizes the shortage of skills in Namibia as well as the ambitions and aspirations of current and future non-designated employees.



In implementing its Affirmative Action Plan, the Group does not intend to unfairly discriminate against any employee who does not belong to a designated group as defined in the Affirmative Action (Employment) Act. The Group's Affirmative Action Plan ensures that equity is achieved within the organization in line with the plans.

The Talent on the Move Program that was recently launched by the Group aims to address succession management for key positions in order to accelerate the development of employees who show potential in their specific lines of work and who are willing to avail themselves for development.

The Group recognizes that, for some specialized roles, competent designated incumbents may only be available in the long term, but we nonetheless undertake to ensure that there will be a learning path to achieve this goal.

In accordance with the Affirmative Action (Employment) Act, should the need arise the Group will facilitate the mentoring and development of every Namibian employed with a non-Namibian as an understudy. The understudy employees are also part of the Talent on the Move Program.

#### Remuneration

The Group's remuneration policy makes provision for benefits:

- Pension (Employee 7% & Employer 11%): Grade 1-9,
- Medical Aid (50% Company Contr.): Grade 1-9 voluntarily,
- Transport Allowance: Grade 1 - 7A,
- Funeral Scheme: Grade 1 - 9,
- Acting Allowance Grade 1 - 7B,
- Car Allowance, Housing Allowance: Packaged employees,
- Incentive Bonus: Grade 6A - 9,
- Annual Bonus 13th cheque: Grades 1 - 5,
- Annual bonus based on performance: Grade 6 - 9,
- Purchases Discount: Grade 1 - 9.

Temporary employees qualify for a subsidized transport allowance, 13th cheque, productivity bonus, funeral scheme, vitality HIV/AIDS cover and purchases discounts at our retail subsidiary.

A minimum wage is difficult to benchmark in the absence of national minimum wage. The Group operates in diverse sectors and in the absence of a national minimum wage it is difficult to do a meaningful comparison at national level. At sector level, however, the O&L remuneration philosophy is to position wages

at market midpoint and the Group is confident that its average minimum remuneration is in excess of sector benchmarks.

#### Employee Relations

51.2% employees below supervisory and management employees are covered by collective bargaining agreements.

Retrenchments, transfers and organizational changes are done in accordance with contracts of employment. Minimum is one month notice.

All employees are subject to the Health and Safety Policy of the company as this is a legal requirement and is not negotiable.

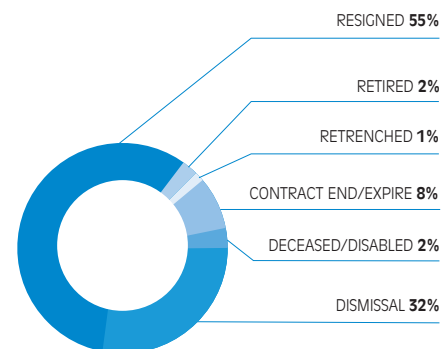
There have been no incidents of discrimination, no infringement in freedom of association and collective bargaining, no child or forced labour during the reporting period. Grievances were filed by employees at Midgard Country Estate and Mokuti Etosha Lodge concerning management style and the introduction of an employee handbook that regulates rules for staff accommodation. The grievances were addressed through various meetings and amicably resolved. No operations were subject to human rights reviews or impact assessments.

### Employee Turnover

O&L measures and monitors employee turnover on a quarterly basis. In addition, we conduct exit interviews with all employees who leave the Group. The objective of exit interviews is to understand employees' reasons for leaving and, if possible, implement remedial measures where necessary to reduce loss of further personnel. A total of 755 employees exited the group during the reporting period. The table below indicates the various employee turnover categories.

The total employee turnover rate for the Group amounts to 15.9% of staff (17.7% during the previous financial year), 10.2% less than the previous year, based on permanent employees as at financial year end. This is internally regarded as a reasonable turnover rate given the fact that it covers various categories of job termination apart from resignations, which accounted for 55% of the staff turnover. Reasons given for resignation were mostly related to employees taking up a better job offer or leaving to further their career or studies.

EMPLOYEE TURNOVER 2014/15



### TRAINING

#### Leadership and People Development

O&L World, an internal leadership development intervention, continues to grow in success and its current focus is on:

- Introduction of course attendants to Breakthrough Thinking methodology which equip delegates with the tools to realize the power of thinking. This assists to unleash potential and inspire creativity and innovation, leading to achieving stretched business targets.
- Course delegates are further equipped with skills and tools on what it means to take a Stand, also how to implement the Stand.
- Realization of the internal unlimited potential each one of us has.
- Introduction to the O&L Purpose, Vision metrics, Values and Breakthrough Leadership Model.
- Introduction to O&L Breakthrough Plan 2019.
- Introduction to the Group Portfolio profile and Heritage.
- Course attendants are further taught good listening and networking techniques (Being There for someone).
- Understanding how their roles are connected to the greater O&L Purpose and Breakthrough Plan 2019.
- Introduction to the concept of Files (subjective

evaluation of other people and situations, sometimes leading to wrong conclusions).

- Managing corridor talks and grapevines in organizations thus eliminating obstacles in focusing employees and achieving optimum business results.

A total of 422 employees attended the 8 O&L World sessions during the year under review.

The Breakthrough Management Skills (BMS) programme which is aimed at consolidating the leadership and management skills of existing managers has seen another 72 successful employees through its programme. The BMS programme's main focus is on breakthrough leadership competencies, strategy execution and emotional intelligence.

The Leadership Foundation Programme (LFP) is aimed at introducing supervisors and junior managers to the basic skills of leadership and focusses on role clarification, time management and self-improvement opportunities. The LFP has seen another 106 employees complete the programme.

The return on investment (ROI) planning projects of the BMS and LFP, which assist employees to implement their newly-acquired skills in a form

of a project, play a crucial part in these two programmes and continuous improvement monitoring and evaluation have been developed to track and quantify the results better.

#### 'We Grow People' Umbrella Development Initiatives

Hangana Seafood continues to invest in its people skills through various means, including its Adult Literacy Programme and various job attachments.

During the financial year under review 50 employees, of whom 40 were women, enrolled in the Adult Literacy Programme. This programme has driven improved levels of literacy among Hangana's low-skilled employees.

Furthermore, the Quality and Engineering departments at Hangana Seafood continued to offer job attachments to students from tertiary education institutions, with the aim of enhancing their practical skills, experience and exposure to the world of work. The Quality Department has given 3 job attachments to students who specialised in microbiology, biochemistry and metallurgical assaying, while the Engineering Department has entered into an agreement with the Namibian Institute of

Mining and Technology (NIMT) to host student job attachments. The Engineering Department has offered 7 job attachment opportunities to students in various fields including millwrighting, bricklaying, plumbing, water care (desalination plant), fitting and refrigeration. 2 out of the 7 students have been offered permanent employment upon completion of their job attachments.

Lastly, Hangana has introduced a programme known as Total Productive Manufacturing Management - (TPM) - through which supervisors and employees will undergo intensive training aimed at eliminating waste and improving efficiencies and productivity. This initiative is based on four key pillars: teamwork, visual management (performance measurement & visual display), 5S (system to establish basic discipline and order in the workplace to create an environment that is an essential foundation for other best practices to prosper and for people to be really effective) and focused improvement.

Kraatz Marine has launched a Learn to Weld programme, through which 6 students have already been taught the basics of welding over a 3-month period. The training takes place once a week and the objective is to equip members

of the Namibian youth with a new skill that they can use to either enter the job market, earn a better living, or possibly start their own small businesses. 3 intakes are scheduled per financial year.

Kraatz Marine and the Polytechnic of Namibia signed a Memorandum of Agreement and will provide 2 Polytechnic students per year with an opportunity to understand the real-life challenges of their chosen profession in the industry – the necessary technical as well as workplace skills – in order that they will be job ready at the completion of their studies.

The Namibia Institute of Mining and Technology (NIMT) collaboration is also proving to be successful and another 14 students from NIMT have taken up their job attachments for a period of 6 months for level 1 & 2 intakes and 12 months for level 3 intakes. Kraatz Marine therefore currently supports 14-16 students throughout a single financial year.

Namibia Breweries Ltd financed the following talent-development support during the financial year under review: 6 study loans, which supported employees' further education (certificate up to MBA level); 1 academic internal bursary to study for a Bachelor's Degree in

Brewing and Beverage Technology at the TUM School of Life Sciences Weihenstephan, Germany; 3 NIMT academic bursaries in Fitting & Turning, Instrumentation and Electrical (general); and 18 NIMT job attachments in various technical disciplines.

O&L Leisure gave internship opportunities to 8 students from the Okakarara Vocational Training Centre who were placed at Midgard Country Estate, Mokuti Etosha Lodge and the O&L Leisure Head Office (where they were exposed to the hospitality industry through working in all the different departments). As from July 2015, another 6 interns from the Okakarara Vocational Training Centre and 1 intern from Germany joined O&L Leisure for a 6-month internship programme at Midgard Country Estate and Mokuti Etosha Lodge.

As part of Model Pick n Pay's initiative to grow competent future leaders, the Division has been implementing an intensive training programme for its trainee managers. The 11 trainee managers have all completed their 9 months theoretical training with the Polytechnic of Namibia and are still undergoing intensive practical training at various stores that will prepare them for their different managerial positions. This first intake is set to complete their

programme before the end of August 2015. In addition to this, Model Pick 'n Pay continues to provide practical experience for students studying at different catering schools across the country with a view to employing them in the different service areas on completion of their courses. Pick n Pay recently also finalised designing a training programme for its store supervisors.

#### Generic Training Interventions

During the year under review, 1 934 employees attended various generic training interventions. The most attended beside the regularly scheduled O&L World, BMS, LFP, O&L group induction and DRINKiQ events, were the generic training such as: SAP IT system training, effective communication, performance management, disciplinary hearings, disciplinary hearing the role of the initiator and chairperson and managing personal finances.

A total of 39 510 training hours were recorded during the reporting period (an average of more than 7 hours per employee) while a total of N\$12,423,646 was spent on the generic training interventions during this time.

#### TOTAL SPENT ON GENERIC TRAINING, 2014 - 2015

OPERATION	2015 (N\$)	2014 (N\$)
Hangana Seafood	1 134 152	492 405
Kraatz Marine	740 725	422 418
Kraatz Steel	390	0
Model Pick n Pay	1 279 212	905 708
Namibia Breweries	5 170 959	3 834 328
Namibia Dairies	877 804	157 157
O&L Centre	2 338 882	2 046 175
O&L Leisure	706 821	557 781
Properties	174 700	235 993
<b>Total</b>	<b>12 423 646</b>	<b>8 651 965</b>

#### EMPLOYEE ENGAGEMENT

Launched in 2004, the main objective of the Mwenyopaleka Programme is to instil the Group's Purpose, Values, Vision and Mission (as well as the associated behaviours) in the heart and mind of each employee in the Group. Over the past few years, the Mwenyopaleka Programme has allowed the Group to promote and communicate these objectives to a large number of its employees. In 2015 the Mwenyopaleka road shows were hosted for the 11th time in six towns countrywide and approximately 4,201 employees attended '#Mwenyopaleka15', a digital world theme,

which gave them more insight into our refreshed Vision 2019 Metrics.

The Employee Engagement Initiative, which was introduced in 2013 as part of our Vision 2019 communication strategy, continues to empower our people by developing their personal connection to our Vision, Purpose and Values; leveraging the corporate brand by building a sense of belonging and ambassadorship in employees; and creating a breakthrough environment for all O&L staff members.

The Employee Engagement Initiative is a principal means by which we facilitate our connection with employees and its activities include: communication and leadership development; utilising electronic newsletters; the Touch 5 000 Campaign (an initiative whereby leadership engages all 5000 group employees) O&L Values posters; regular engagement sessions with all employees; road shows; the Value Star Recognition Programme, SMS communication; internal publications which go out to all employees to acknowledge the role that their achievements and contributions play towards the Group becoming 'The most progressive and inspiring company' by 2019.

### OCCUPATIONAL HEALTH AND SAFETY

During the period under review, the Group conducted an in-house audit in respect of the implementation of its Group Risk Control Standards. These standards are based on international best practices in the occupational health and safety field. Since its introduction in 2009, implementation of the Group Risk Control Standards has had a very positive impact in terms of the management of occupational health and safety, including compliance with relevant legal requirements, the investigation of incidents and the response to corrective

actions. During the annual audit, the O&L Group achieved an average compliance rate of 90% against the Group Risk Control Standards for the third successive year.

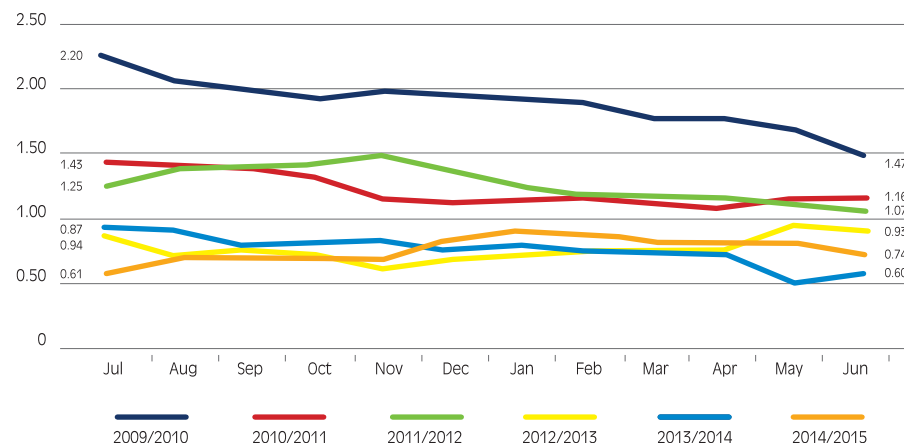
The Group launched Project Occupational Health & Safety during the 2013 reporting period. The aim of the project is to ensure that a world-class Occupational Health and Safety system is implemented across the O&L Group. During this project, focus was placed on legal compliance with the Labour Act and relevant occupational health and safety regulations; health and safety awareness among staff; incident reporting and

investigation; and implementation of corrective actions to ensure that similar incidents do not reoccur. Due to the success achieved across the Group through Project Occupational Health & Safety, the programme was entrenched during the reporting period thereby ensuring that 100% of our staff has representation through the various occupational health and safety committees established in the various Group subsidiaries. An improved incident-reporting process was also introduced.

The Group is proud to report that in its efforts to create and maintain a safe work environment, the Group's Disabling Injury Frequency Rate (DIFR, or lost-time injuries per 200,000 hours worked) has stabilised below the target DIFR rate of 1.0 over the past three reporting years, although the DIFR increased slightly from 0.6 to 0.74 over this reporting year, mainly due to improved incident reporting. The DIFR is made up of 57 disabling/loss time injuries (injuries where the injured party missed the shift after the incident due to the injury).

Notwithstanding the success that the Group achieved in lowering the DIFR since 2009, the Group remains committed to maintaining the focus on occupational health and safety during the 2016 financial year.

DISABLING INJURY FREQUENCY RATE 2009 - 2015



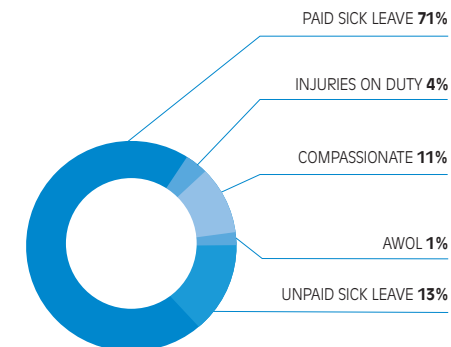
### EMPLOYEE WELLNESS PROGRAMME

The Employee Wellness Programme originated with the vision of sustaining and enhancing employee wellbeing. The programme aims to improve employee and workplace effectiveness through the identification, prevention and resolution of personal and productivity issues – thus enhancing employees' positive work experience by creating a great workplace culture where people who are healthy and happy can experience job satisfaction.

#### Absenteeism

The analysis of absenteeism data during the year under review shows an absenteeism rate of 1.84% compared to 1.95% in 2014. This shows a decrease of 5.6% and it is still below our 2% target absenteeism rate. The Employee Wellness Programme continues to support various ill-health prevention and intervention activities such as health education and awareness; psycho-social support services (i.e., case management and referrals) and training. These activities all aim at addressing employee health and wellbeing issues with the purpose of reducing employee absenteeism.

PERSONNEL ABSENTEEISM 2014/15



### CORPORATE SOCIAL INVESTMENT

#### Creating a Future, Enhancing Life

The Ohlthaver & List Group embraces its obligations as a responsible corporate citizen and therefore the Group's Corporate Social Responsibility (CSR) Strategy supports our Group Purpose – 'Creating a Future, Enhancing Life' – in improving and uplifting the lives of the people in the Namibian communities in which it operates.

We support initiatives that are sustainable, enhance the lives of community members, conserve our natural resources and engage

our employees – while simultaneously building our corporate reputation and enhancing relationships with our stakeholders. The O&L culture embraces diversity across our businesses and beyond and has thus enabled us to establish excellent long-term relationships with our Corporate Social Investment (CSI) partners and other stakeholders in areas of particular relevance to our industries, as well as in areas of national importance, thereby ensuring that we support the upliftment of all members of Namibian society.

During the period under review, a total of almost N\$3 million was spent on CSI, excluding indirect costs such as the CSI function's, man hours, travelling and accommodation etc.

O&L gives support to community enhancement initiatives including:

#### Education and youth development

Literacy is essential to eradicate poverty in developing countries and to support sustainable development. Without literacy skills – the ability to read, to write, to solve problems and to access and use technology – generations of Namibians will struggle to engage fully with the world around them and will fail to reach their full potential as parents/guardians, community members and future leaders of our country. O&L believes that education builds a prosperous nation and that our government should not be responsible for this development on its own but that this is better achieved through collective efforts and wide ownership.

- O&L has developed an Adult Basic Education Development (ABED) training programme to give our employees the opportunity to improve their literacy skills. The Adult Education Division offers support in both theory and practice to increase functional literacy levels across the Company.
- For the past three years, O&L has supported the Back 2 School and Stay@ School campaign of the Office of the Prime Minister, an initiative that aims to enhance education and the living conditions of marginalised San, Ovaherero and

Ovatjimba communities through a socio-economic programme providing educational materials, basic necessities and improved sanitation.

- The O&L-sponsored Let's Read initiative supports a library in order to enhance the reading skills of learners at Adam Steve Combined School, situated in the town of Koës in the //Karas Region.
- Through our collective efforts within the Group, O&L supported a school and clinic construction project at Etunda Farm in the Otavi District that will improve education and healthcare within the community.
- As the youth are the foundation of a better future, our various OpCos have been engaged for many years in enhancing the lives of orphaned and vulnerable children (OVCs) through investment and support to various children's homes. For the past 11 years, O&L has hosted a memorable, fun-filled Christmas Day event for OVCs in Khomas Region (Windhoek) and for the past 6 years it has hosted a similar event in the Erongo Region (Walvis Bay). The children are treated to face painting, jumping castles, slip 'n slides, a giant cake and a special appearance by Santa, who delivers a special gift to each child. These gifts are sponsored by the O&L employees who decorate gift boxes filled with basic necessities, stationery and some

luxury items and who also give their time in spending the day with the children.

#### Health

During the year under review, O&L supported initiatives that advance the health of fellow citizens, such as those relating to cancer awareness, prevention and treatment and combating the spread of HIV/AIDS, all major public health issues that affect a significant number of Namibians. Besides these initiatives aimed at enhancing the lives of Namibians generally, the Group also looks after the wellbeing of its own employees by investing in wellness initiatives benefiting 5,570 employees across the Group.

While all our OpCos participate in the above O&L-led CSI initiatives, the following list summarises key initiatives led by various individual OpCos within the O&L Group.

#### BROLL AND LIST PROPERTY MANAGEMENT NAMIBIA (BROLL)

- BROLL provides office space to the Hifikepunye Pohamba Foundation, a charity founded by the former President of the Republic of Namibia to advance the education of marginalised children.
- During the year under review, BROLL

supported joint Group initiatives such as the O&L OVCs' Christmas Party, the Shoe Box project to benefit orphans and vulnerable children and the Palmwag Anti-poaching Trust, which seeks to address the national issue of rhino poaching in Namibia.

#### DIMENSION DATA

- During the year under review, Dimension Data once again launched its Exponential Training (XT) programme, through which six candidates were selected to complete the 24-month development course. The programme provides students with the opportunity to be trained within the Microsoft or Cisco framework, while giving them exposure to a world-class working environment. The Dimension Data XT programme develops young talented Namibians and provides them with job opportunities to improve their prospects for the future.
- Dimension Data commemorated World Food Day, which is celebrated each year in October. This is a joint effort of the company and its employees and this year the Children's Life Change Centre – which cares for close to 53 OVCs – benefited from a donation of healthy food items and some voluntary support from our staff.
- Dimension Data encourages its employees to take part in social upliftment initiatives by

making one paid leave day in each calendar year available to its employees to assist a charity organisation or good cause of their choice.

#### HANGANA SEAFOOD

- Hangana continued to support JJ's Care Centre, an Edu-Therapy Day Care facility for children with physical and mental challenges and those with learning difficulties through donations of warm, hand-made winter blankets and food items – including a regular supply of Hangana fish products.
- Hangana continues to make a difference in Erongo Region communities: it donated fish to various social welfare organisations such as the Celes Hope Kindergarten, Walvis Bay Kids Haven Children's Home and Tutaleni Kindergarten and Primary School, to mention but a few.
- Hangana once again took the lead in organising the annual O&L OVC Christmas Party at the coast while also supporting various other social causes such as the Walvis Bay Mayoral Relief Fund and the Cancer Association of Namibia (CAN), as well as the Save the Rhino Trust Fund.

#### KRAATZ MARINE/STEEL

- During the year under review, Kraatz invested more than N\$500,000 in the procurement of a welding simulator and other equipment

to provide young Namibians with welding education and skills development. Kraatz launched the Learn to Weld programme whereby six students were enrolled to learn the basics of welding, both theory and practical, while also receiving life-skills training. This programme provides young people with new skills so that they can improve their own lives while making a positive contribution within their communities and by so doing contribute to poverty alleviation in our country.

- Kraatz once again made a N\$20,000 donation towards the Workers Empowerment Fund. This fund has been in existence for a number of years and is managed by a committee consisting of Kraatz employees guided by our Group purpose: 'Creating a future, enhancing life'. Each year the committee members make a difference in their community by giving support to a good cause; this year the fund supported the Kuisebmond Old Age Home to bring relief to the elderly men and women living there.
- Kraatz also supported the Coastal Raiders hockey team with the purchase of two hockey goal posts. This initiative aims to create a platform for the youth to participate in the game of indoor hockey and in doing so to enhance their physical and mental wellbeing while also developing self-discipline and encouraging team work.



#### MODEL PICK N PAY (A DIVISION OF WUM PROPERTIES LIMITED)

- Pick n Pay continues to support local entrepreneurs in growing their businesses. This is achieved through assistance with meeting our stringent listing requirements, ongoing mentorship, coaching and preferential procurement of locally-grown products.
- During the year under review, Pick n Pay and Natural Value Foods started to grow spinach, cabbage, barley and oats at Otavifontein farm. Through this joint venture, we support our Group Vision Metric of creating additional job opportunities and sustainable business development while also complementing the efforts of government as outlined in Vision 2030 and the Growth At Home strategy.
- Pick n Pay demonstrated its commitment to the wellbeing of the communities in which it operates by supporting various children's homes and schools, such as the SOS Children's Village, Huis Maerua and Dagbreek School to name but a few.
- With Pick n Pay's support, Madam Pohamba, the First Lady at the time, launched Project SaniCare to assist young girls with the basics of personal hygiene (particularly sanitary care) to ensure that this is no longer a barrier to school attendance.

#### NAMIBIA BREWERIES LIMITED (NBL)

##### **Local procurement**

- Like the rest of the O&L Group, NBL is committed to hiring and procuring locally wherever possible; therefore, as all O&L OpCos do, NBL gives preference to local businesses and small- and medium-scale enterprises. NBL has, however, taken the further initiative of seeking to establish a local barley industry and commenced with its first field trials in 2010. As it has now been determined that barley can be grown in Namibia, NBL and its stakeholders are taking the next steps towards the establishment of large-scale barley production in Namibia. This will enable NBL to procure barley locally through establishing an entirely new industry in Namibia; in so doing NBL will further support socio-economic development locally.

##### **Caring for our community**

###### Health:

- A public-private partnership between NBL, the Ministry of Health and Social Services and GIZ launched a pilot project in March 2014 to assess the impact such a collaboration would have in supporting Namibia's fight against the spread of HIV/AIDS. The year-long Condom Distribution Pilot Project proved to be extremely successful and facilitated the delivery of 1,337 million SMILE condoms (primarily in

Ohangwena Region) through NBL's distribution network. Applying the John Stover measure, it is estimated that approximately 2,700 new HIV infections were prevented as a result of this initiative in the reporting year. Following the success of the Condom Distribution Pilot Project, a staggered roll-out will ensure the project is extended to other regions of Namibia so as to broaden its impact.

- For the past five years, NBL has supported the Mister Sister Mobile Health Service initiative - a mobile clinic service administered by PharmAccess and sponsored by the Heineken Africa Foundation. Mister Sister has significantly enhanced access to primary healthcare services and health education in rural and remote populations in the Khomas, Omaheke and Otjozondjupa regions. The Mister Sister initiative also conducted numerous education sessions with patients and drove awareness through direct engagement and SMS messages covering topics such as maternal child and infant care, family planning, diabetes, high blood pressure and hygiene, to mention only a few.
- NBL's long-standing support to the Cancer Association of Namibia (CAN) is another example of our commitment to enhancing the health of Namibians. Cancer is a major public health disease, one that affects a significant number of Namibians. This is why NBL supports the Dr AB

May Oncology Clinic in the treatment of cancer patients, as well as the Cancer Association of Namibia's awareness-raising programme to promote early detection and treatment.

- Through its Vigo brand, NBL supports the Blood Transfusion Service of Namibia with their campaigns that aim to ensure that an adequate amount of donated blood is available for operations, cancer patients, accident victims, etc. while NBL also continued to support the Nampharm Foundation Trust in assisting Namibian children needing facial reconstructive surgery.

###### Education:

- NBL continued with their support to the School of the Visually Impaired, the School of the Hearing Impaired; as well as Windhoek's Mõreson School for the intellectually impaired and Die Lebensschule (Rehoboth), a school for children and teenagers with mental and learning challenges.

###### Promoting responsible drinking:

- At NBL we believe that efforts to reduce the misuse of alcohol are most effective when all stakeholders, inclusive of government, the community and the industry, work together in addressing common goals - which is why we have fostered numerous partnerships in

our quest to reduce alcohol-related harm and promote only the responsible use of alcoholic beverages. In addition to establishing an industry-wide commitment to responsible trade and alcohol-harm reduction among all players, NBL has also continued to make significant investments in alcohol harm-reduction programmes of its own.

- During the year under review and in 'Taking responsibility' to the next level, NBL launched the Stay Cool, Enjoy Responsibility campaign to instil a sense of responsibility amongst consumers of alcohol by appealing for moderation and consideration around their roles - be it as a leader, role model, parent, caretaker/guardian and/or employee - while enjoying the benefits that are derived from a society in which people act responsibly. Thus while our campaign was born out of a need to address alcohol-related harm, it also incorporated numerous other social issues raised by our stakeholders.
- The DRINKiQ training programme was again a key driver in engaging employees of the O&L Group and external stakeholders on the issue of responsible drinking. During the period under review, more than 800 individuals attended the DRINKiQ programme during which they were familiarised with the facts about alcohol consumption and participated in extensive dialogue in order to equip them with appropriate

skills as ambassadors for responsible drinking. To date, more than 2,500 individuals - including opinion leaders, decision-makers, community elders, members of law enforcement agencies and social workers - have attended the DRINKiQ programme.

- In addressing drinking and driving, which is considered to be one of a number of contributors to road fatalities, we continuously seek ways to address road safety through collaboration with our strategic partners - the Namibian Police (Nampol), the Motor Vehicle Accident Fund (MVA Fund), the National Road Safety Council (NRSC), the Roads Authority (RA) and other stakeholders such as the West Coast Safety Initiative and the Private Sector Road Safety Forum - to raise awareness, increase law enforcement and enhance compliance to the rule of the road. These efforts were also complemented by our Stay Cool, Enjoy Responsibility campaign and the DRINKiQ programme, which also address drink-driving.
- Having been instrumental in the establishment of the Self-regulating Alcohol Industry Forum (SAIF) in 2007, NBL prides itself with the impact SAIF has had over the years in ensuring voluntary compliance by all major liquor industry players to world-class standards in self-regulation and in leading targeted interventions that address alcohol-related harm.

The Alcohol Traders Programme (ATP) was yet again one of the SAIF highlights during the year under review as it provided basic business skills and responsible server training to approximately 320 shebeen owners. Another SAIF highlight was the Underage Drinking Programme, hosted in partnership with Physically Active Youth (PAY), which commenced in June 2014 and engaged youths from disadvantaged communities on the dangers of underage drinking while introducing them to healthy alternative recreational activities and equipping them with various life skills. Interviews with the beneficiaries confirmed that through this intervention there had been a marked change in attitude and behaviour and a concomitant development of a stronger ability to resist social pressures.

#### NAMIBIA DAIRIES

- During the year under review, Namibia Dairies supported Die Lebensschule in Rehoboth, an institution that enhances the education and health of children with physical and mental challenges, by giving them special hand-made blankets for winter as well as healthy Namibia Dairies products.
- Namibia Dairies continued to support schools and homes for OVCs – such as Stampriet Primary School, Nabisib Primary School in

Maltahöhe, Baby Haven and Dr Zephania Kameeta Pre-Primary and Day-Care Centre, by sponsoring our healthy Nammmilk Fresh Farm dairy products (Oshikandela, Omaere, long-life/UHT milk, Oshitaka and buttermilk) that are a good source of calcium.

#### O&L LEISURE

- O&L Leisure supported the SOS Children's Village with a weekend retreat at Midgard Country Estate.

#### WEATHERMEN & CO.

- Despite being a business still in its infancy, Weathermen & Co. embraced the O&L philosophy of continuously seeking new and innovative ways of adding value in a manner that benefits the business, our people, our country and the African continent generally. We therefore support the TEDxWindhoek workshop and networks, which bring people together to 'think big' by sharing breakthrough ideas for a thriving future.



## ENVIRONMENTAL SUSTAINABILITY

We as a Group believe that environmental stewardship is something which goes beyond environmental policies and a commitment to sustainable environmental practices. We believe that it is important to protect the environment in which we operate and to look after the natural resources of our beautiful country for the generations to come. We therefore embrace a multi-stakeholder approach in promoting sustainable environmental practices in and beyond our business. In order to raise awareness on water sustainability, the annual O&L Environmental Week focused on water awareness during a campaign, whereby our employees, being a stakeholder group, were encouraged to implement water saving practices in their personal environment. This campaign was further entrenched through the O&L Value: 'Naturally today for tomorrow'.

The Group has embarked on a journey to implement a formalised Environmental Management System based on the requirements of ISO 14001. The Environmental Policy and system documentation have been completed and partially implemented to date

### Environmental precaution

The O&L Group is takes a precautionary approach when assessing possible risks that a project may cause significant and irreversible damage to the environment. In cases where risks are identified, measures are taken to avoid the risk and, if a feasible alternative is

not available, to actively mitigate the risks so as to reduce them to an acceptable level. Where the O&L Group is involved in a project, the aim is to avoid, where possible, or at least minimise any negative environmental impact arising from the project.

### RAW MATERIAL PROCESSED

		2012/13	2013/14	2014/15
Malted Barley for Brewing	tons	34 375	30 662	31 023
Fish landed	tons	13 665	12 615	10 003
Fish Processed	tons	13 666	13 409	11 176
Milk Intake own production ex !Aimab	litres ('1000)	15 736	15 555	15 137
Milk Intake - Local producers	litres ('1000)	8 911	7 833	8 925
Milk Powder converted	tons	153	405	678
Concentrates/pulps converted	tons	986	1 064	1 269

(The Group's packaging material scope is extremely diverse and complex and the exact usage has not been determined)

### Energy and Water Consumption

Electricity, fuel and water are key requirements in the O&L Group's production and conversion processes. The O&L Group has taken note of electricity supply shortages in the country and appropriate mitigation actions have been taken to address the possibility of load shedding. These include the installation of adequate standby generating capacity, the use of solar energy, the replacing of less energy efficient lighting, the introducing of more energy efficient refrigeration systems, the improvement and optimisation of production processes as well as engaging with relevant stakeholders on load shedding policies and plans to minimise the impact of any interruption in supplies of electricity.

Water supplies in the central and coastal regions of Namibia have dropped to critically low levels as a result of the ongoing drought. The O&L Group has assessed the impact of these water shortages in especially the central region where the beer and soft drink and milk/juice businesses operate, culminating in actions being undertaken to mitigate the problem. One of the possible mitigation actions includes the consideration of relocating the businesses to other more water secure regions, as well as directly accessing underground water sources.

Namibia Breweries Ltd has also implemented process waste water reuse initiatives. Additionally the O&L Group has set water consumption saving targets of 10%.

The coastal desalination plant at the O&L Group's fishing operations already provides 50% of water requirements with the remainder obtained from municipal sources.

### WATER, FUEL AND ELECTRICITY CONSUMPTION

	UOM	2012-13	2013-14	2014-15
Electricity	kWh	64 527 269	63 129 842	61 683 576
HFO for heating	litre	5 113 925	4 154 172	4 135 132
Fuel for fish meal furnaces	litre	500 596	537 108	448 704
Fuel for fishing vessels	litre	9 412 881	7 258 958	4 795 058
Fuel for secondary transport and other applications	litre	1 610 230	1 677 406	1 705 605
Water -municipal (potable)	m3	1 766 717	1 513 568	1 476 836
Water desalinated	m3	4 192	103 029	97 740
Water for agronomy	m3	4 135 000	4 169 126	3 664 238
Water from boreholes (estimated)	m3	80 000	90 000	100 000

### Energy and Water intensity and efficiencies

Energy and water efficiencies have improved significantly in some operations over the reporting period, mostly due to increased volumes in some sectors, energy and water saving initiatives and process optimisation. Electricity efficiency in the fishing and beer and soft drink sectors has decreased as a result of decreased production volumes. The O&L Group is confident that efficiencies are well within industry benchmarks and in most cases exceed these benchmarks.

Some selected energy and water efficiencies are reflected in the following table:

#### WATER, FUEL AND ELECTRICITY CONSUMPTION

	2012-13	2013-14	2014-15	
<b>Hangana Seafood</b>				
Fishing vessels fuel efficiency	l/ton landed	689	575	479
Electricity efficiency	kWh/ton processed	902	946	1033
Water Utilisation	m3/ton processed	17.6	16.3	17.2
<b>Namibia Breweries</b>				
Electricity efficiency	kWh/hl packaged	8.30	8.96	9.24
Water utilisation	hl/hl packaged	4.53	4.91	4.76
Heating efficiency	MJ/hl packaged	68.6	65.2	64.9
<b>Namibia Dairies (production facility)</b>				
Electricity utilisation	kWh/litre product produced	0.092	0.078	0.072
Water utilisation	l/l product produced	3.49	2.90	2.77
Heating efficiency	l HFO/l product produced	0.015	0.017	0.016
<b>O&amp;L Leisure</b>				
Electricity efficiency	kWh/guest night	43.2	36.2	32.3
<b>Model Pick n Pay</b>				
Electricity efficiency	kWh/product sold	0.203	0.193	0.183

Some major key energy and water savings projects completed or initiated during the reporting period include:

- Installation of energy saving lights at:
  - Model Pick n Pay Stores (7 stores)
  - Hangana Seafood
  - Namibia Breweries Limited
  - Broll Namibia: Wernhil and Alexander Forbes House parking areas
  - O&L Centre
  - Namibia Dairies Avis Plant and Prosperita distribution Centre
  - Kraatz Marine
- The installation of a biomass (wood chips) boiler at Namibia Breweries Limited to be commissioned by the end of the next financial year (it is envisaged this will result in the carbon footprint being reduced by approximately 5 000 tons of CO<sub>2</sub>e units per annum).
- The installation of a biogas plant at !Aimab Superfarm
- Internal awareness campaigns
- Process optimisation and improvements
- Annual environmental week focusing on water saving

#### Carbon Footprint

The O&L Group is cognisant of the impact its activities have on the environment and, in particular, how these activities contribute to climate change. As per the O&L Group Vision Metrics, a carbon footprint reduction target of 20% by 2019 has been set.

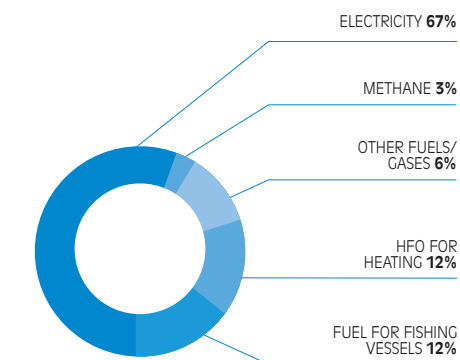
The O&L Group's carbon footprint is predominated by electricity consumption in its manufacturing and retail operations, heavy furnace oil (HFO) used in generating heat in the beer and soft drink and milk/juice sectors and fuel consumption in the fishing sector.

The O&L Group's carbon footprint has decreased by a significant 15.2% when compared to the 2012/13 base year, as a result of a decrease in fuel and electricity consumption in the fishing sector (due to reduced fishing quotas and significant improvements in catch rates) and a reduction in HFO for the beer and soft drinks sector (due to lower volumes). There have also been significant improvements in efficiencies in other operations.

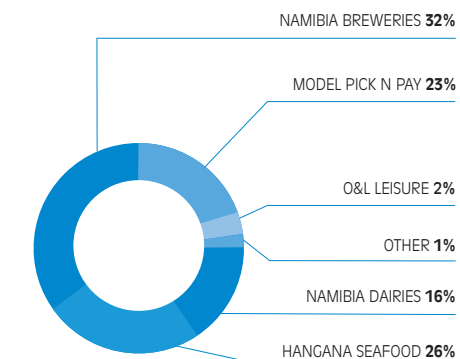
The table below reflects the carbon footprint (Scope 1 and 2 elements of the Greenhouse Gas Protocol) of the O&L Group (tons CO<sub>2</sub>e Units):

CARBON FOOTPRINT CONTRIBUTORS (tons CO <sub>2</sub> e)	2012-13	2013-14	2014-15
Electricity	64 527	63 130	61 684
Fuel for fishing vessels	21 791	16 491	10 930
HFO for heating	13 637	11 078	11 027
Methane	2 942	2 910	2 849
Other fuels/gases	5 147	5 455	5 178
<b>Total</b>	<b>108 045</b>	<b>99 063</b>	<b>91 668</b>

#### CARBON FOOTPRINT CONTRIBUTORS 2014/15



#### SEGMENT CONTRIBUTION TO CARBON FOOTPRINT 2014/15





### Waste Management and Recycling Programmes

The O&L Group's ongoing drive to instil a culture of recycling and environmental consciousness at the workplace now results in that the majority of solid waste at all major business is recycled.

Reputable waste management contractors have been appointed to handle solid waste, which comprises of mostly packaging materials in the beer and soft drink and milk/juice and fishing sectors. Most of the solid waste, such as glass, cans, cartons and plastics, are collected for recycling purposes. Exact volumes of solid waste generated and recycled are not readily available.

Efforts have also been made to utilise organic waste. For example, spent grain at NBL is used as cattle fodder at the !Aimab Superfarm and organic dairy waste is utilised as pig fodder. At Hangana Seafood, fish offal is processed into fishmeal.

Effluent charges in the Windhoek area have increased almost threefold during the year under review after the implementation of a new waste water treatment plant by the local authority. Effluent charges are based on 60-

Scope 3 (indirect) elements of the Greenhouse Gas Protocol have not been established by the O&L Group, but it is presumed that this is dominated by fuel used in the primary distribution (an outsourced function) of raw materials, packaging materials and final products consumed. The impact of Ozone depleting gases and NOx and SOx has not been determined.

85% of municipal supplied water volumes and do not take into account the effluent pre-treatment activities undertaken at Namibia Breweries Limited's main processing plant in order to improve the quality of the water prior to discharge.

During the period under review, one minor environmental spill was reported. Significant contributions are also made by the O&L Group towards national clean-up and environmental awareness campaigns.

### Caring for our environment

During the year under review the O&L Group supported the Annual Ondangwa Town Council Clean-up Campaign which aims to educate local residents on waste minimization and sustainable environmental practices.

The O&L Group, through its operating companies supported various efforts and organisations aimed at preserving our natural resources. These included the Palmweg Anti-poaching Trust, The Save the Rhino Trust Fund and Next Generation Rhino Conservation Trust to combat Rhino poaching, which has become a major concern in Namibia.

For the second consecutive year, the O&L Group joined the rest of the world in celebrating

World Environment Day in June through a major awareness campaign within and beyond the operating companies. This year the main theme was water conservation, in line with our own sustainability agenda, as well as in support of the water authorities' efforts to conserve water, a critically scarce resource in Namibia.

### Namibia Breweries Limited

NBL embraces its responsibility towards the environment in- and beyond- their operations. As such, in addition to continuously innovating and investing into new technologies and practices to reduce their environmental impact, NBL also supports numerous campaigns to create public awareness of good environmental practices. This has seen NBL sponsoring numerous community awareness and clean-up campaigns such as Project Shine which has for the last 8 years successfully engaged the Erongo community by empowering and educating learners and community groups which earn revenue through their voluntary clean-up work.

NBL's depots in the northern region of Namibia continued to assist partners such as Namibia Wildlife Resorts with transportation of recyclables such as paper, glass, plastic and tins from Okaukuejo and Namutoni rest camps to Windhoek for processing.

NBL championed the establishment of the Recycle Namibia Forum (RNF) in 2009. The Vision of the RNF is to "make Namibia the country in Africa that achieves the highest success in promoting the 3R's of Reducing, Reusing and Recycling". The RNF encourages numerous corporates and NGO's to work together to achieve this audacious Vision. Under the chairmanship of NBL, the RNF has continued to lead various successful initiatives, such as the 2014/2015 Schools Recycling Competition that supported the RNF's Vision and saw the collection of 183 tons of recyclables by schools participating in this environmental initiative.

## ASSURANCE STATEMENT

### *The Board, management and other stakeholders of Ohlthaver & List:*

Sustainability Consulting was commissioned by Ohlthaver & List (hereafter O&L) to provide Independent Third Party Assurance over the company's 2015 Integrated Annual Report, covering the period 1 July 2014 to 30 June 2015. This assurance engagement was undertaken by Alistair Schorn, the Managing Director of Sustainability Consulting. Mr. Schorn has completed the Certified Sustainability Assurance Practitioner (CSAP) course and possesses close to ten years of experience in the measurement of corporate financial and environmental, social and governance (ESG) performance, including extensive experience in the field of integrated and sustainability reporting.

### **Assurance Standard**

The assurance engagement was conducted according to a non-aligned assurance model, meaning that it was not conducted in strict accordance with any particular assurance standard. At the same time, however, the report was assured against the principles of Inclusivity, Materiality and Responsiveness, which are the guiding principles of the AccountAbility AA1000S (2008) assurance standard.

The assurance engagement was conducted with due consideration of the inherent limitations related to the collection, collation, sampling and analysis of various types of non-financial data included in the O&L Integrated Annual Report.

### **Independence**

During the past year, Sustainability Consulting has not provided O&L with any form of advisory services, or undertaken any commissions for the company, that might in any way compromise the independence of the assurance process. Sustainability Consulting has also not been responsible for the preparation of any part of the report in question. As such, Sustainability Consulting remains an independent assurer over the content and processes pertaining to this report.

### **Assurance objectives and responsibilities**

The primary objectives of the assurance process and the responsibilities of Sustainability Consulting in this regard, are to provide O&L's stakeholders with an independent 'moderate level assurance' opinion on whether:

- the sustainability content of the O&L report adheres to the principles of Inclusivity, Materiality and Responsiveness;
- specific data reported by O&L related to selected key sustainability indicators meets

reasonable tests for accuracy, consistency, completeness and reliability;

- the report complies with the requirements of the Global Reporting Initiative (GRI) G4 "Core" Level Reporting standard.

In the execution of this assurance assignment, it was the responsibility of O&L to provide Sustainability Consulting with appropriate levels of access to relevant information, systems, sites and individuals, required to fulfil these objectives.

### **Assurance approach and limitations**

The process applied in developing this assurance statement is based on the AA1000AS (2008) principles of Inclusivity, Materiality and Responsiveness, the GRI G4 Reporting Standard and all other relevant best practices in the field of sustainability reporting and assurance. In this regard, Sustainability Consulting's approach to the assurance engagement included the following:

- A review of sustainability measurement and reporting procedures in place at the O&L Head Office, in order to determine the context and content of sustainability management by the company;
- A review of the processes applied by the company in the determination of material

issues (hereafter referred to as Material Aspects, in accordance with the GRI G4 reporting standard) and the identification of key stakeholder groups;

- A review of the approaches adopted by the company to management of these Material Aspects and engagement with key stakeholders;
- An in-depth review of the accuracy, consistency, completeness and reliability of sample drawn from the information and/or data collected, collated and reported on by O&L in its 2015 Integrated Annual Report, at the company's Head Office and from selected sites of Namibian Breweries and Namibia Dairy, for the following indicators:

#### **Governance processes**

- Risk Management
- Regulatory Compliance

#### **Human Capital**

- Employee Turnover
- Leadership and People Development
- Occupational Health & Safety

#### **Environmental Indicators**

- Energy and Water Consumption
- Energy and Water Intensity and Efficiencies

#### **Procurement**

- Supply Chain Framework

### **Corporate Social Investment**

- Promotion of responsible alcohol consumption
- Education, training and skills development-related initiatives
- A confirmation that the report effectively addresses all indicators required to conform to the GRI G4 standard for a "Core" Level report.

The assurance process was limited to the disclosures made in the O&L Integrated Annual Report for 2015 and to reviewing the relevant policies and procedures related to the indicators described above. It did not extend to engagement with any stakeholders other than relevant company employees and management representatives responsible for the indicators under review.

### **Findings**

Overall, the assurance process determined that, in general, O&L's sustainability reporting processes are adequate and furthermore that these processes appear to be considerably more advanced than is the norm amongst many Namibian corporate entities. It was further noted that:

- The company's systems for the data collection, collation and reporting of sustainability data are well-developed and support the effective

management of sustainability-related issues.

- All of the tested site-specific data was found to be reasonably accurate and/or reliable.
- O&L's reporting processes appear to effectively reflect the AA1000AS (2008) principles of Inclusivity, Materiality and Responsiveness.
- The report appears to adequately meet the GRI G4 Reporting Standard for a "Core" Level Report, with adequate responses provided for all Standard Disclosures, as well as for Disclosures on Management Approaches to Material Aspects.

### **Conclusions and recommendations**

Based on the information reviewed during this engagement, Sustainability Consulting is confident that this report provides a comprehensive and balanced account of O&L's management of its identified Material Aspects and key stakeholder groups, as well as its financial and ESG-related sustainability performance, for the period under review.

The data reviewed is generated by a systematic process and accurately represents the company's ability to manage and report on all aspects of its sustainability performance, while conforming to the AA1000AS (2008) principles of Inclusivity, Materiality and Responsiveness.

Furthermore, in spite of the fact that 2015 represents the first instance of O&L reporting according to the GRI G4 Reporting Standard, the report appears to comply with all requirements for G4 "Core" Level Report.

At the same time, the following areas have been identified as requiring further consideration or actions:

- The opportunity exists for O&L to enhance its level of disclosure regarding its management approaches to Material Aspects, particularly with regard to the reporting boundary for these Aspects, in terms of whether this boundary lies within or externally to the company.
- Furthermore, it appears that some opportunity exists for improved disclosure in the area of stakeholder engagement, in terms of the issues raised by stakeholders and the actions taken by the company to address these, as well as in terms of the effective linkage of stakeholder groups with the company's Material Aspects.

- In terms of future activities related to assurance of O&L's sustainability reporting activities, it is recommended that the company considers undertaking such assurance activities in line with accepted reporting standards such as the AA1000AS or the ISAE3000 Accounting Standard.

For additional information regarding the processes and documentation related to this assurance engagement, please e-mail [alistair@sustainabilityconsulting.co.za](mailto:alistair@sustainabilityconsulting.co.za)



**Alistair Schorn**

Johannesburg  
17 August 2015



O&L's new Strand Hotel, Swakopmund

## GROUP VALUE ADDED STATEMENT

	2015 N\$'000	2014 N\$'000
<b>WEALTH CREATED</b>		
<b>Value added by operating activities</b>		
Revenue	5 306 276	4 928 643
Paid to suppliers for materials and services	(2 838 313)	(2 723 003)
	2 475 608	2 205 640
<b>Value added by investing activities</b>		
Interest income	26 932	16 809
Fair value gains on investment property	169 044	158 835
Income/(loss) from equity accounted investments	(121 863)	(116 489)
	74 113	59 155
<b>Total Wealth Created</b>	<b>2 542 075</b>	<b>2 264 795</b>
<b>WEALTH DISTRIBUTED</b>		
<b>To Pay Employees</b>		
Salaries, wages, medical and other benefits	815 233	711 723
<b>To Pay Providers of Capital</b>		
Finance costs	147 801	144 249
<b>To Pay Government</b>		
Income tax	134 822	90 508
Additional amounts collected on behalf of central and local government	1 794 026	674 627
	928 848	765 135
<b>To be retained in the business for expansion and future wealth creation:</b>		
<b>Value reinvested</b>		
Depreciation, amortisation and impairments	205 595	187 966
Deferred tax	33 726	79 461
	239 321	267 427

	2015 N\$'000	2014 N\$'000
<b>Value retained</b>		
Profit for the year attributable to owners of the parent	229 881	231 438
Non-controlling interest	180 991	144 823
	410 872	376 261
<b>Total Wealth Distributed</b>	<b>2 542 075</b>	<b>2 264 795</b>
	2015 N\$'000	2014 N\$'000
1. Additional amounts collected on behalf of central and local government		
Quota levies	4 625	5 226
Rates and taxes paid on properties	10 445	9 140
Customs and excise duties	605 367	557 749
Net Value Added Tax paid	71 561	10 051
Pay-as-you-earn tax (PAYE) deducted from remuneration paid	89 976	77 349
Non-resident shareholders' tax (NRST) deducted from dividends paid	5 791	4 826
Withholding tax on services	6 261	10 286
	794 026	674 627



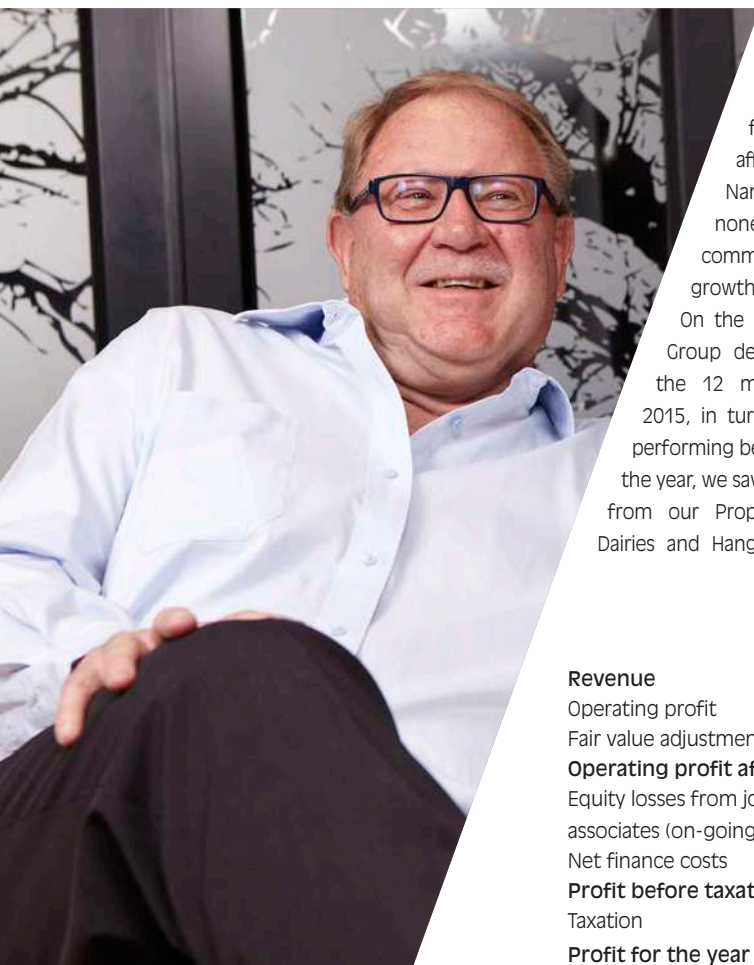
## SEVEN YEAR REVIEW

	2015 N\$'000	2014 N\$'000	2013 N\$'000	2012 N\$'000	2011 N\$'000	2010 N\$'000	2009 N\$'000
<b>Consolidated Statements of Comprehensive Income</b>							
Revenue	5 306 276	4 928 643	4 585 661	4 133 899	3 546 975	3 356 004	3 119 358
Operating profit after fair value adjustments and gain on biological assets and agricultural produce	820 789	790 159	788 234	628 523	594 523	360 749	332 423
Finance costs	(147 801)	(144 249)	(142 985)	(134 087)	(103 062)	(89 957)	(82 255)
Share-based payment expense	-	-	-	-	-	(54 949)	-
Equity losses from joint ventures and associates (on-going operations)	(120 501)	(116 489)	(107 085)	(90 515)	(69 549)	(88 046)	(38 967)
Equity losses from joint ventures and associates (deferred tax asset write down)	-	-	(188 089)	-	-	-	-
Income from investments	26 932	16 809	21 609	24 829	23 889	21 687	23 315
Profit before taxation	579 419	546 230	371 684	428 750	445 801	149 484	234 516
Taxation	(168 547)	(169 969)	(139 844)	(131 754)	(104 305)	(88 199)	(93 563)
Profit for the year	410 872	376 261	231 840	296 996	341 496	61 285	140 953
Other comprehensive income for the year, net of tax	8 632	151 169	59 583	134 262	128 967	34 849	23 226
Total comprehensive income for the year	419 504	527 430	291 423	431 258	470 463	96 134	164 179
Profit (loss) attributable to:							
Owners of the parent	229 881	231 438	180 969	144 383	192 554	(50 858)	30 874
Non-controlling interests	180 991	144 823	50 871	152 613	148 942	112 143	110 079
Total comprehensive income attributable to:							
Owners of the parent	238 246	345 209	238 640	274 191	288 249	(17 461)	53 853
Non-controlling interests	181 258	182 221	52 783	157 067	182 214	113 595	110 326
	419 504	527 430	291 423	431 258	470 463	96 134	164 179

**Consolidated Statements of Financial Position**

	2015 N\$'000	2014 N\$'000	2013 N\$'000	2012 N\$'000	2011 N\$'000	2010 N\$'000	2007 N\$'000
Property, plant and equipment	2 927 207	2 696 792	2 305 890	2 215 497	1 925 782	1 676 672	1 534 137
Investment property	1 589 504	1 429 946	1 310 316	1 109 364	980 758	376 877	230 144
Intangible assets	25 108	21 973	23 687	17 587	17 563	16 345	11 721
Deferred taxation	15 364	21 940	38 965	37 201	50 270	61 015	64 670
Non-current investments	76 331	13 511	22 265	29 364	26 928	3 968	16 257
Non-current derivative financial instruments	-	-	-	-	-	-	-
Non-current biological assets	37 646	33 998	33 952	33 276	30 955	34 467	32 021
Non-current trade and other receivables	43 804	47 263	47 416	42 377	45 068	28 424	27 292
Non-current related parties	2 590	1 008	-	100 605	106 352	159 519	34 521
Current assets	1 341 657	1 166 259	1 226 587	1 095 102	937 363	903 807	990 998
Non-current assets classified as held for sale	4 500	6 375	17 479	23 934	5 796	4 529	4 505
Work in progress-Land and building under development and construction	76 761	-	-	-	-	-	-
Total assets	6 140 472	5 439 065	5 026 557	4 704 307	4 126 835	3 265 623	2 946 266
Equity attributable to owners of the parent	2 276 310	2 029 247	1 683 570	1 444 949	1 183 477	801 586	764 070
Non-controlling interests	886 737	806 271	715 908	746 314	655 256	541 201	493 478
Deferred taxation	417 065	385 732	294 562	252 747	236 695	299 032	280 069
Non-current interest-bearing borrowings	1 209 798	1 012 978	1 003 983	1 306 622	1 073 684	669 860	423 245
Deferred income	7 928	4 900	-	-	-	135	18 076
Non-current provisions	43 790	43 280	41 584	37 397	32 052	31 703	30 963
Non-current trade and other payables	4 784	3 362	3 449	2 825	2 495	2 110	-
Non-current related parties	28 273	10 636	12 506	14 149	9 139	-	43 789
Current liabilities	1 265 787	1 142 659	1 270 995	896 749	932 879	919 996	892 576
Total equity and liabilities	6 140 472	5 439 065	5 026 557	4 704 307	4 126 835	3 265 623	2 946 266

## FINANCIAL REVIEW



On the back of drought conditions and a weak global demand for mineral resources affecting exports, the Namibian economy has nonetheless achieved a commendable estimated growth of 4.5% during 2014. On the back of this growth the Group delivered solid results for the 12 months ended 30 June 2015, in turn with some businesses performing better than others. During the year, we saw excellent performances from our Property portfolio, Namibia Dairies and Hangana Seafood as well as

<b>Revenue</b>
Operating profit
Fair value adjustments
<b>Operating profit after fair value adjustments</b>
Equity losses from joint ventures and associates (on-going operations)
Net finance costs
<b>Profit before taxation</b>
Taxation
<b>Profit for the year</b>

solid performance from Namibia Breweries, especially when comparing to the prior year's performance.

The information below should be read in conjunction with the annual financial statements for the year ended 30 June 2015, as set out on the accompanying USB Flash drive.

### GROUP OPERATING PERFORMANCE

#### Salient features

The salient features for the year under review are as follows:

% Increase	2015 N\$ '000	2014 N\$ '000
<b>7.7%</b>	<b>5 306 276</b>	<b>4 928 643</b>
3.2%	651 745	631 315
6.4%	169 044	158 844
<b>3.9%</b>	<b>820 789</b>	<b>790 159</b>
3.4%	(120 501)	(116 489)
-5.2%	(120 869)	(127 440)
<b>6.1%</b>	<b>579 419</b>	<b>546 230</b>
-0.8%	(168 547)	(169 969)
<b>9.2%</b>	<b>410 872</b>	<b>376 261</b>

### REVENUE

Group revenue increased by 7.7% compared with the previous year. This is mainly attributable to revenue growth for the retail segment (12.0%), fresh produce segment (including Namibia Dairies) (17.6%) and the properties segment (9.8%). Fishing offset these gains with a decline in revenue (-12.1%), mainly attributable to lower sales when compared to the previous year.

### OPERATING PROFIT AND FAIR VALUE ADJUSTMENTS

Operating profit increased by 3.2% compared to prior year and fair value adjustments increased by 6.4% compared to the prior year.

Growth in revenues and operating profit was mainly supported by the property, fishing, fresh produce and beer and soft drinks business segments. The strong growth in these segments offset the impact from the reduced profitability from our other segments, which includes our Leisure portfolio. The Leisure portfolio has achieved considerable improvement in its revenues but has simultaneously incurred material pre-opening expenses for the two new exciting establishments being constructed, namely Swakopmund Strand Hotel and Chobe Water Villas.

Retail delivered a mixed performance during the year under review, contributing N\$21 million to operating profit in 2015, compared with N\$44 million for 2014. Revenues grew by 12% in 2015 compared to the prior year and margins remain on target, however below the line costs related to the revamping of existing stores and the opening of new stores has impacted profits unfavourably in the current year.

The property division contributed N\$108 million (2014: N\$99 million) to operating profit before fair value adjustments during the 2015 financial year. Our flagship property Wernhil Park, continued to deliver strong operational performance on all levels, including trading densities, foot traffic counts and low vacancy levels.

Our fishing division contributed N\$44 million to operating profit in the year under review, whilst down from prior year, the profit is well up on historical performance. The favourable factors, such as the exchange rate were not sufficient to offset the impact of lower export demand and increased pressure on hard currency prices compared to prior year.

The fresh produce segment encompasses Namibia Dairies and Windhoek Schlachtereij. Revenues grew by N\$90 million to N\$588

million, an increase of 18% for the year under review. With the increase in revenues and sales volumes, this segment has delivered a solid operating profit of N\$48 million versus N\$25 million of the previous year.

The lower growth in revenues of our beer and soft drinks division, is in line with our strategy and expectations. During the previous financial year there was an agreed reduction in volumes to be packaged and supplied to the South African market as the Sedibeng Brewery in South Africa was to incrementally increase volumes. The full impact of this agreed volume reduction has not yet materialised, but should materialise in the future. Revenues grew by N\$116 million to N\$2 429 million and operating profit increased by N\$54 million to N\$505 million during the year under review, a commendable achievement in light of the above.

Kraatz Marine delivered revenues and operating margins that were materially similar to the prior year. The slump in the oil industry has had a negative effect on the ship repair side of the business. The industrial side continued to show solid growth. Operating profit was however negatively affected by a single debtor which management has decided to provide for, however full recovery will be pursued.

The Leisure portfolio performed well and saw increased revenues of N\$13 million to N\$60 million compared to the prior year. Operating losses before the impact of pre-opening expenses for the two new establishments being constructed have reduced significantly. Some pre-opening costs for the two new establishments will be carried over into the new financial year and management anticipates that the Leisure portfolio will become profitable in the next two to three years.

#### SHARE OF PROFITS AND LOSSES FROM ASSOCIATE AND JOINT VENTURES

The Group equity accounted a profit of N\$2,8 million (2014: N\$3,4 million) from Dimension Data Namibia, a profit of N\$0,8m from Mobi-Pay and N\$0,5m from Natural Value Foods. The Group also equity accounted a loss of N\$124,6 million (2014: N\$120,3 million) from DHN Drinks (Proprietary) Limited.

#### FINANCE COSTS

The net finance costs of N\$120,9 million for the year under review is slightly lower compared to the prior year of N\$127,4 million.

#### PROFIT BEFORE TAXATION

The Group saw a N\$31,9 million (5,8%) increase in profit before taxation, from N\$546,2 million in the 2014 financial year to N\$578,1 million for the 2015 period.

#### TAXATION

The 2015 financial year's taxation charge amounted to N\$168,5 million (2014: N\$170,0 million), while the effective taxation rate was steady at 29,2% (2014: 31,1%).

#### STATEMENT OF FINANCIAL POSITION

Total assets grew by N\$684,9 million, namely from N\$5 439,1 million in the 2014 financial year to N\$6 124,0 million in the year under review.

Property, plant and equipment increased by N\$230,4 million, up from N\$2 696,8 million in 2014 to N\$2 927,2 million for the current financial year. Capital additions overall amounted to N\$446,5 million for the 2015 financial year (2014: N\$380,2 million), which largely constituted the capital additions in the WUM Group for Swakopmund Strand Hotel (N\$174,7 million) and 77 on Independence (N\$ 76,8 million) and the Namibia Breweries Group

for plant and equipment (N\$115,1 million). The construction of the Strand Hotel is nearing completion and will open to the public before the festive season starts in Swakopmund. Construction on 77 on Independence is progressing according to plan and budget and completion is still anticipated to be on time in the second half of the 2016 calendar year.

Other significant contributors were Model Pick n Pay, which invested N\$62,4 million during the year under review. This included the refurbishment of the Auas Valley, Oshakati and Grootfontein shops, as well as the additional new store that was opened in Mega Center in Windhoek.

The 2015 financial year saw Investment property increase by N\$159,6 million, from N\$1 429,9 million in 2014 to N\$1 589,5 million for the 2015 financial year. The increase is principally a result of fair value gains of N\$156,5 million on the revaluation of investment property and a further investment of N\$2,9 million.

During the second half of the 2015 financial year, the Group acquired a 30% equity stake in Mobicash Payment Solutions (Proprietary) Limited, a provider of mobile payment solutions, for N\$19,3 million. This investment has already

seen positive returns with equity accounted profits of N\$0,8million being recorded.

The related parties net receivable balance decreased by N\$112,0 million from the previous reporting year. The decrease can be mainly ascribed to a decrease of N\$84,2 million from DHN Drinks (Proprietary) Limited, which brought the 2014 total of N\$147,0 million down to N\$ 62,9 million for the 2015 financial year.

The 2015 reporting period total of N\$434,6 million for inventories represents an increase of N\$51,7 million in comparison with the previous financial year. Namibia Breweries inventory increased by N\$17,0 million and Model Pick n Pay's by N\$30,63 million due to higher stocks of consumables and merchandise.

Total Interest-bearing borrowings increased by N\$181,3 million from the 2014 financial year to N\$1 502,9 million in the 2015 reporting period. This increase can mainly be attributed to net financing raised for the construction of the Swakopmund Strand Hotel and 77 on Independence.

#### CASH FLOW

Cash flow from operating activities increased from N\$575,5 million in the 2014 financial year to N\$635,9 million in 2015.

The net cash spent in investing activities increased from N\$450,3 million in the previous reporting period to N\$668,6 million for the year under review. The overall increase is a result of equity injections made into joint ventures while higher acquisitions of property, plant and equipment were made in the year under review.

Cash and cash equivalents amounted to N\$324,7 million for the reporting period (2014: N\$182,4 million).

#### DIVIDENDS

The Company declared a dividend of 102c per share on 25 September 2015 (2014: 68c) in respect of the year ended 30 June 2015.



Günther Hanke  
Group Financial Director

## APPROVAL OF FINANCIAL STATEMENTS

### Responsibility Of Directors

The Directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements of Ohlthaver & List Finance and Trading Corporation Limited and its subsidiaries and related information. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The Group's independent external auditors, Deloitte & Touche, have audited the financial statements and their report appears on page 104 and 105 herein.

The Directors are also responsible for the systems of internal control. These are designed to provide reasonable but not absolute assurance as to the reliability of the financial statements; to adequately safeguard, verify and maintain the accountability of assets; and to prevent and detect material misstatement and loss. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Directors to indicate that any material breakdown in

the functioning of these controls, procedures and systems has occurred during the period under review. The annual financial statements are prepared on a going-concern basis. Nothing has come to the attention of the Directors to indicate that the Company and the Group will not remain a going concern for the foreseeable future.

These financial statements were approved by the Board of Directors on 25 September 2015 and signed on its behalf by:



**Sven Thieme**  
Executive Chairman



**Peter Grüttemeyer**  
Chief Executive Officer



## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders Of Ohlthaver & List Finance and Trading Corporation Limited

We have audited the consolidated and separate financial statements of Ohlthaver & List Finance and Trading Corporation Limited, set out on the accompanying USB and the Directors' Report on page 106, which comprise the statements of financial position as at 30 June 2015, statements of profit or loss and other comprehensive income, statements of changes in equity, statements of cash flows for the year then ended and notes which comprise a summary of significant accounting policies and other explanatory information.

### Directors' Responsibility for the Consolidated and Separate Financial Statements

The company's Directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free

from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion

on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Ohlthaver & List Finance and Trading Corporation Limited as at 30 June 2015 and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Namibia.



### DELOITTE & TOUCHE

Registered Accountants and Auditors  
Chartered Accountants (Namibia)  
Per E Tjipuka  
Partner  
Windhoek, 25 September 2015

Deloitte Building, Maerua Mall Complex  
PO Box 47  
Jan Jonker Road  
Windhoek, Namibia  
ICAN practice number: 9407  
Regional Executives: LL Bam (Chief Executive), A Swiegers (Chief Operating Officer), GM Pinnock.  
Resident Partners: E Tjipuka (Managing Partner), RH McDonald, H de Bruin, J Cronjé, A Akayombokwa, A Matenda.  
Director: G Brand

## REPORT OF THE DIRECTORS

### Nature of Business

The Group is engaged in diversified business activities. Details of the Group's activities are set out on the inside cover of this report.

### Financial Results

The consolidated profit attributable to owners of the parent for the year ended 30 June 2015 was N\$228,5 million (2014: N231,4 million). The results of the Company and the Group are fully set out on the accompanying USB Flash Drive.

### Dividends

An ordinary dividend of 102c per share was declared in respect of the year under review (2014: 68c per share).

### Capital Expenditure

Capital expenditure on property, plant and equipment during the year amounted to N\$446,5 million (2014: N\$380,3 million), of which N\$ 432,0 million (2014: N\$348,0 million) was in respect of plant, equipment and operating assets and N\$ 14,5 million (2014: N\$32,3 million) for land and buildings. Capital expenditure on investment property of N\$ 2,9 million (2014: N\$4,4 million) was incurred during the year under review.

### Share Capital

There were no changes in the Company's authorised or issued share capital during the year under review. Full details of the Company's authorised and issued share capital at 30 June 2015 are set out in Note 19 to the financial statements.

### Directorate And Secretary

The names of the Directors, as well as the name and the address of the Company's Secretary, appear on 18.

### Holding Company

The Company's immediate holding company is Ohlthaver & List Holdings (Proprietary) Limited. List Trust Company (Proprietary) Limited is the holding company of Ohlthaver & List Holdings (Proprietary) Limited, while The Werner List Trust is the majority shareholder of List Trust Company (Proprietary) Limited.

### Subsidiaries

Details of the Company's investment in subsidiaries are set out in Note 6 of the annual financial statements.

### Going Concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### Subsequent Events

No adjusting events have occurred between the reporting date and the date of this report which are material in their effect on the affairs of the Group.

## GROUP REFERENCE INFORMATION

### OHLTHAVER & LIST CENTRE

PO Box 16, Windhoek  
Tel: 061 - 207 5111  
Fax: 061 - 234 021  
www.ohlthaverlist.com

### NAMIBIA BREWERIES LIMITED

PO Box 206, Windhoek  
Tel: 061 - 320 4999  
Fax: 061 - 263 327  
www.nambrew.com

### HANGANA SEAFOOD

PO Box 26, Walvis Bay  
Tel: 064 - 218 400  
Fax: 064 - 218 480  
www.hangana.com

### NAMIBIA DAIRIES

P/Bag 11321, Windhoek  
Tel: 061 - 299 4700  
Fax: 061 - 299 4701  
www.ohlthaverlist.com

### MODEL PICK N PAY

PO Box 2200, Windhoek  
Tel: 061 - 296 4500  
Fax: 061 - 296 4550  
www.ohlthaverlist.com

### DIMENSION DATA NAMIBIA

PO Box 16, Windhoek  
Tel: 061 - 373 300  
Fax: 061 - 373 301  
www.dimensiondata.com

### BROLL NAMIBIA

PO Box 2309, Windhoek  
Tel: 061 - 374 500  
Fax: 061 - 237 499  
www.brollnamibia.com.na

### KRAATZ MARINE

PO Box 555, Walvis Bay  
Tel: 064 - 215 800  
Fax: 064 - 206 848  
www.kraatzmarine.com

### KRAATZ STEEL

PO Box 317, Walvis Bay  
Tel: 064 - 207 620  
Fax: 064 - 206 817  
www.ohlthaverlist.com

### EROS AIR

PO Box 16, Windhoek  
Tel: 061 - 207 5111  
Fax: 061 - 234 021  
www.ohlthaverlist.com

### O&L LEISURE

PO Box 2190, Windhoek  
Tel: 061 - 388 400  
Fax: 061 - 234 021  
www.ohlthaverlist.com

### O&L ENERGY

PO Box 16, Windhoek  
Tel: 061 - 207 5111  
Fax: 061 - 234 021  
www.ohlthaverlist.com

### WEATHERMEN & CO

PO Box 16, Windhoek  
Tel: 061 - 429 600  
www.ohlthaverlist.com

### INTEGRATED ANNUAL REPORT 2015 PRODUCTION

Design and layout: Weathermen & Co

Printing and binding: John Meinert Printing

Production and editing: Ohlthaver & List Centre with the assistance of GSA Campbell



## NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the 67th Annual General Meeting of the shareholders of the Company will be held in the Werner List Boardroom, Ohlthaver & List Centre, Windhoek, on Friday, 4 December 2015 at 08h30 for the following purposes:

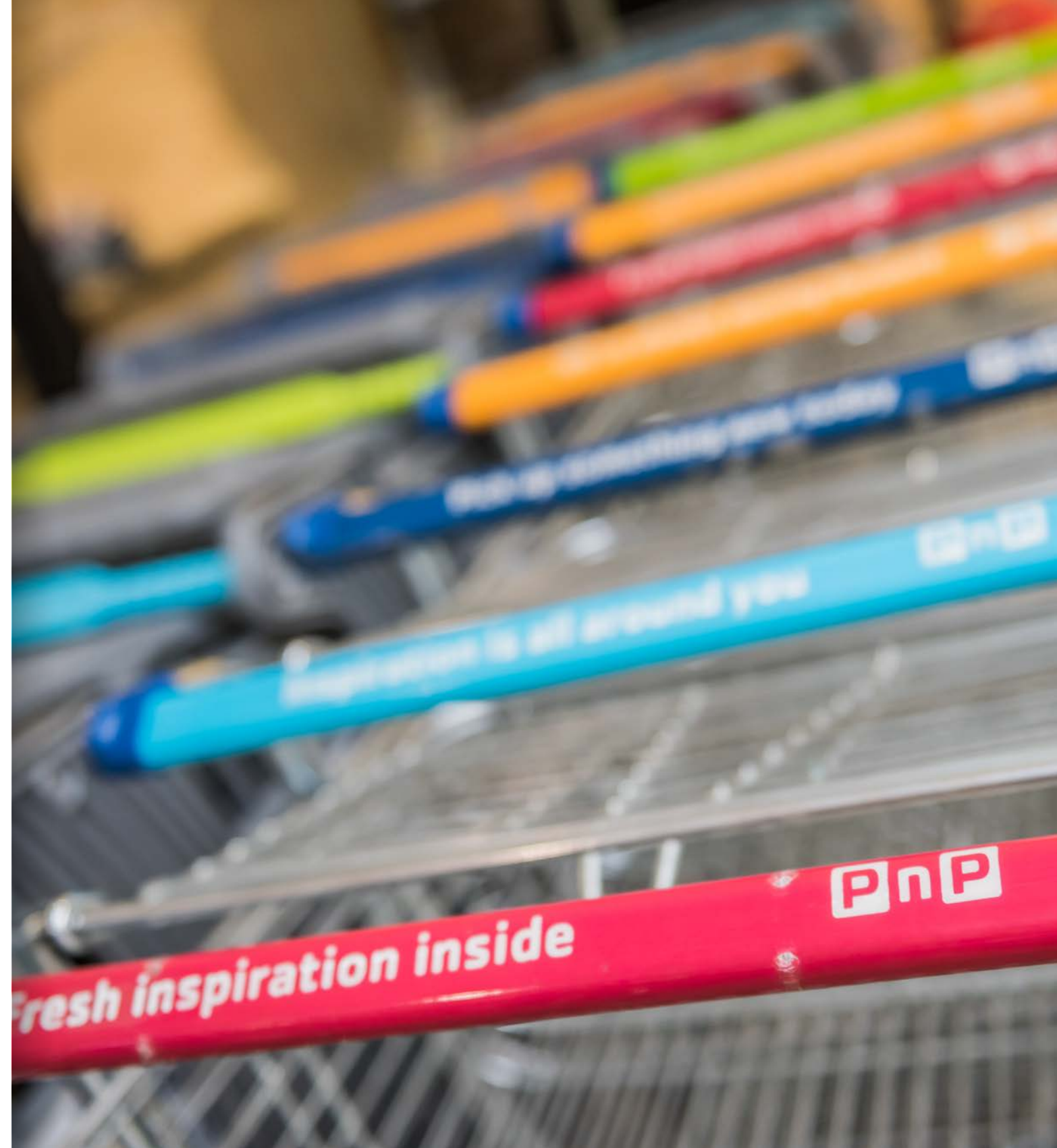
- 1) To receive and consider and, if approved, adopt the Annual Financial Statements and the Report of the Auditors for the year ended 30 June 2015 as submitted, and to confirm all matters and things undertaken and discharged by the Directors on behalf of the Company;
- 2) To elect Directors in the place of Messrs L McLeod-Katjirua, UM Stritter, E Ender, who retire by rotation in accordance with the Company's Articles of Association but, being eligible, offer themselves for re-election;
- 3) To confirm the appointment of Directors since the previous Annual General Meeting;
- 4) To authorise the Directors to determine the auditor's remuneration;
- 5) To place the unissued 6 507 083 ordinary shares of 50c each in the Company under the control of the Directors, who shall be authorised to allot all or any of those shares at their discretion, on such terms and conditions and at such times as they

may deem fit; and

- 6) To transact such other business as may be transacted at an Annual General Meeting.

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his or her stead. A proxy need not also be a member of the Company. In order to be effective, proxy forms should be forwarded to reach the registered office of the Company by no later than 08h30 on Wednesday, 2 December 2015.

By order of the Board  
Ohlthaver & List Centre (Pty) Ltd  
Company Secretary  
Windhoek  
25 September 2015



## PROXY FORM

for the 67th Annual General Meeting of

OHLTHAVER & LIST FINANCE AND TRADING CORPORATION LIMITED  
Registration Number: 331

The Secretary  
Ohlthaver & List Finance and Trading Corporation Limited  
PO Box 16  
Windhoek  
Namibia

I/We .....(name in full)  
of .....

..... (address)  
being a shareholder of ..... (number of shares)  
of the abovementioned Company hereby appoint

.....(name)

or failing him/her .....

..... (name)

or failing him/her .....

..... (name)

or failing him/her, the Chairperson of the meeting as my/our proxy to vote for me/us on my/our behalf at the 67th Annual General Meeting of the Company to be held in the Werner List Boardroom, Ohlthaver & List Centre, 7th floor - South Block, Alexander Forbes House, 23-33 Fidel Castro Street, Windhoek on Friday, 4 December 2015 at 08h30 and at any adjournment thereof, in particular to vote for/against/ abstain from\* the resolutions contained in the notice of the meeting.

I/We desire to vote as follows:	For	Against	Abstain
1. Adoption of the Annual Financial Statements			
2. Re-election of retiring Directors:			
UM Stritter			
E Ender			
L McLeod-Katjirua			
3. Confirmation of Directors' appointments since previous Annual General Meeting			
4. Auditors' remuneration			
5. General authority to the Directors to allot and issue shares			

\* Please indicate your response by inserting an "X" in the appropriate block to either vote "for/against/abstain from". If no indication is given, the proxy may vote as he/she thinks fit.

Signed ..... at .....  
this ..... day of ..... 2015.

Signature(s) of shareholder(s) .....

### Notes to the Proxy

1. A member entitled to attend and vote at the aforementioned meeting is entitled to appoint a proxy (who need not be a member of the Company) to attend, speak and vote on a poll in his/her stead.
2. Shareholders who wish to appoint proxies must lodge their proxy forms at the registered office of the Company by no later than 08h30 on Wednesday, 2 December 2015.
3. In respect of shareholders that are companies, an extract of the relevant resolution of Directors must be attached to the proxy form.





