

Corporate governance



Conducting  
our business  
with integrity

CORPORATE GOVERNANCE

# Corporate governance

## INTRODUCTION

The board of directors conducts the group's business with integrity by applying appropriate corporate governance policies and practices.

Naspers is a multinational media group with operations in 131 countries including Africa, South America, Europe, China, India, south-east Asia and the USA. Its primary listing is on the JSE Limited (JSE). The company is therefore subject to the Listings Requirements of the JSE, the guidelines in the King Code and Report on Corporate Governance for South Africa 2009 (King III), as well as legislation applying to publicly listed companies in South Africa. Naspers also has a secondary listing of its American Depository Shares (ADSs) on the London Stock Exchange (LSE).

Compliance with both the JSE and applicable LSE listings requirements is monitored by the audit and risk committees of the board.

The board's audit, risk, human resources and remuneration and nomination committees fulfil key roles in ensuring good corporate governance. The group uses independent external advisers to monitor regulatory developments, locally and internationally, to enable management to make recommendations to the Naspers board on matters of corporate governance.

## APPLICATION OF AND APPROACH TO KING III

The board, its subcommittees, and the boards and subcommittees of subsidiaries MIH, MultiChoice and Media24 made good progress in embedding the appropriate principles and practices contained in King III. The Naspers board approved revised board and subcommittee charters. The responsibilities of the audit and risk committees were separated and new risk committees formed. Similar changes were approved by the boards of MIH, MultiChoice and Media24. A plan to address aspects of King III was approved and implemented for the in-scope entities for 2011.

A disciplined reporting structure ensures the Naspers board is fully apprised of subsidiary activities, risks and opportunities. All controlled entities in the group are required to subscribe to the relevant principles of King III. Business and governance structures have clear approval frameworks. The process to address the principles of King III has been a top-down and bottom-up approach.

Naspers has an internal control oversight forum comprising the CFOs and risk and internal audit managers of Naspers, MIH, MultiChoice, Media24 and the group company secretary and group general counsel. The forum was tasked to ensure the Naspers group's governance structures and framework and King III implementation plan were rolled out to in-scope entities in the group during the financial year. Progress was monitored by the audit and risk committees and reported to the board.

Set out below is a synopsis of changes to our governance framework during the past year:

### New governance policies introduced

- ▶ Alternative dispute resolution policy
- ▶ Directors' right to take independent professional advice policy
- ▶ Human resources and remuneration committee's orientation policy
- ▶ Investor relations policy
- ▶ IT governance policy
- ▶ Legal compliance policy
- ▶ Nomination committee's orientation policy
- ▶ Risk committee's orientation policy
- ▶ Risk management policy
- ▶ Sustainable development policy

### Governance policies revised

- ▶ Appointment of new directors policy
- ▶ Audit committee's orientation policy
- ▶ Code of ethics and business conduct
- ▶ Communication policy
- ▶ Directors' right to access information/documents policy
- ▶ Group levels of authority
- ▶ Orientation policy for new directors
- ▶ Provision of services by independent auditor
- ▶ Remuneration policy
- ▶ Trading in securities policy
- ▶ Whistle-blower policy

### New charters introduced

- ▶ Risk committee charter

### Charters revised

- ▶ Board charter
- ▶ Human resources and remuneration committee charter
- ▶ Nomination committee charter
- ▶ Audit committee charter

## Corporate governance *(continued)*

The composition of subcommittees of the board and subcommittees of the boards of MIH, MultiChoice and Media24 was reviewed and, where required, amended.

The formalisation of our risk management processes was a major focus. Details of the enterprise-wide risk management framework appear on page 28.

In terms of JSE Listings Requirements reporting against King III applies for financial year-ends from 1 March 2010. In line with the overriding principle in King III of apply or explain, the board, to the best of its knowledge, believes the group has applied or is embedding processes in support of the relevant principles of King III.

King III provides that directors should have a working understanding of the effect of applicable laws, rules, codes and standards on the company and its business. The company does not interpret these provisions to mean the board should have legal expertise in all spheres in which the company operates or be familiar with all laws applicable to the company and its various businesses, nor is it practical to do so, since Naspers operates in 131 countries and in several subsectors of these economies.

However, the Naspers board does ensure adequate structures and systems are in place and populated with people of sufficient

competence for group compliance with the relevant laws. The board further manages corporate governance via its audit and risk committees, which monitor the proper operation of such structures and systems and report to the board.

Due to risk factors most notably the safety of our executives in the emerging markets in which we operate and possible contraventions of local privacy laws, the board has decided to report on the remuneration of executive management of the company, not the group. As such, remuneration of the two executive directors is set out in the remuneration report on page 119. Other company employees perform administrative functions.

The board believes the current non-executive directors' fee structure of a single annual fee is more appropriate for the board and its committees and better reflects member contribution.

### **STATUS: NEW COMPANIES ACT**

The impact of the new South African Companies Act No 71 of 2008 (signed into law on 8 April 2008 and effective 1 May 2011) was a focus over the past year. To comply with this act, shareholders will be asked to appoint the members of the audit committee and consider special resolutions on directors' fees and the

provision of loans and other financial assistance. A new memorandum of incorporation is being drafted and will be brought to shareholders for consideration and approval at the appropriate time. The new act provides transitional arrangements in terms of which Naspers has until 1 May 2013 to adopt a new memorandum of incorporation.

## BUSINESS ETHICS STATEMENT

Naspers is formalising its compliance and ethics management process. The group code of business ethics was revised during the year, and is available on [www.naspers.com](http://www.naspers.com).

This code applies to all directors and employees in the group. Ensuring that group companies adopt appropriate processes and establish supporting policies and procedures is an ongoing process. Management focuses on policies and procedures that address key ethical risks, such as conflicts of interest, accepting inappropriate gifts and acceptable business conduct.

The human resources and remuneration committee is the overall custodian of business ethics. The disciplinary codes and procedures of the various companies are used to ensure compliance with policies and practices that underpin the overall code of business ethics. Unethical business behaviour by senior staff

members is reported to this committee, along with the manner in which the company's disciplinary code was applied.

Naspers is committed to conducting its business on the basis of complying with the law, with integrity and with proper regard for ethical business practices. It expects all directors and employees to comply with these principles and, in particular, to avoid conflicts of interest and to desist from insider trading, illegal anti-competitive activities and bribery and corruption.

Whistle-blowing facilities at most major subsidiaries enable employees to anonymously report unethical business conduct.

## COMPLIANCE FRAMEWORK

Naspers has established a legal compliance programme formalising practices followed for some time. The programme involves preparing and maintaining inventories of material laws and regulations for each business unit, implementing policies and procedures based on these laws and regulations, establishing processes to supervise compliance and mitigate risks, monitoring compliance, implementing effective training and awareness programmes and reporting to the various boards and management on the effectiveness of these efforts.

The compliance programme is managed by the general counsel, André Coetzee, acting as

## Corporate governance *(continued)*

the chief compliance officer, while implementation at each business unit is undertaken by a local compliance officer and compliance committee. Each local compliance committee reports to the chief compliance officer who, in turn, reports to the relevant risk committees.

Litigation in the business units is reported monthly by the respective heads of legal affairs to the general counsel, but material litigation is notified to the general counsel as soon as possible after it arises. The general counsel, in turn, reports regularly on material litigation to the applicable boards and risk and audit committees.

### THE BOARD COMPOSITION

Details of directors at 31 March 2011 are set out on pages 110 to 113.

Naspers has a unitary board, which fulfils oversight and controlling functions.

The board charter sets out the division of responsibilities. The majority of board members are non-executive directors and independent of management, to ensure that no one individual has unfettered powers of decision-making and authority. The roles of chair and chief executive are separate.

Mr Boetie van Zyl acts as lead director in all matters not dealt with by the independent non-executive chair.

At 31 March 2011 the board comprised 11 independent non-executive directors, one non-executive director and two executive directors, as defined under the Listings Requirements of the JSE. Five directors (36%) are from previously disadvantaged groups and three directors (21%) are female. These figures are above the average for JSE-listed companies.

### THE CHAIR

The chair is an independent non-executive director. He guides the board and ensures it is efficient, focused and operates as a unit. The responsibilities of the chair include:

- ▶ Provide overall leadership to the board without limiting the principle of collective responsibility for board decisions, while being aware of individual duties of board members.
- ▶ In conjunction with the chief executive, represent the board in communicating with shareholders, other stakeholders and, indirectly, the general public.
- ▶ Assisted by the board, its subcommittees and the boards and subcommittees of subsidiary companies, ensure the integrity and effectiveness of the governance process.
- ▶ Maintain regular dialogue with the group's chief executive on operational matters and consult with other board members on any matter of concern.

- ▶ In consultation with the company's chief executive and secretary, ensure appropriate content and order of the agendas of board meetings and that members of the board receive documentation promptly.
- ▶ Ensure board members are properly informed on issues arising from board meetings and that relevant information is submitted.
- ▶ Act as facilitator at board meetings to ensure a sound flow of opinions. The chair ensures adequate time is scheduled for discussions, and that these lead to conclusions.
- ▶ Monitor how the board works together and how individual directors interact at meetings. The chair meets with directors annually to evaluate their performance.
- ▶ Preapprove all dealings in Naspers shares by directors of the company and its major subsidiaries (as defined in the JSE Listings Requirements).

## THE CHIEF EXECUTIVE

The chief executive reports to the board and is responsible for the day-to-day business of the group and implementation of policies and strategies approved by the board. Chief executives of the various businesses assist him in this task. Board authority conferred on management is delegated through the chief executive, against approved authority levels.

The functions and responsibilities of the chief executive include:

- ▶ Developing the company's strategy for consideration and approval by the board.
- ▶ Developing and recommending to the board the annual business plan and budget that support the company's long-term strategy.
- ▶ Monitoring and reporting to the board on the performance of the company.
- ▶ Establishing an appropriate organisational structure for the company to execute its strategic planning.
- ▶ Recommending/appointing the executive team and ensuring proper succession planning and performance appraisals.
- ▶ Ensuring the company complies with relevant laws, corporate governance principles, business ethics and appropriate best practice.

## ORIENTATION AND DEVELOPMENT

An induction programme is held for new members of the board and key committees, tailored to the needs of individual appointees. This involves industry and company-specific orientation, such as meetings with senior management to facilitate an understanding of operations. Board members are also exposed to the main markets in which the group operates. The company secretary assists the chair with

## Corporate governance *(continued)*

the induction and orientation of directors, and arranges specific training if required.

The company will continue director development to build on expertise and develop an understanding of the businesses and main markets in which the group operates. During the past year Prof Debra Meyer attended a media course at Harvard.

### CONFLICTS OF INTEREST

Potential conflicts are appropriately managed to ensure candidate and existing directors have no conflicting interests between their obligations to the company and their personal interests. Any interest in contracts with the company must be formally disclosed and documented. Directors must also adhere to a policy on trading securities of the company.

### INDEPENDENT ADVICE

Individual directors may, after consulting with the chair or chief executive, seek independent professional advice, at the expense of the company, on any matter connected with discharging their responsibilities as directors.

### ROLE AND FUNCTION OF THE BOARD

The board has adopted a charter setting out its responsibilities as follows:

- ▶ Determine the company's purpose and key objectives.
- ▶ Determine the group's values and incorporate these into the code of business ethics and conduct; ensure compliance with these codes is integrated in the operations of the group.
- ▶ Provide strategic direction to the company, take responsibility for the adoption of strategic plans.
- ▶ Monitor the company's social, environmental and financial performance.
- ▶ Monitor compliance with key laws, codes and standards.
- ▶ Identify material stakeholders and monitor management's process of engaging.
- ▶ Approve the annual business plan and budget compiled by management, take cognisance of sustainability aspects.
- ▶ Retain effective control of the company and monitor management's implementation of the approved annual budget and business plan.
- ▶ Oversee preparation of and approve the annual financial statements (for adoption by shareholders), interim, provisional and integrated annual reports (as reviewed by the audit committee) and ensure their integrity and fair presentation.
- ▶ Consider and, if appropriate, declare the payment of dividends to shareholders.

- ▶ Evaluate the viability of the company and the group as a going concern, and properly record this evaluation.
- ▶ Determine the selection and orientation of directors.
- ▶ Appoint the chief executive and financial director, and ensure succession is planned.
- ▶ Establish appropriate subcommittees with clear terms of reference and responsibilities.
- ▶ Appoint the chair of the board and its subcommittees.
- ▶ Annually evaluate performance and effectiveness of directors, the board as a whole and its subcommittees.
- ▶ Ensure the company governs risk adequately through risk management systems and processes, which allow the board to set tolerance levels.
- ▶ Ensure there is effective risk-based internal audit, which allows it to report on the effectiveness of the company's system of internal controls in its integrated annual report.
- ▶ Define levels of delegation for specific matters, with appropriate authority delegated to subcommittees and management.
- ▶ Determine the company's communication policy.
- ▶ Communicate with shareholders and relevant stakeholders appropriately.
- ▶ Ensure processes are in place to resolve disputes. Alternative dispute resolution will be considered where appropriate.
- ▶ Annually review the charters of the group's significant subsidiary companies' boards, and their self-assessment of compliance with these to establish if the Naspers board can rely on the work of the subsidiary companies' boards.
- ▶ Review annually the charters of subcommittees of the board.

## BOARD MEETINGS AND ATTENDANCE

The board meets at least four times a year, or as required. The executive committee attends to matters that cannot wait for the next scheduled meeting. The board held five meetings in the past financial year. Independent, non-executive directors meet at least once annually without the chief executive, financial director and chair present, to discuss the performance of these individuals.

The company secretary acts as secretary to the board and its subcommittees and attends all meetings. Details of attendance at meetings are provided on page 114.

## Corporate governance *(continued)*

### EVALUATION

The nomination committee carries out the annual evaluation process. The performance of the board and its subcommittees, as well as the chair of the board, against their respective mandates in terms of the board charter and the charters of its subcommittees, is appraised. The subcommittees perform self-evaluations against their charters for consideration by the board.

In addition, the performance of each director is evaluated by the other board members, using an evaluation questionnaire. The chair of the nomination committee discusses the results with each director and agrees on any training needs or areas requiring attention by that director. Where a director's performance is not considered satisfactory, the board will not recommend his/her re-election.

A consolidated summary of the evaluation is reported to and discussed by the board, including any actions required. The lead independent director leads the discussion on the performance of the chair, with reference to the results of the evaluation questionnaire, and provides feedback to the chair.

The annual evaluation process showed that the board and its subcommittees had functioned well and discharged their duties as per the mandates in their charters. Furthermore, the independence of each director was evaluated. The board

determined that although some directors had served as members for nine years or longer, they all demonstrated that they were independent in character and judgement and there were no relationships or circumstances that were likely to affect or could appear to affect their independence.

### BOARD COMMITTEES

While the whole board remains accountable for the performance and affairs of the company, it delegates certain functions to subcommittees and management to assist in discharging its duties. Appropriate structures for those delegations are in place, accompanied by monitoring and reporting systems.

Each subcommittee acts within agreed, written terms of reference. The chair of each subcommittee reports at each scheduled board meeting.

The chair of each subcommittee is a non-executive director and is required to attend annual general meetings to answer questions.

Two Naspers directors serve on the Media24 safety, health and environmental committee.

The established board subcommittees are detailed below.

#### Executive committee

This committee comprises a majority of non-executive directors, one being the chair of the

board, who also serves as the chair of the executive committee, plus two executive directors. The executive committee acts for the board in managing urgent issues when the board is not in session, subject to statutory limits and the board's limitations on delegation. This committee met three times during the financial year. Details of attendance at meetings are provided on page 115.

### **Audit committee**

This committee, chaired by Mr Boetie van Zyl, comprises only non-executive independent directors. All members are financially literate and have business and financial acumen.

The committee held four meetings during the past financial year. Details of attendance are provided on page 115. The chief executive and financial director attend committee meetings by invitation.

Both internal and external auditors have unrestricted access to the committee through the chair. The internal and external auditors also report their findings to the committee with members of executive management not in attendance.

The chair of the board is not a member of the audit committee, but may attend meetings by invitation.

This committee's main responsibilities, in addition to its responsibilities in terms of the Companies Act, are as follows:

- ▶ Review and approve the company's integrated annual report, annual financial statements, interim and provisional reports, and any other press releases with material financial or internal control impacts. Final approval rests with the board.
- ▶ Review the viability of the company and the group on a going-concern basis, making relevant recommendations.
- ▶ Receive all audit reports directly from the external auditor.
- ▶ Annually review and report on the quality and effectiveness of the audit process, including assessing the external auditor's independence.
- ▶ Evaluate the lead partner of the external auditor, who will be subject to rotation as required by regulations.
- ▶ Present the committee's conclusions on the external auditor to the board, preceding the annual request to shareholders to approve the appointment of the external auditor.
- ▶ Approve the external auditor's terms of engagement and remuneration. Evaluate and provide commentary on the external auditor's audit plans, scope of findings, identified issues and reports.

## Corporate governance *(continued)*

- ▶ Develop a policy for the board to approve non-audit services performed by the external auditor. Approve non-audit services provided by the external auditor in accordance with this policy.
- ▶ Receive notice of reportable irregularities (as defined in the Auditing Profession Act) that have been reported by the external auditor to the Independent Regulatory Board for Auditors.
- ▶ Evaluate the effectiveness of internal audit, including its purpose, activities, scope, adequacy and costs, and approve the annual internal audit plan and any material changes.
- ▶ Satisfy itself it has appropriately addressed:
  - financial reporting risks
  - internal financial controls
  - fraud risk as it relates to financial reporting, and
  - IT risks as these relate to financial reporting.
- ▶ Evaluate the nature and extent of the formal documented review of internal financial controls to be performed annually by internal audit on behalf of the board. Weaknesses in internal financial controls that are considered material (individually or in combination with other weaknesses) and that resulted in actual material financial loss, fraud or material errors, to be reported to the board and in the integrated annual report.
- ▶ Approve for recommendation to the board the internal audit charter, which must be reviewed annually.
- ▶ Confirm the appointment or dismissal of the head of the group's internal audit function and periodically review his/her performance. Ensure the internal audit function is subject to a periodic independent quality review.
- ▶ Review internal audit and the risk committee's reports to the audit committee.
- ▶ Review compliance with the requirements of the JSE Limited, the United Kingdom Listing Authority (UKLA) and the London Stock Exchange.
- ▶ Review procedures in light of the King Code on Corporate Governance.
- ▶ Monitor compliance with board-approved group levels of authority.
- ▶ Evaluate:
  - legal matters that may affect the financial statements
  - matters of significance reported by the internal and external auditors, and any other parties, including implied potential risks to the group and recommendations on appropriate improvements
  - major unresolved accounting or auditing issues, and
  - progress on completion of matters reported by the internal and external auditors.
- ▶ Establish procedures for the receipt, retention and treatment of complaints received on accounting, internal control, auditing matters,

risk management and management of other fraudulent activities, including procedures for confidential, anonymous reporting by employees.

- ▶ Annually evaluate the performance and appropriateness of the expertise and experience of the financial director and the finance function, and disclose the results in the integrated annual report.
- ▶ Ensure a combined assurance model is applied to provide a coordinated approach to all assurance activities, monitoring the relationship between external providers and the company. Coordination between internal and external auditors must be evaluated.
- ▶ Report to shareholders at the annual general meeting on fulfilling its duties in terms of the Companies Act during the financial year.
- ▶ Execute assignments commissioned by the board.
- ▶ Annually assess its charter and recommend any required amendments for approval by the board.
- ▶ Annually review the charters of significant subsidiaries' audit committees, and review their annual assessment of compliance with these charters to establish if the Naspers committee can rely on the work of the subsidiary companies' committees.

- ▶ Perform an annual self-assessment of its effectiveness, reporting these findings to the board.

### Human resources and remuneration committee

The main objective of this committee is to fulfil the board's responsibility for the strategic human resources issues of the group, particularly the appointment, remuneration and succession of the most senior executives. The committee comprises a minimum of three independent non-executive directors. Its responsibilities are outlined in the remuneration report on page 116.

### Risk committee

The committee comprises a minimum of three independent non-executive directors, as well as the chief executive and financial director. The chair of the board may not serve as chair of this committee.

Members of the committee are individuals with risk management skills and experience.

The committee's responsibilities include:

- ▶ Review and approve for recommendation to the board a risk management policy and plan developed by management. The risk policy and plan are reviewed annually.
- ▶ Monitor implementation of the risk policy and plan, ensuring an appropriate enterprise-

## Corporate governance *(continued)*

wide risk management system is in place with adequate and effective processes that include strategy, ethics, operations, reporting, compliance, IT and sustainability.

- ▶ Make recommendations to the board on risk indicators, levels of risk tolerance and appetite.
- ▶ Monitor that risks are reviewed by management, and that management's responses to identified risks are within board-approved levels of risk tolerance.
- ▶ Ensure risk management assessments are performed regularly by management.
- ▶ Issue a formal opinion to the board on the effectiveness of the system and process of risk management.
- ▶ Review reporting on risk management that is to be included in the integrated annual report.
- ▶ Review annually the charters of the group's significant subsidiary companies' risk committees, and their annual assessment of compliance with these charters to establish if the Naspers committee can rely on the work of these risk committees.
- ▶ Perform an annual self-assessment of the effectiveness of the committee, reporting these findings to the board.

### INTERNAL CONTROL SYSTEMS

The company has a system of internal controls, based on the group's policies and guidelines, in all material subsidiaries and joint ventures under its control. For those entities in which Naspers does not have a controlling interest, the directors representing Naspers on these boards seek assurance that significant risks are managed and systems of internal control are effective. Internal auditors monitor the functioning of internal control systems and make recommendations to management and the audit and risk committees. The external auditor considers elements of the internal control systems as part of its audit and communicates deficiencies when identified.

All internal control systems have shortcomings, including the possibility of human error or flouting of control measures. Even the best system may provide only partial assurance. The group's internal controls and systems are designed to provide reasonable, and not absolute, assurance on the integrity and reliability of the financial statements; to safeguard, verify and maintain accountability of its assets; and to detect fraud, potential liability, loss and material misstatement, while complying with regulations.

The board reviewed the effectiveness of controls for the year ending 31 March 2011,

principally through a process of management self-assessment, including formal confirmation per representation letters by executive management. Consideration was given to input, including reports from internal audit and the external auditor, compliance and the risk management process. Where necessary, programmes for corrective actions have been initiated.

Nothing has come to the attention of the board, external or internal auditors to indicate any material breakdown in the functioning of internal controls and systems during the year under review except for:

- ▶ weaknesses reported at Media24 with respect to the IT implementation of the ERP system during the year and the consequential inadequate and ineffective internal controls over the circulation process.

## INTERNAL AUDIT

An internal audit function is in place throughout the group. This is an independent appraisal mechanism that examines and evaluates the group's procedures and systems, including internal controls, disclosure procedures and information systems, ensuring these are functioning effectively. The head of internal audit reports to the chair of the Naspers audit

committee, with administrative reporting to the financial director. A large part of the internal audit fieldwork is outsourced.

## NON-AUDIT SERVICES

The group's revised policy on non-audit services provides guidelines on dealing with audit, audit-related, tax and other non-audit services that may be provided by Naspers's independent auditor to group entities. It also sets out services that may not be performed by the independent auditor.

The audit committee preapproves audit and non-audit services to ensure these do not impair the auditor's independence and comply with legislation. Under our guiding principles, the auditor's independence will be deemed impaired if the auditor provides a service where he/she:

- ▶ functions in the role of management of the company, or
- ▶ audits his/her own work, or
- ▶ serves in an advocacy role for the company.

## IT GOVERNANCE

Information technology (IT) governance is integrated in the operations of the Naspers businesses and, for many, specifically the internet businesses, at the core of their operations. Management of each subsidiary or business unit is responsible for ensuring proper processes are rolled out on IT governance.

## Corporate governance *(continued)*

Internal audit will provide assurance to management and the audit committee on the effectiveness of IT governance.

### COMPANY SECRETARY

The company secretary and group legal counsel are responsible for guiding the board in discharging its regulatory responsibilities.

Directors have unlimited access to the advice and services of the company secretary.

The company secretary plays a role in the company's corporate governance and ensures that, in accordance with the pertinent laws, the proceedings and affairs of the board, the company itself and, where appropriate, shareholders are properly administered. She is also the company's compliance officer as defined in the Companies Act and delegated information officer. The company secretary monitors directors' dealings in securities and ensures adherence to closed periods.

The company secretary attends all board and committee meetings.

### INVESTOR RELATIONS

Naspers's investor relations policy can be found on [www.naspers.com](http://www.naspers.com). It describes the principles and practices applied in interacting with shareholders and investors. Naspers is

committed to providing timely and transparent information on corporate strategies and financial data to the investing public. In addition, we consider the growing demand for transparency and accountability on our non-financial (or sustainability) performance. In line with King III, Naspers recognises that this performance is based on its risk profile and strategy, which includes non-financial risks and opportunities.

The company manages communications with its key financial audiences, including institutional shareholders and financial (debt and equity) analysts, through a dedicated investor relations unit. Presentations and conference calls take place after publishing interim and final results.

A broad range of public communication channels (including stock exchange news services, corporate website, press agencies, newswires and news distribution service providers) are used to disseminate news releases. These channels are supplemented by direct communication via email, conference calls, group presentations and one-on-one meetings.

Our policy is not to provide forward-looking information. However, to enable the investment community to better assess the group and its performance, prospects, strategy and plans for operations may be discussed. While disclosing

such information constitutes forward-looking statements, Naspers cautions investors and shareholders that these statements, although made on a fair and creditable basis, involve many assumptions and sources of risk and, therefore, actual results may differ materially from the projected scenario. Naspers also complies with legislation and stock exchange rules on forward-looking statements.

## CLOSED PERIODS

Naspers would typically be in a closed period on the day after the end of a reporting period (30 September or 31 March) until the release of results. General investor interaction during this time is limited to discussions on strategy and/or historical, publicly available information.

## ANALYST REPORTS

To enhance the quantity and quality of research, Naspers maintains working relationships with stock brokers, investment banks and credit-rating agencies – irrespective of their views or recommendations on the group. Naspers may review an analyst's report or earnings model for factual accuracy of information in the public domain, but in line with regulations and group policy. We do not provide guidance or forecasts.

The board encourages shareholders to attend the annual general meeting, notice of which is contained in this integrated annual report, where shareholders have the opportunity to put questions to the board, management and the chairs of the various subcommittees.

The company's website [www.naspers.com](http://www.naspers.com) provides the latest and historical financial and other information, including financial reports.

# Directorate



**TON VOSLOO** (73) became managing director of Naspers in 1984, serving as executive chairman from 1992 to 1997. Mr Vosloo worked as a journalist from 1956 to 1983 and as editor of *Beeld* from 1977 to 1983. He is a director of Media24 and MultiChoice South Africa Holdings, chairman of MIH BV, MIH Holdings and MIH (Mauritius) and independent non-executive chairman of the board of Naspers, a position he has held since 1997. He is a former chairman of Sanlam, M-Net, WWF South Africa and the Cape Philharmonic Orchestra. He was awarded the Nieman Fellowship from Harvard University in 1970. Mr Vosloo has been awarded three honorary doctorates.

**RACHEL JAFTA** (50), MEcon and PhD, is a professor in economics at Stellenbosch University. She joined Naspers as a director in 2003 and was appointed a director of Media24 in 2007. She is a member of the South African Economic Society, director of Exonex, chairperson of the Cape Town Carnival Trust and board member of the South African Institute of Race Relations. She is a member of the audit and risk committees of Naspers and Media24. She was appointed chair of the Media24 audit and risk committees in April 2008.



**KOOS BEKKER** (58) led the founding team of M-Net in 1985. He was also a founding director of MTN. He led the MIH group until 1997, when he became chief executive officer of Naspers. He serves on the boards of other companies in the wider group. He also served on the Local Organising Committee for the 2010 Fifa World Cup, the Council of Stellenbosch University and various bodies. He holds several qualifications, including BAHons (Stellenbosch), LLB (Wits), MBA (Columbia) and an honorary doctorate.



**JAKES GERWEL** (65) joined Naspers as a director in 1999. He is a former director-general in the office of then president Nelson Mandela, and a previous director of the University of the Western Cape. He is chancellor of Rhodes University, distinguished professor in humanities at the University of the Western Cape and honorary professor in humanities at the University of Pretoria. He is non-executive chairman of Aurecon, Brimstone Investment Corporation, Life Healthcare and Media24. He chairs the boards of trustees of the Nelson Mandela Foundation, Mandela Rhodes Foundation, Allan Gray Orbis Foundation and is vice chairman of the Peace Parks Foundation. He is a member of the executive, human resources and remuneration and nomination committees of Media24 and Naspers.

**DEBRA MEYER** (43) was appointed a director in 2009. Currently professor of biochemistry at the University of Pretoria, she holds a PhD in biochemistry and molecular biology from UC Davis (University of California). She writes for scientific journals and contributes to several newspapers and magazines. She is a published poet, has won several awards in her field of expertise and was recognised by *Rapport* and *City Press* in 2007 as one of ten nominated for their Prestigious Women Awards. She is involved in social issues, particularly HIV/Aids, and serves as trustee or board member of various organisations.



**STEVE PACAK** (56), a qualified CA(SA), began his career with Naspers as group financial manager of M-Net in 1988 and held various executive positions in the MIH group. He is a director of Media24, MIH BV, MIH (Mauritius), MIH Holdings, MultiChoice South Africa Holdings and other companies in the wider Naspers group. He was appointed an executive director of Naspers in 1998.

Directorate *(continued)*

**BOETIE VAN ZYL** (72) holds the qualifications PrEng and BScEng(Mechanical) (UCT). He joined Naspers as a director in 1988. He is a member of the boards of MIH Holdings and Media24, a director of the Peace Parks Foundation, and a trustee of WWF South Africa. He is chairman of the audit and risk committees of Naspers, a member of the audit and risk committees of Media24 and MIH, and a member of the human resources and remuneration and nomination committees of Media24 and Naspers.

**FRANCINE-ANN DU PLESSIS** (56) has been a director of Naspers since 2003 and holds the qualifications BComHons(Taxation), LLB and CA(SA). Although she is admitted as an advocate of the Cape High Court, she practises as a chartered accountant and is a director of Loubser du Plessis Inc. She is a member of the audit and risk committees of Naspers. She also serves on the boards of Sanlam, ArcelorMittal and Life Healthcare.



**FRED PHASWANA** (66) holds the qualifications MA and BComHons, and obtained a BA(Philosophy, Politics and Economics) from the University of South Africa in 2010. He joined Naspers as a director in 2003. He is chairman of The Standard Bank Group and of Standard Bank of South Africa Limited. He is also chairperson of the SA Institute of International Affairs.

**LAMBERT RETIEF** (58) obtained the qualifications BCom and BComHons at Stellenbosch University. He then qualified as a CA(SA) and completed the Owner President Management (OPM) programme at Harvard Business School. He is a director of Media24, chair and former chief executive of Paarl Media group and a director of other group subsidiaries. He is also a director of the listed Zeder Investments Limited.





**BEN VAN DER ROSS** (64), who holds the qualification of DipLaw (UCT) and is an admitted attorney, is chairman of Strategic Real Estate Management (Proprietary) Limited, the managers of the Emira Property Fund. He also serves inter alia on the boards of FirstRand Limited, MMI Holdings Limited and Pick n Pay Stores Limited.

**LOURENS JONKER** (71) obtained the qualification BScAgric with further studies at UC Davis (University of California). He has completed programmes for director development at IMD, Lausanne, Switzerland and GIBS (University of Pretoria). He is the owner of Weltevrede Wine Estate. He joined the board of KWW Co-operative in 1981 and became chairperson of KWW Group Limited in 1994. He led the successful transformation of KWW from a cooperative to a fully commercialised company, and resigned from the KWW board in December 2003.



**HEIN WILLEMSE** (53) holds an MA (cum laude), MBL and DLitt degrees. He is currently a literature professor at the University of Pretoria. He is a board member or trustee of various national and international technical associations or community organisations.

**NEIL VAN HEERDEN** (71), who holds a BA qualification, is a trustee of the University of the Western Cape, former director-general of foreign affairs, ambassador to the Federal Republic of Germany, ambassador to the European Union and former executive director of the South Africa Foundation (now South Africa Business Leadership). He is also a director of other companies.



## Directorate (continued)

## DIRECTORS AND ATTENDANCE AT MEETINGS

	<b>Date first appointed in current position</b>	<b>Date last appointed</b>	<b>Five board meetings were held during the year. Attendance:</b>	<b>Category</b>
T Vosloo	6 October 1997	27 August 2010	5	Independent non-executive
J P Bekker	6 October 1997	1 April 2008	5	Executive
F-A du Plessis	23 October 2003	28 August 2009	5	Independent non-executive
G J Gerwel	12 July 1999	22 August 2008	5	Independent non-executive
R C C Jafta	23 October 2003	28 August 2009	5	Independent non-executive
L N Jonker	7 June 1996	27 August 2010	5	Independent non-executive
D Meyer	25 November 2009	25 November 2009	5	Independent non-executive
S J Z Pacak	1 April 2009	1 April 2009	5	Executive
T M F Phaswana	23 October 2003	28 August 2009	5	Independent non-executive
L P Retief	1 September 2008	1 September 2008	5	Non-executive
B J van der Ross	12 February 1999	22 August 2008	5	Independent non-executive
N P van Heerden	7 June 1996	27 August 2010	5	Independent non-executive
J J M van Zyl	1 January 1988	22 August 2008	5	Independent non-executive
H S S Willemse	30 August 2002	27 August 2010	5	Independent non-executive

## COMMITTEES AND ATTENDANCE AT MEETINGS

	Executive committee		Audit committee <sup>1</sup>		Risk committee		Human resources and remuneration committee <sup>1</sup>		Nomination committee <sup>1</sup>		Category
	Three meetings held during the year. Attendance:		Four meetings held during the year. Attendance:		Four meetings held during the year. Attendance:		Five meetings held during the year. Attendance:		Five meetings held during the year. Attendance:		
T Vosloo	✓	3			✓	4	✓	5	✓	5	Independent non-executive
F-A du Plessis			✓	4	✓	4					Independent non-executive
G J Gerwel	✓	3					✓	5	✓	5	Independent non-executive
R C C Jafra			✓	4	✓	4					Independent non-executive
J J M van Zyl	✓	3	✓	4	✓	4	✓	5	✓	5	Independent non-executive
B J van der Ross			✓	3	✓	3					Independent non-executive
J P Bekker	✓	3			✓	4					Executive
S J Z Pacak	✓	3			✓	4					Executive

### Note

<sup>1</sup>Executive directors attend meetings by invitation.

# Remuneration report

## Human resources and remuneration committee and its role

The human resources and remuneration committee comprises only independent non-executive directors. Executive directors and certain members of management attend meetings by invitation. This committee met five times during the financial year. Details of attendance at meetings are provided on page 115.

The main responsibilities of the committee are as follows:

- ▶ Determine and approve the group's general remuneration policy, which must be tabled at each annual general meeting for a non-binding advisory vote by shareholders.
- ▶ Prepare an annual remuneration report for inclusion in the company's integrated annual report.
- ▶ Review and approve annually the remuneration packages of the most senior executives, including incentive schemes and increases, ensuring they are appropriate and in line with the remuneration policy.
- ▶ Annually appraise the performance of the chief executive.
- ▶ Review the remuneration of non-executive directors of the board and its subcommittees annually. Make proposals to the board for

final approval by shareholders in the annual general meeting. Remuneration is approved by shareholders in advance.

- ▶ Fulfil delegated responsibilities on Naspers's share-based incentive plans, eg appointing trustees and compliance officers.
- ▶ Approve the most senior appointments and promotions.
- ▶ Review incidents of unethical behaviour by senior managers and the chief executive.
- ▶ Review annually the company's code of ethics and business conduct.
- ▶ Review annually the committee's charter and recommend required amendments.
- ▶ Approve amendments to the Naspers share-based incentive plans.
- ▶ Perform an annual self-assessment of the effectiveness of the committee, reporting these findings to the board.
- ▶ Review annually the charters of the group's significant subsidiaries' remuneration committees, and their annual assessment of compliance with these charters to establish if the Naspers committee can rely on the work of the subsidiary companies' committees.

The committee fulfilled its remit during the year.

## Remuneration strategy and policy

Naspers's remuneration strategy aims to attract, motivate and retain competent leaders

in its drive to create sustainable shareholder value. We aim to attract entrepreneurs and the best creative engineers to grow the value of the group and to recognise top performance.

Our policies and practices align the remuneration and incentives of executives and employees to the group's long-term business strategy. Group companies are responsible for developing their own policies and benefits within the confines of the group remuneration policy and in accordance with their local laws and each company's needs.

Primary objectives include the need to promote superior performance; direct employees' energies towards key business goals; achieve the most effective returns for employee spend; address needs across differing cultures; and have credible remuneration policies.

Naspers has an integrated approach to its reward strategy, encompassing a balanced design in which reward components are aligned to the strategic direction and business-specific value drivers of Naspers.

### Overview of remuneration

Non-executive directors receive annual remuneration as opposed to a fee per meeting. This recognises the ongoing responsibility of directors for the efficient control of the company. This remuneration is augmented by compensation for services on subcommittees

of the board and boards of subsidiaries.

A premium is payable to the chair of the board, as well as to the chairs of the subcommittees.

Remuneration is reviewed annually, with reference to competitors and companies that have a dual listing on the JSE and an overseas securities exchange. Independent advice is acquired to review directors' remuneration. This remuneration is not linked to the company's share price or performance. Non-executive directors do not qualify for shares in terms of the group's incentive schemes. The board annually recommends remuneration of non-executive directors for approval by shareholders in advance.

In remunerating executives, the group aims to attract, motivate and retain competent and committed leaders in its drive to create sustainable shareholder value. We aim to recognise top performance and attract entrepreneurs and the best creative engineers to grow the value of the group. The remuneration policies strive to meet this objective. Accordingly, the focus is not primarily on guaranteed annual remuneration, but on individual incentive plans linked to creating shareholder value.

Naspers usually structures packages on a total cost-to-company basis which incorporates base pay, car allowance, pension, medical aid and other optional benefits. In

## Remuneration report *(continued)*

addition, most executives qualify for individual and/or team performance incentives. At senior level, we avoid standardised packages and aim to tailor compensation structure to the needs of the specific business.

Remuneration packages are reviewed annually and are monitored and compared with reported figures for similar positions to ensure they are fair and sensible. In some cases independent consultants provide benchmarks. We have no specific group policies to, for example, pay the median, as the requirements of a group serving a multitude of countries differ widely.

### **Annual bonus**

Most executives have an annual bonus scheme that may comprise a variable component based on surpassing financial and operational objectives, as well as fixed amounts for achieving specific discrete objectives. The incentive for each executive is agreed annually in advance. Incentives are based on targets that are verifiable and aligned to the group's business plan, risk management policy and strategy. If targets are not met, no bonus is paid.

### **Long-term incentives**

Long-term incentives are generally share-based incentive schemes for Naspers N shares and/or shares or appreciation rights in respective

companies or subsidiaries. These awards normally vest over a period of four or five years and must be exercised within five to ten years from the date of grant. The shares/appreciation rights are not free. The employee is offered the shares/appreciation rights at market value on the day of the award. Employees benefit only if they, together with colleagues in that unit, can create additional value above the value on the date of issue. The various remuneration committees in the group annually review the share awards. In addition, if a particular group company employs people during the year, that remuneration committee may decide to make awards to those individuals. No awards of shares/appreciation rights are made during a closed period for trading, backdating awards is prohibited, there is no repricing and automatic regranteeing of underwater shares/appreciation rights. There is no automatic entitlement to bonuses or early vesting of share-based incentives should an executive leave the employ of the company.

The group operates numerous share-based incentive schemes, detailed in the notes to the annual financial statements enclosed with this report under equity compensation benefits.

### **Service contracts**

Executives' contracts generally are subject to terms and conditions of employment in the

local jurisdiction. Top executive and non-executive directors' contracts do not contain 'golden parachute' clauses.

Non-executive directors are subject to regulations on appointment and rotation in terms of the company's articles of association/memorandum of incorporation and the South African Companies Act No 61 of 1973.

### SHARE-BASED INCENTIVE PLANS

The group operates a number of share-based incentive schemes. Some offer employees Naspers shares, others relate directly to individual operating companies. Details are contained in the annual financial statements enclosed with this report, which can also be found on [www.naspers.com](http://www.naspers.com).

At 31 March 2011 the group held 26 433 083 (2010: 26 868 506) Naspers N ordinary shares as treasury shares to settle outstanding options under certain of the group's share incentive schemes. The dilution effect of these treasury shares amounted to 54 cents per N ordinary share (2010: 25 cents).

### EXECUTIVE DIRECTORS

	Salary R'000	Bonuses and performance- related fees R'000	Pension contributions R'000	Total R'000
<b>2011</b>				
S J Z Pacak	3 054	2 900	200	6 154
J P Bekker	—	—	—	—
	<b>3 054</b>	<b>2 900</b>	<b>200</b>	<b>6 154</b>
<b>2010</b>				
S J Z Pacak	2 820	3 135	280	6 235
J P Bekker	—	—	—	—
	2 820	3 135	280	6 235

Mr Pacak's bonus is based on financial, operational and discrete objectives, which were approved by the human resources and remuneration committee in advance. The bonus is capped at 100% of total cost to company. Remuneration received by executive directors for other services paid by subsidiary companies totalled R6,154m (2010: R6,235m).

## Remuneration report *(continued)*

### Executive directors' contracts

No executive director has a notice period of more than one year. No executive director's service contract includes predetermined compensation as a result of termination exceeding one year's salary and benefits.

The chief executive, Mr Bekker, does not earn any remuneration from the group. In particular no salary, bonus, car scheme, medical or pension contributions of any nature are payable. His contract is for a five-year period, which started on 1 April 2008. No compensation will apply to termination. The chief executive has share allocations, as indicated below, under the Naspers share incentive scheme, in terms of which Naspers N ordinary shares can be acquired at certain prices, with various tranches vesting over periods of five years. The purchase prices for the allocations were set at the middle market price of the shares on the purchase date, but increased by anticipated inflation over the vesting periods of three, four and five years respectively, for each tranche. Inflation expectations were calculated by the Bureau for Economic Research, University of Stellenbosch.

The chief financial officer, Mr Pacak, has an indefinite employee contract.

### Directors' interests in scheme shares of the Naspers share incentive scheme

The executive directors of Naspers are allowed to participate in the Naspers share incentive scheme. Details as at 31 March 2011 in respect of the executive directors' participation in scheme shares not yet released, are as follows:

Name	Purchase date	Number of N shares	Purchase price	Release period
J P Bekker	31/03/2008	3 895 936	R176,11	31/03/2012
	31/03/2008	3 895 936	R185,56	31/03/2013
S J Z Pacak <sup>1</sup>	08/07/2006	50 000	R114,52	08/07/2011

<sup>1</sup> On 15 December 2010 a total of 15 000 released Naspers N ordinary shares were sold by Mr S J Z Pacak's family trust upon payment of an average price of R23,50 per share (the original average offer price based on the listed market price of Naspers Limited N ordinary shares on the date of the offer) due to the Naspers share incentive trust, at an average selling price of R392,01 per Naspers N ordinary share.

On 21 December 2010 a total of 10 000 released Naspers N ordinary shares were sold by Mr S J Z Pacak's family trust upon payment of an average price of R23,50 per share (the original average offer price based on the listed market price of Naspers Limited N ordinary shares on the date of the offer) due to the Naspers share incentive trust, at an average selling price of R390,00 per Naspers N ordinary share.

At 31 March 2011 a total of 428 000 (2010: 556 000) unreleased Naspers N ordinary shares had been allocated to Mr S J Z Pacak by the MIH (Mauritius) Limited share incentive scheme with vesting periods until 27 February 2014.

## NON-EXECUTIVE DIRECTORS' TERMS OF APPOINTMENT

### Appointments to the board

The board has a policy on procedures for the appointment and orientation of directors. The nomination committee periodically assesses the skills represented on the board by non-executive directors and determines whether these meet the company's needs. Annual self-evaluations conducted by the board and its subcommittees assist. Directors are invited to give their input in identifying potential candidates. The members of the nomination committee, who are all independent, propose suitable candidates for consideration by the board. A fit and proper evaluation is performed for each candidate.

### Retirement and re-election of directors

All non-executive directors are subject to retirement and re-election by shareholders every three years. In addition, all non-executive directors are subject to election by shareholders at the first suitable opportunity for interim appointments. The names of

non-executive directors submitted for election or re-election are accompanied by brief biographical details to enable shareholders to make an informed decision on their election. The reappointment of non-executive directors is not automatic.

### Directors' emoluments

	31 March	
	2011 R'000	2010 R'000
<b>Non-executive directors:</b>		
Fees for services as directors	7 649	6 409
Fees for services as directors of subsidiary companies	5 241	5 247
	<b>12 890</b>	11 656

No director has a notice period of more than one year.

No director's service contract includes predetermined compensation as a result of termination that would exceed one year's salary benefits.

Remuneration report *(continued)*

Fees for the current year and proposed for 31 March 2012 and 31 March 2013 are as follows:

	31 March 2011	31 March 2012	31 March 2013**
<b>Board</b>			
1.1 Chair***	<b>R2 011 400*</b>	R2 390 000	R2 390 000
1.2 Member	<b>R378 800*</b>	R430 000	R430 000
<b>Committees</b>			
1.3 ● Audit committee: Chair	<b>R270 000*</b>	R280 000	R280 000
1.4 Member	<b>R135 000*</b>	R140 000	R140 000
1.5 ● Risk committee: Chair	<b>R120 000*</b>	R140 000	R140 000
1.6 Member	<b>R60 000*</b>	R70 000	R70 000
1.7 ● Human resources and remuneration committee: Chair	<b>R140 000*</b>	R160 000	R160 000
1.8 Member	<b>R70 000*</b>	R80 000	R80 000
1.9 ● Nomination committee: Chair	<b>R50 000*</b>	R60 000	R60 000
1.10 Member	<b>R25 000*</b>	R30 000	R30 000
<b>Other</b>			
1.11 Naspers representatives on Media24 safety, health and environmental committee: Member	<b>R45 000</b>	R48 000	R48 000
1.12 Trustee of group share schemes/other personnel funds	<b>R32 000</b>	R34 000	R34 000
1.13 Media24 pension fund: Chair	<b>R80 400</b>	R85 500	R85 500
1.14 Trustee	<b>R53 600</b>	R57 000	R57 000

\*These fees were approved by shareholders on 27 August 2010 and paid before the effective date of the Act and are reflected for comparative purposes.

\*\*The proposed 31 March 2013 remuneration is subject to such annual increase as may be retrospectively approved by the shareholders at the 2013 Naspers annual general meeting.

\*\*\*The chair of the board does not receive additional remuneration if he/she is a member of or chairs any committee of the board.

Individual non-executive directors received the following remuneration and emoluments during the current financial year:

Non-executive directors	Directors' fees		Committee <sup>1</sup> and trustee <sup>2</sup> fees		Total 2011 R'000	Directors' fees		Committee <sup>1</sup> and trustee <sup>2</sup> fees		Total 2010 R'000
	Paid by company R'000	Paid by subsidiaries R'000	Paid by company R'000	Paid by subsidiaries R'000		Paid by company R'000	Paid by subsidiaries R'000	Paid by company R'000	Paid by subsidiaries R'000	
T Vosloo <sup>3</sup>	2 011	1 407	—	109	3 527	1 887	1 233	—	95	3 215
J J M van Zyl <sup>3,4</sup>	379	791	517	211	1 898	354	578	390	176	1 498
L N Jonker <sup>4</sup>	379	—	45	—	424	354	—	42	—	396
N P van Heerden <sup>3</sup>	379	85	—	—	464	354	80	—	—	434
B J van der Ross	379	—	163	—	542	354	—	—	—	354
G J Gerwel <sup>3</sup>	379	590	165	70	1 204	354	557	90	67	1 068
H S S Willemsen <sup>4</sup>	379	—	45	—	424	354	—	42	—	396
F-A du Plessis <sup>4</sup>	379	—	339	—	718	354	—	135	137	626
T M F Phaswana	379	—	—	—	379	354	124	—	—	478
L P R Retief <sup>3</sup>	379	1 350	—	133	1 862	354	1 687	—	130	2 171
R C C Jafta <sup>3</sup>	379	197	195	298	1 069	354	186	135	197	872
D Meyer	379	—	—	—	379	148	—	—	—	148
	<b>6 180</b>	<b>4 420</b>	<b>1 469</b>	<b>821</b>	<b>12 890</b>	<b>5 575</b>	<b>4 445</b>	<b>834</b>	<b>802</b>	<b>11 656</b>

#### Notes

<sup>1</sup> Committee fees include fees for the attendance of the audit committee, the risk committee (2011 only), the human resources and remuneration committee, and the nomination committee meetings of the board.

<sup>2</sup> Trustee fees include fees for the attendance of the various retirement fund trustee meetings of the group's retirement funds.

<sup>3</sup> Directors' fees include fees for services as directors, where appropriate, of Media24 Limited, Paarl Media Holdings (Proprietary) Limited, Via Afrika Limited, MIH Holdings Limited, MIH (Mauritius) Limited, Myriad International Holdings B.V. and MultiChoice South Africa (Proprietary) Limited.

<sup>4</sup> Committee and trustees fees include, where appropriate, fees to be considered by shareholders at the annual general meeting on 26 August 2011 for services as trustees or members, as appropriate, of the group's share schemes/retirement funds/Media24's safety, health and environmental committee.

Remuneration report *(continued)**Shareholding***Directors' interest in Naspers shares**

The directors of Naspers have the following interests in Naspers A ordinary shares on 31 March 2011:

Name	31 March 2011 Naspers A ordinary shares Beneficial			31 March 2010 Naspers A ordinary shares Beneficial		
	Direct	Indirect	Total	Direct	Indirect	Total
J J M van Zyl	745	—	745	745	—	745

Mr J P Bekker has an indirect 25% interest in Wheatfields 221 (Proprietary) Limited, which controls 168 605 Naspers Beleggings Beperk ordinary shares, 16 860 500 Keeromstraat 30 Beleggings Beperk ordinary shares and 133 350 Naspers A shares.

No other director of Naspers had any direct interest in Naspers A ordinary shares at 31 March 2011 or 31 March 2010.

The directors of Naspers (and their associates) had the following interests in Naspers N ordinary shares as at 31 March:

Name	31 March 2011			31 March 2010		
	Naspers N ordinary shares			Naspers N ordinary shares		
	Beneficial			Beneficial		
	Direct	Indirect	Total	Direct	Indirect	Total
T Vosloo	—	213 000	213 000	—	213 000	213 000
J P Bekker <sup>5</sup>	3 895 936	4 688 691	8 584 627	—	4 688 691	4 688 691
J J M van Zyl	50 361	190 796	241 157	50 361	190 796	241 157
L N Jonker	1 000	52 000	53 000	1 000	52 000	53 000
N P van Heerden	—	2 600	2 600	—	2 600	2 600
B J van der Ross <sup>1</sup>	—	400	400	—	400	400
G J Gerwel	—	—	—	—	—	—
H S S Willemse <sup>2</sup>	85	3 205	3 290	85	3 205	3 290
F-A du Plessis	—	—	—	—	—	—
T M F Phaswana <sup>3</sup>	—	3 530	3 530	—	3 530	3 530
L P Retief <sup>4</sup>	—	—	—	—	—	—
R C C Jafta	—	—	—	—	—	—
S J Z Pacak <sup>6</sup>	300 510	282 548	583 058	122 510	307 548	430 058
D Meyer	—	—	—	—	—	—
	<b>4 247 892</b>	<b>5 436 770</b>	<b>9 684 662</b>	173 956	5 461 770	5 635 726

#### Notes

<sup>1</sup> It has been ascertained that the Van der Ross Family Trust acquired 400 Naspers N ordinary shares on 18 August 2008. The comparatives have been adjusted accordingly.

Furthermore, on 21 April 2011 this trust acquired 100 Naspers N ordinary shares. The trade was implemented by the investment manager without specific approval from Mr B J van der Ross. The investment manager accepted full responsibility for the breach in the JSE Listings Requirements.

<sup>2</sup> In April 2004, in terms of a scheme of arrangement, Naspers acquired all the ordinary shares of M-Net and SuperSport for a cash distribution and 4,2365 Naspers shares for every 100 linked units in M-Net/SuperSport. It has been ascertained that Mr H S S Willemse and one of his associates were entitled to receive 85 Naspers N ordinary shares each in terms of this transaction. The comparatives have been adjusted accordingly.

<sup>3</sup> Mr T M F Phaswana's shares were reclassified from direct to indirect. The comparatives have been adjusted accordingly.

<sup>4</sup> The Media24 group entered into a contract with the Retief family trust in October 2008, which contains a put option whereby the Retief family trust can enforce a buy-out by Media24 group of their remaining interest in Paarl Media Holdings (Proprietary) Limited (currently 5%) and Paarl Coldset (Proprietary) Limited (currently 12,6%). Mr L P Retief, a director of Naspers Limited, is a related party to the Retief family trust.

<sup>5</sup> At 31 March 2011, 3 895 936 Naspers N ordinary shares at an offer price of R167,23 per share were released and reserved for Mr J P Bekker in the Naspers share incentive scheme.

<sup>6</sup> During the financial year Naspers N ordinary shares were released and reserved for Mr S J Z Pacak in the Naspers group's share incentive schemes.

Except as set out in note 1 above there have been no changes to the directors' interests in the table above between the end of the financial year and 24 June 2011.



**Prof G J Gerwel**

Chairman: Human resources and remuneration committee

24 June 2011

# Report of the audit committee

for the year ended 31 March 2011

The audit committee has pleasure in submitting this report, as required by sections 269A and 270A of the South African Companies Act No 61 of 1973 ("the Act").

## FUNCTIONS OF THE AUDIT COMMITTEE

The audit committee has adopted formal terms of reference, delegated by the board of directors, as its audit committee charter.

The audit committee has discharged the functions in terms of its charter and ascribed to it in terms of the Act as follows:

- ▶ Reviewed the interim, provisional and year-end financial statements and integrated annual report, culminating in a recommendation to the board to adopt them. In the course of its review the committee:
  - took appropriate steps to ensure the financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Act
  - considered and, when appropriate, made recommendations on internal financial controls
  - dealt with concerns or complaints on accounting policies, internal audit, the auditing or content of annual financial statements, and internal financial controls, and
  - reviewed legal matters that could have a significant impact on the organisation's financial statements.
- ▶ Reviewed external audit reports on the annual financial statements.
- ▶ Reviewed the board-approved internal audit charter. No amendments were recommended to the board by the committee.
- ▶ Reviewed and approved the internal audit plan.
- ▶ Reviewed internal audit and risk management reports and, where relevant, made recommendations to the board.
- ▶ Evaluated the effectiveness of risk management, controls and governance processes.
- ▶ Verified the independence of the external auditor, nominated PricewaterhouseCoopers Inc. as auditor for 2011 and noted the appointment of Mr Anton Wentzel as the designated auditor.
- ▶ Approved audit fees and engagement terms of the external auditor.
- ▶ Determined the nature and extent of allowable non-audit services and approved contract terms for non-audit services by the external auditor.

## MEMBERS OF THE AUDIT COMMITTEE AND ATTENDANCE AT MEETINGS

The audit committee consists of the non-executive directors listed below and meets at least three times per annum in accordance with its charter. All members act independently as described in section 269A of the Act. During the year under review, four meetings were held. Details of attendance are on page 115 of the integrated annual report.

Name of committee member	Qualifications
J J M van Zyl	PrEng and BScEng(Mechanical) (UCT)
R C C Jafta	MEcon and PhD
F-A du Plessis	BComHons (Taxation), LLB and CA(SA)
B J van der Ross	DipLaw (UCT)

All committee members, with the exception of Mr Van der Ross who was appointed with effect from 17 June 2010, served on the committee for the full financial year.

### INTERNAL AUDIT

The audit committee has oversight of the group's financial statements and reporting process, including the system of internal financial control. It is responsible for ensuring the group's internal audit function is

independent and has the necessary resources, standing and authority in the organisation to discharge its duties. The committee oversees cooperation between internal and external auditors, and serves as a link between the board of directors and these functions. The head of internal audit reports functionally to the chair of the committee and administratively to the financial director.

### ATTENDANCE

The internal and external auditors, in their capacity as auditors to the group, attended and reported at all meetings of the audit committee. The group risk management function was also represented. Executive directors and relevant senior managers attended meetings by invitation.

### CONFIDENTIAL MEETINGS

Audit committee agendas provide for confidential meetings between committee members and the internal and external auditors.

### INDEPENDENCE OF THE EXTERNAL AUDITOR

During the year the audit committee reviewed a representation by the external auditor and, after conducting its own review, confirmed the independence of the auditor.

## Report of the audit committee *(continued)*

for the year ended 31 March 2011

### **EXPERTISE AND EXPERIENCE OF FINANCIAL DIRECTOR AND THE FINANCE FUNCTION**

As required by the JSE Listings Requirement 3.84(h), the audit committee has satisfied itself that the financial director has appropriate expertise and experience.

In addition, the committee satisfied itself that the composition, experience and skills set of the finance function met the group's requirements.

### **DISCHARGE OF RESPONSIBILITIES**

The committee determined that during the financial year under review it had discharged its

legal and other responsibilities as outlined in terms of its remit, details of which are included on page 103 of this report. The board concurred with this assessment.



**J J M van Zyl**

*Chairman:* Audit committee

24 June 2011