



smarter, sustainable solutions

2014

# Sustainability Review

for the year ended 31 December

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# Sustainability Review

Sustainable development is inherent to Mpact. The Group's approach to sustainability and assessing its influence and impact on the environment and the communities in which it operates are foremost in mind when conducting business and considering and making investments.



## INTRODUCTION

### Sustainability Through Business Excellence

Listed in July 2011, Mpact is one of the largest paper and plastics packaging businesses in southern Africa, and is listed on the JSE's Main Board in the Industrial – Paper and Packaging sector. The Group maintains leading market positions in southern Africa in recovered paper collection, corrugated packaging, recycled-based cartonboard and containerboard, PET preforms, styrene trays as well as plastic jumbo bins. It is one of South Africa's largest collectors of recovered paper for recycling. The Group recovered 450,277 tonnes (2013: 451,000 tonnes) of paper in 2014

Mpact has 32 (2013: 32) operating sites in South Africa, Namibia, Mozambique, Botswana and Zimbabwe, of which 22 (2013: 22) are manufacturing operations. The Group's entry into Botswana follows the acquisition of Pyramid Holdings (Pyramid), effective 31 December 2014. Pyramid produces paper bags and sacks.

Mpact's vision is to be a leading business with the highest ethical standards, delivering exceptional value for customers, employees, communities and shareholders and is committed to sustainability principles to underpin business strategy, financial performance and operations by focusing on the key elements of economic, social and environmental activities.

Managing a sustainable business requires the integration of the Six Capitals, as set out in the International <IR> Framework. Mpact's business model, together with the inputs and outputs of each of the Six Capitals, are illustrated on pages 32 and 33 of the 2014 Integrated Report.

Mpact's CSI strategy is aligned with the Group's strategy, taking into account potential risks and considering the requirements and needs of its stakeholders. Mpact's stakeholder engagement is set out on pages 14 and 15 of the 2014 Integrated Report.

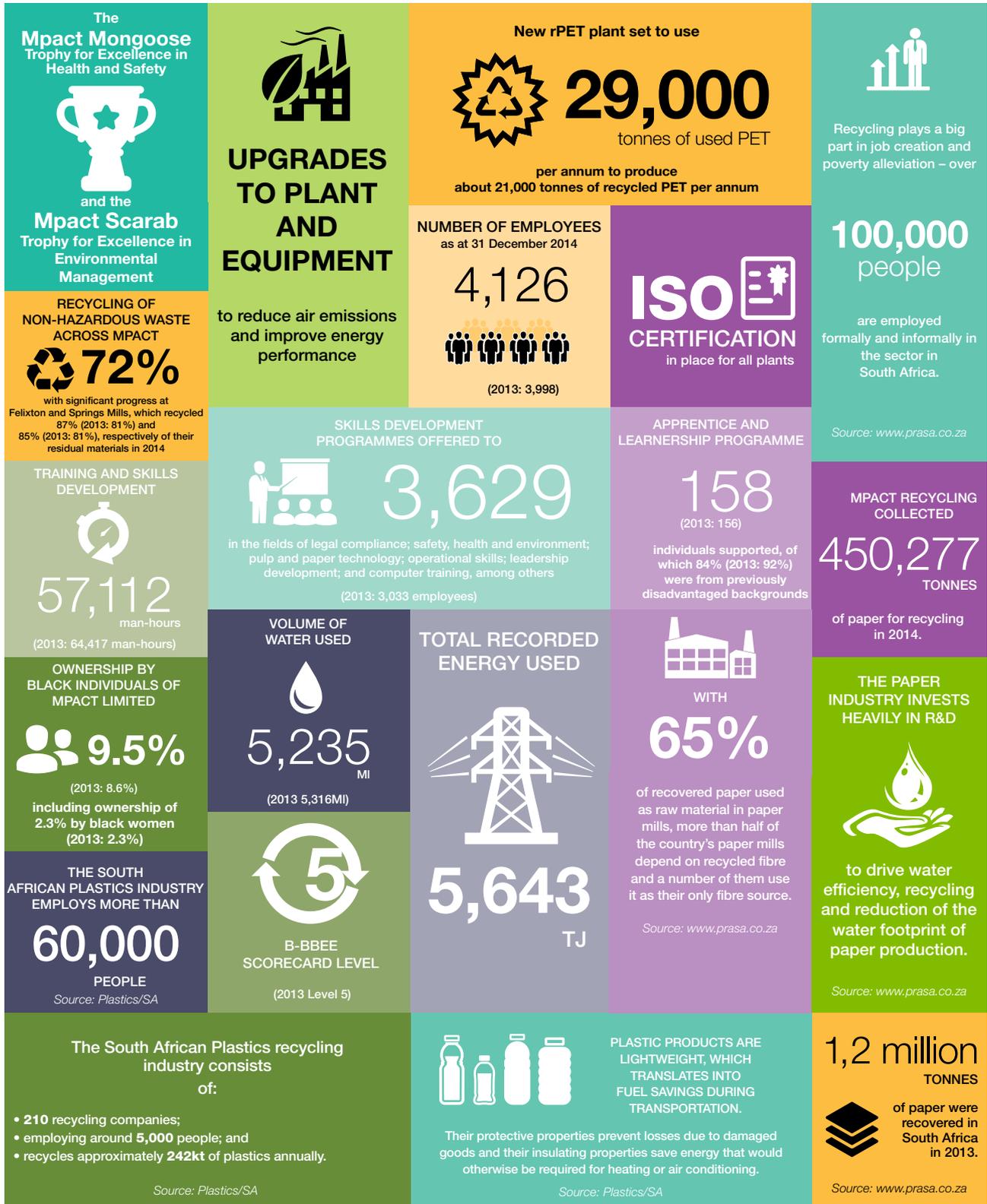
The Group's endeavours to uphold the principles of sustainability, corporate governance and social responsibility have been recognised by the inclusion of Mpact on the JSE SRI Index since November 2013. Mpact has also made efforts to improve sustainability reporting this year in line with recommendations made by the Integrated Reporting & Assurance Services (IRAS) in its Sustainability Data Transparency Index (SDTI): *A 2014 Review of Environmental, Social & Governance Reporting in South Africa*.

Mpact remains committed to sustainable development by adopting leading industry health and safety standards; obtaining responsibly-sourced raw materials; and ensuring the business constantly seeks to reduce its environmental impact. Specific strategic goals have been developed for the Plastics and Paper businesses and these are set out in detail in the respective operational reviews on pages 34 to 37 of the 2014 Integrated Report.



## KEY INDICATORS

### Measuring Performance



## MANAGEMENT'S APPROACH TO SUSTAINABILITY

### Targeting Continuous Improvement

A fundamental tenet of the business is that of being a responsible corporate citizen manifesting in the creation of long-term value for stakeholders. Mpact is committed to sustainable development in each of its businesses by adopting leading industry health and safety standards, obtaining responsibility-sourced raw materials and ensuring a reduction in its environmental impact.

There is a growing emphasis on the economic, social and environmental issues as they impact on business, placing increasing pressure as populations grow and as natural resources are strained and communities are forced to do more with less. Systematic sustainability reporting helps organisations measure these impacts, set goals and manage change. This report is the key platform for communicating sustainability performance and impacts – whether positive or negative.

### Policies

Policies and procedures are in place to guide all significant aspects of the business including a corporate vision and values; safety, health and environment; ethics; transformation; procurement; human resources; financial management; and maintenance. These policies set the framework within which Mpact manages its business.

Mpact's Sustainability Policy, its Code of Ethics and the Supplier Code of Conduct provide a blueprint for employees, suppliers and partners to follow so that there is no ambiguity in expectations. This commitment is outlined in the Vision and Values set out in the 2014 Integrated Report. The Social and Ethics Committee Report is on pages 53 and 54 of the 2014 Integrated Report and is available on Mpact's website, [www.mpact.co.za](http://www.mpact.co.za). There is also an open channel for those wishing to express their views by emailing Mpact at [info@mpact.co.za](mailto:info@mpact.co.za) with comments and suggestions.

## RECYCLING DEVELOPMENTS

### Local Beneficiation and Job Creation

The Recycling division has seven (2013: seven) sites across the country collecting approximately 450,000 tonnes per annum of recovered paper. Recovered paper sources include pre- and post-consumer material sourced from a multitude of paper pick-up programmes including commercial, kerbside, schools, churches, communities, housing complexes, offices and an extensive network of agents and dealers.

Around 70% of the paper recovered is used in the production of Mpact's own cartonboard and containerboard, while the remaining portion is sold to external customers, the largest of which is Mondi Shanduka Newsprint. This considerably decreases the Group's reliance on virgin fibre. The input of recovered paper also has a positive impact in terms of climate change; replacing virgin material

reduces greenhouse gas emissions linked to the production of virgin fibre, and the landfilling or incineration of this recycled paper is prevented. Moreover, the recovery and recycling of paper in South Africa ensures local beneficiation of raw materials and the creation of jobs.

Mpact stated in its Integrated Report for 2013 that it was investigating the recycling of plastic products and to have a solution by 2015 as it is an opportunity for Mpact to further integrate its Plastics business model. Mpact established Mpact Polymers during the year, and with the IDC as 21% shareholder in this business, will be commissioning a recycled PET plant in the second half of 2015.

As Mpact is the leading waste paper collector in South Africa, the same facilities and operations will be leveraged to collect waste PET products. Mpact will require 29,000 tonnes of waste PET to produce 21,000 tonnes of recycled PET annually, which will contribute to job creation in the recycling industry, reduce raw material costs to some degree and improve Mpact's, its customers' and the community's impact on the environment.

## MATERIAL RISKS AND OPPORTUNITIES PERTAINING TO SUSTAINABILITY

In line with the Group's approach to improving upon and managing a sustainable business, Mpact appointed a Risk and Sustainability Manager, Neil Hunt. He has overall responsibility for overseeing the risk management process. The risk assessment process follows a "bottom-up" approach, with the input by each operation assessed by the Risk Management Committee, and then in turn by the Audit and Risk Committee. In this way, the most critical underlying material risks that the Group faces are identified, and the mitigating actions to reduce these risks are assessed.



The risks set out below pertain specifically to the sustainability of the Group. The full Risk Management Review for the year ended 31 December 2014 is set out on the company's website, [www.mpact.co.za](http://www.mpact.co.za).

Material risks	Management of these risks
Source of recovered paper declining	Retain leading market position as the largest paper recycler in South Africa and preferred buyer of recovered paper
Imported product as well as competitor expansion creating over-capacity in the local market	Investing in Mpact's plants and equipment to improve the quality of products, flexibility and capabilities
Economic and competitive influences on sectors and consumers outside of Mpact's control	Consistently delivering smarter, sustainable solutions to its customers

The opportunities identified:
Expansion of the Recycling division into the collection and recycling of plastic products
Greater opportunities to export into SADC countries
Opportunities for optimisation and expansion with upgraded plant and equipment
Acquisition opportunities in converted paper products

### Risk Management

Risks identified through the audit processes and other internal processes are monitored and managed as described in the Group's Enterprise Risk Management Guidelines. A Risk Management Committee comprising of the Mpact executive management team and invited contributors meets quarterly to review the Risk Register and progress made on mitigation of the risks.

Also discussed by the Risk Management Committee is the progress in management of risks identified through Underwriting Surveys and MPL Analysis Reports and progress in closeout of non-compliance findings against Risk Control Compliance Audits compiled by Marsh Risk Consulting at various sites through the course of the year. These findings to a large extent relate to fire protection standards. Recommendations from this committee are presented to the Audit and Risk Committee.

### STANDARDS AND PRODUCT RESPONSIBILITY

In pursuit of excellence, Mpact subscribes to various internal and international standards to which its operations, where applicable, are certificated. These include:

#### Internal standards

- Enterprise Risk Management Guidelines: Guidelines for managing business risks and insurance.
- Risk Control Standards: Guidelines for fire, safety, health and environmental management.
- Mpact management systems consisting of policies, procedures and work instructions dealing with an array of management requirements throughout the business.

#### International standards

- ISO 9001: Quality management standards applicable to all Mpact manufacturing operations.
- ISO 14001: Environmental management standard applicable to the Group's Paper, Corrugated and Recycling operations.
- Forest Stewardship Council (FSC) standards applicable to the Group's paper mills.
- German Federal Institute for Risk Assessment (BfR) Recommendation XXXVI: Food contact safety standard for packaging papers.
- ISO 2200:2005: Food packaging safety standard applicable to plastics and corrugated containers used for the packaging of food.
- British Retail Consortium (BRC): Ensures plastic containers meet customers' food safety needs.

Fundamental to the principles of Mpact and to these standards is compliance with national legislation. To this end, Mpact subscribes to Environmental and Health Legal Registers that also keep the business abreast of changes in legislation. In 2014 Mpact commissioned the compilation of a management booklet summarising core legislation pertinent to its operations.



## AUDITS AND EXTERNAL ASSURANCE

Compliance with standards and legislation across the Group is monitored through comprehensive internal and external audits of various management systems. External assurance is received from the external auditors with some listed in the following table:

System	External audits
Finance	Deloitte & Touche and KPMG
Insurance Underwriting Audits, Maximum Possible Loss (MPL) and Estimated Maximum Loss (EML) calculations	Marsh
Risk Control Standards	Marsh Risk Consulting
Fire Protection Systems and Infrared Surveys	Marsh Risk Consulting
ISO 9001, ISO 14001, ISO 22000	SABS, BVQI, i-Cert, SGS
FSC	SGS
Food Safety (paper products)	ISEGA (Germany)
British Retail Consortium (food safety)	SABS
Safety Legal Compliance	Legal Consulting Services
Environmental Performance	Legal Consulting Services
Environmental Legal Audits	Greengain Consulting, Environmental Law Consultancy
B-BBEE Scorecard	Symphony

Non-compliance issues and recommendations arising from audits are managed closely to ensure compliance is achieved and maintained through management interventions.

### MANAGEMENT'S COMMITMENT TO VALUE

Mpact commits to delivering exceptional value to all its stakeholders – shareholders, employees, contractors, customers and its communities, among others. The Group seeks to pursue excellence in all that it does to ensure that operational performance is optimised and profitability increased at all times, while ensuring that the highest ethical standards are upheld.

Mpact believes that this is achieved by employing high-calibre people and procuring high-quality equipment, raw materials and services to ensure optimum operational performance so that products can be reliably offered at competitive value.

### SAFETY AND HEALTH

#### Zero Harm Principle

The Group is committed to providing a safe and healthy working environment for all employees, as well as contractors and service providers. The principle of “zero harm” is entrenched at each of Mpact’s operations.

The CEO’s Safety, Health and Environmental (SHE) Philosophy states that all injuries, occupational illnesses, safety and environmental incidents and fires are preventable and that the target for them is zero.

There are three underlying principles that give effect to this philosophy:

- individuals are responsible for their own safety;
- adherence to the “Fire and Safety Rules To Live By” is the minimum standard throughout Mpact; and
- there is no differentiation in the treatment and expectations of employees, contractors and service providers.

To achieve this, a number of safety, health and environmental interventions are in place and these are regularly monitored and enforced.

#### Fostering a Safety Culture

People commitment and a culture of safety are vitally important in creating a safe working environment. Compliance with rules and procedures alone cannot address or mitigate all hazards and risks. A culture which fosters improvements in safety performance is built on people who think for themselves about safety issues and who take ownership and accountability for creating a safe working environment.

Systems play a key role in influencing the work environment. The Group has set the task of building robust systems that are specific to safety and ensure that safety considerations are thoroughly integrated with other organisational systems. The approach is to eliminate hazards where possible, and if they cannot be eliminated, to manage their risks. This requires broader thinking about hazards and risk, which will result in building more

robust defences to protect people from harm, based on technical, administrative and individual controls.

Safety and health is the responsibility of senior management, who are assisted by line managers at each operation, and who are held accountable for the well-being of employees under their leadership. In addition, there is a significant focus on the prevention of uncontrolled fires.

SHE systems and procedures are in place to ensure compliance with the relevant South African legislative requirements and the mitigation of safety and health risks to prevent injury or ill-health through hazard identification and risk assessment processes. Safety and health inductions, as well as numerous safety and health training courses, are conducted annually at each operation.

### Reinforcing Safety

To assist with the management of safety and health and maintain a safe and healthy working environment, the Group has a number of initiatives and programmes in place, these include:

- The CEO's SHE Philosophy as mentioned previously.
- A Safety Plan, which is reviewed at Group level at the beginning of each year. The plan is cascaded down the operations which develop their own roll out plan to satisfy the Safety Plan.
- The Safety, Health and Environmental Policy, set out in accordance with section 7 of the Occupational Health and Safety (OHS) Act, 85 of 1993.
- Mpac's "Fire and Safety Rules To Live By", a set of rules and standards covering areas such as fire safety, entry into confined spaces, working at heights, energy and machinery isolation procedures, lifting and material handling, rotating and moving machinery, hazardous substances, and work permits for duties such as hot work and controls around mobile plant and equipment.
- Hazard Identification Risk Assessments (HIRAs) leading to development of Safe Work Procedures (SWPs) are done for all processes in manufacturing operations.
- Mpac Risk Control Standards have been developed and entail safety standards and guidelines relating to a wide spectrum of safety, health, fire protection, security, emergency preparedness and environmental management matters. A selection of sites is audited by Marsh against these standards annually.
- A Behaviour-Based Safety programme, aimed at identifying unsafe behaviours and eliminating barriers to safety, and comprising three levels of behaviour observation, is in place. The observation methods are:
  - Visible felt leadership (VFL) – which is the engagement (not audits) of leaders with people carrying out tasks, in order to observe their actions, understand reasons for them deviating from safe work practices, and implement corrective action.
  - Planned job observations – which are scheduled observations of people performing their normal duties by others familiar

with the related standard operating procedures. These are done to identify incorrect or unsafe behaviour and establish the reasons for such behaviour.

- Peer observations of unsafe acts observed – which entails the logging of observations of unsafe behaviour, incidents or conditions by employees and contractors. This provides feedback to operating personnel, which is used to identify barriers to safe work behaviour.
- The "Hearts and Minds" programme, developed by Shell and the Energy Institute, has been rolled out throughout Mpac's operations and aims to improve the safety culture by encouraging employees and contractors to be more thoughtful and take personal ownership of safety in their workplace.
- Mpac has a comprehensive contractor safety management programme that ensures all contractors on its sites are afforded the same high standard of safety care as employees.

In addition, operations compete annually for the Excellence in Health and Safety awards, an internal recognition for excellent performance in these areas. These awards are based on the health and safety statistics of operations for the year in which they are given out. Based on the audit results operations are awarded Platinum, Gold, Silver or Bronze status.

To be awarded the prestigious Platinum award for Safety, an operation's safety record over a five-year progressive period has to meet the following requirements:

- No fatality over the five-year period.
- Serious injury frequency rate (SIFR\*) of less than 0.2.
- Medical Treatment Case Frequency Rate (MTCFR\*\*) not greater than 0.6.

\* SIFR = Serious Injury Frequency Rate where serious injuries include Fatalities, Lost Time Injuries, and Restricted Work Cases

The Mongoose Trophy for Excellence in Health and Safety, the highest accolade an operation can be awarded, is based on comprehensive health and safety audits which are conducted annually by an independent auditor. In 2014 the trophy was awarded to the Felixton Mill, while three operations achieved Platinum status, namely Recycling Midrand, Recycling Richards Bay and Recycling Pretoria West.

### Safety Performance

Mpac suffered no fatalities in 2014 so that the Fatality Injury Frequency Rate dropped to zero (2013: 0.016).

Although the number of lost time injuries suffered in 2014 increased to 13 (2013: 8) the number of restricted work cases dropped to 9 (2013: 17). The LTIFR increased to 0.21 (2013: 0.13) but the SIFR (Serious Injury Frequency Rate – inclusive of fatalities, LTIs and RWCs) decreased to 0.36 (2013: 0.43).

The Total Injury Frequency Rate (TIFR) dropped to 4.3 (2013: 4.4) and Total Recordable Injury Frequency Rate increased to 1.71 (2013: 1.52) due to an increase in Medical Treatment Cases to

91 (2013: 84). It is encouraging to note that First Aid Cases (FAC) decreased by 23% relative to 2013.

Mpact continues to drive safety through the programmes mentioned and to seek innovative ways of creating a healthy safety culture. In particular an approach to making the concepts encapsulated in the Hearts and Minds programme more accessible to the operational staff through the use of printed media is being pursued.

### Health

Ensuring the well-being of employees is a strategic imperative. Occupational health and safety compliance is the responsibility of line management, and is a key indicator of business performance.

In line with the CEO's SHE Philosophy, all Mpact's operations and sites provide wellness programmes and support to employees for primary healthcare and chronic illnesses, including HIV/AIDS. The SHE committees, a joint management/worker health and safety forum at each site, monitor and provide guidance on occupational health and safety programmes.

In addition to primary healthcare, site clinics and mobile medical facilities provided free annual medical assessments to employees during the year. Occupational health examinations take place when an employee joins the company, at periodic intervals during employment (depending on the risk and local regulatory requirements), on transfer from one operation to another, and on retirement or resignation.

### HIV/AIDS

Mpact realised at an early stage that HIV/AIDS could take its most precious resource – its employees – and therefore prioritised the prevention and treatment of HIV/AIDS by instituting policies and programmes that strive to reduce the impact of HIV and AIDS and implement long-term people-focused solutions to minimise the effect of the epidemic.

Mpact provides access to wellness programmes aimed at maintaining the health of those that are infected with HIV. Access to anti-retroviral therapy (ART) is provided through these programmes and the cost thereof subsidised by Mpact for those employees who cannot afford medical aid or whose medical aid is exhausted.

In an aim to reduce the AIDS crisis, Mpact holds education and awareness programmes within its operations, uses surveys to plan prevention strategies and offer the appropriate care, encourages large scale Voluntary Testing and Counseling (VCT) and facilitates the access to this service.

Approximately 3,340 employees (2013: 3,177 employees) undertook an annual medical test with approximately 1,784 employees (2013: 2,415 employees) opting for VCT during the year.

## SOCIAL SUSTAINABILITY

### Stakeholder Engagement

Mpact undertakes stakeholder engagement, which is encouraged by King III and the Companies Act, with its shareholders, employees, unions, suppliers, communities and consumers. Transparent and open communication with these groups is regarded as critical to its long-term success.

The list of identified stakeholders is reviewed annually by the Social and Ethics Committee to ensure that it reflects the key groupings with which Mpact interacts. The Group has a Stakeholder Engagement Policy to formalise this interaction.

During the year, a comprehensive report is tabled at Social and Ethics Committee meetings providing an update on stakeholder activities. This report outlines various communications relating to:

- Investor relations
- Media relations
- Advertising and branding
- Customers
- Employees
- Shareholders and the investment community
- Financial institutions and banks
- Suppliers
- Government institutions and regulatory authorities
- Community organisations
- Trade unions
- Industry associations

For more information on stakeholder engagement please refer to pages 14 and 15 of Mpact's 2014 Integrated Report, also available online at [www.mpact.co.za](http://www.mpact.co.za).

### Employees

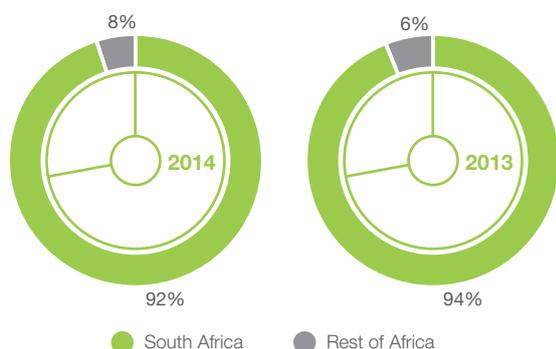
Mpact's employees are integral to the success of the Group and the Group therefore ensures that each person has the necessary skills to improve his/her performance. Mpact takes pride in its Fair Employment and Promotions Philosophy. There is a place for a wide diversity of people and the Group is sensitive to race, gender and disability, and is committed to attracting, recognising and rewarding talent. Mpact firmly believes that it cannot implement and maintain sustainability principles without the commitment and buy-in of its employees.



## Headcount

For the year ended 31 December 2014, Mpact employed 4,126 (2013: 3,998) employees. Distribution of employees by geography, gender and division are shown in the table below. Representation of ethnic groups is given under the Transformation section on page 10.

### Employees per geography



	South Africa	Sub-Sahara	Total
<b>Geographical</b>	3,802	324	4,126
	92%	8%	
<b>Gender</b>	<b>Male</b>	<b>Female</b>	<b>Total</b>
	3,198	928	4,126
	78%	22%	
<b>Division</b>	<b>Paper</b>	<b>Plastics</b>	<b>Total</b>
	2,923	1,203	4,126
	71%	29%	

## Code of Ethics

Mpact's Code of Ethics defines the Group's ethical values and behavioural standards. Leadership teams not only endorse the Code, but are committed to applying it in their decisions and actions in mapping the Group's strategy and in managing its operations. The Code applies to all employees, and covers the foundation of the Group's ethical behaviour, including its Vision and Values, how to apply the Code, testing decisions, consulting on ethics and how to report misconduct. The Code provides guidance on specific issues, including:

- Customers
- Health and Safety
- Human Rights
- Employment equity
- Use of company resources
- Confidential information
- Declaration of interest

- Gifts and entertainment
- Fraud
- Bribery and corruption
- Political participation and government interaction
- Our communities
- The environment

## Employment Practices

Mpact's Fair Employment and Promotions Philosophy states that: "There is place for all people in Mpact and cognisance must be taken of merit-based employment equity to address the issue of diversity throughout the organisation, especially regarding race, gender and disabilities". Underpinning this philosophy is the practice of attracting the best talent, recognising talent, and transparency in selection processes.

Benefits provided to full-time employees include membership of pension and provident funds, access to medical aid schemes and primary healthcare, study assistance and incentive bonuses.

Mpact has an anonymous tip-off service, allowing employees the opportunity to report issues relating to fraud, corruption and workplace misconduct. This service is administered by Deloitte & Touche and is independent of the Group.

## Skills Development

Mpact acknowledges that an integrated people development approach aimed at improving performance, skills upliftment and the execution of the Group's workplace skills plan is fundamental to its sustainable growth and competitiveness.

Through the Mpact Academy, the Group offers both career and skills development programmes. These range from Adult Basic Education Training (ABET) to senior management development programmes. Mpact actively encourages employees to increase their formal education through the further studies assistance programme in which employee studies at external institutions are funded in return for a service commitment.

Mpact has also developed relationships with various tertiary educational institutions through in-service training opportunities. This in-service training initiative has led to a number of permanent placements within the Group.

To effectively deliver on skills development initiatives, annual training needs assessments are undertaken to form the workplace skills plan which, in turn, outlines the skills development targets.

During 2014, skills development programmes were offered to 3,629 employees (2013: 3,033 employees) in the fields of legal compliance; safety, health and environment; pulp and paper technology; operational skills; leadership development; and computer training, among others.

In 2014, a total of 57,112 man-hours (2013: 64,417 man-hours) were devoted to training and skills development. In addition, the Group supported 158 individuals (2012: 156 individuals) on apprentice and learnership programmes, of which 84% (2013: 92%) were from previously disadvantaged backgrounds.

### Human Rights

The Group recognises the right of employees to freedom of association, and as such, promotes and supports the existence of the relevant structures and relationships. Approximately 61% (2013: 52%) of the workforce is represented by various unions, with the majority belonging to the unions noted below.

	CEPPWAWU	NUMSA	CWAWU	SATU	Small unions	Total
2014	31.29%	7.32%	5.40%	5.31%	9.36%	60.83%
2013	27.0 %	9.0 %	5.0 %	4.0 %	7.0%	52.0%

In addition, Mpact is a member of various bargaining councils including:

- Statutory Council for the Paper Packaging Industries Bargaining Forum;
- Bargaining Council of the Wood and Paper Sector; as well as the;
- Metal Industries Bargaining Council.

Three senior Mpact Human Resource (HR) managers are represented on these councils.

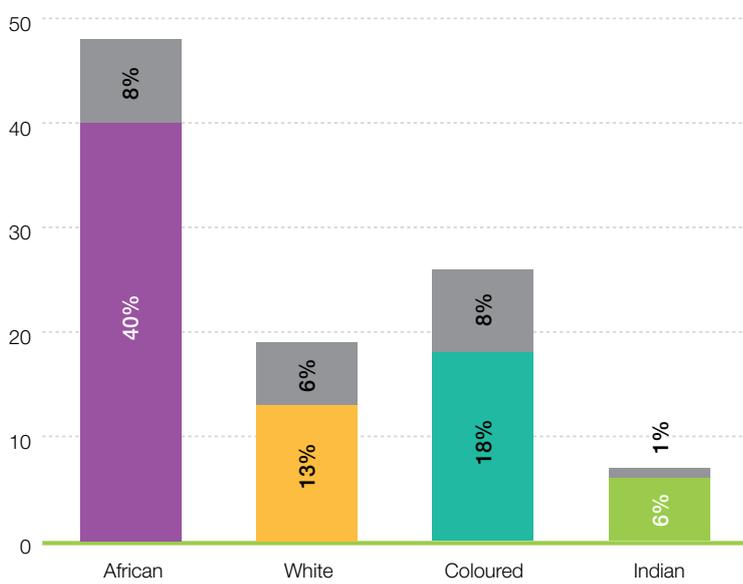
### Transformation

Mpact's core values, culture and people development approach are embedded in the Group's Transformation Philosophy. This commits Mpact to conducting its business in a socially responsible and ethical manner, promoting the interdependence of performance and transformation, and supporting the communities in which the Group operates through partnerships and capacity-building interventions. This is also echoed in the Group's vision.

### Employment Equity

The Group continues to work on its employment equity plan, which sets targets for the representation of previously disadvantaged persons at all levels of the Group, along with strategies for skills development, succession planning and retention. Transformation committees have been established at Group and operational level to encourage employees to discuss employment equity and training-related issues.

Mpact's South African employees are represented by the following ethnic groups:



The South African employees' positions within the Group are:

	African		White		Coloured		Indian		Total
	Male	Female	Male	Female	Male	Female	Male	Female	
Top Management			2						2
Senior Management	1	3	30	1			4	2	41
Middle Management	20	7	133	53	22	1	38	8	282
Junior Management	289	63	267	104	127	56	82	15	1,003
Semi-Skilled	819	81	31	56	410	77	71	16	1,561
Unskilled	338	125	1		130	160	18	1	773
Temp	70	13	36	11		2	7	1	140
	<b>1,537</b>	<b>292</b>	<b>500</b>	<b>225</b>	<b>689</b>	<b>296</b>	<b>220</b>	<b>43</b>	<b>3,802</b>

At 31 December 2014, the South African operations employed 3,802 people (2013: 3,716 people). The employees, classified as previously disadvantaged individuals (PDIs), filled the following positions:

Level	2014	2013	2012
Junior management	<b>73%</b>	73%	72%
Middle management	<b>53%</b>	52%	53%
Senior management	<b>27%</b>	29%	28%

#### Equity Ownership

As at 31 December 2014, the ownership of the company by black individuals was 9.5% (2013: 8.6%), including ownership of 2.3% (2013: 2.3%) by black women.

#### B-BBEE Scorecard

Mpact's current B-BBEE rating as determined by Symphony, on the basis of the 2014 results and ownership structure, is Level 5 (2013: Level 5).

#### Corporate Social Investment (CSI)

Mpact aims to be a truly transformed company making a difference to the lives of the communities it touches, recognising community engagement as a business imperative and the cornerstone of sustainable investment. The Group's CSI strategy aims to support and partner on community development initiatives that seek to strengthen the Group's role as a responsible corporate citizen.

The strategic objectives are to:

- support meaningful socio-economic initiatives that make a difference to the lives of the communities with whom we work;
- build the will for change among the communities with whom we work; and
- build the self-esteem and dignity of the people whom we touch.

To achieve this, Mpact focuses on:

- capacity building and ensuring multi-stakeholder-based sustainable community development practices;
- supporting specific community needs that are aligned with its focus and limit "handouts"; and
- promoting employees' involvement and a better understanding of the community's role in achieving its business goals.

Mpact's approach to CSI involves engaging with communities impacted by its operations, and working with those that are interested in sustainable development programmes. It also encourages participation and partnership on all projects by all stakeholders, including employees. The Group is keen to promote good governance principles such as transparency and accountability among all stakeholders involved. Where applicable, Mpact undertakes surveys and feasibility studies to ensure effective implementation and sustainability of projects and encourage sustainability through recycling initiatives.

The Group's focus areas are education, health, entrepreneurial and enterprise development.

The CSI budget is determined from the company budgeting process conducted in October each year. 1% of the budgeted company Net Profit After Tax (NPAT) is then taken as the minimum CSI spend for the company. This figure is then broken down proportionately for each division. Budget revisions are done quarterly in March, June and September, at which point the CSI budget is also revised. Actual CSI expenditure is monitored on a monthly basis.

- CSI expenditure for 2014 was allocated as follows:
  - 33.5% (2013: 35.9%) to Education
  - 22.8% (2013: 25.7%) to Sport
  - 33.7% (2012: 14.7%) to Health Care
  - 9.9% (2012: 23.7%) to Other (Cultural, Environmental, etc.)
- Social and economic development spend for 2014 was R4.6 million (2013: R5,6 million; 2012: R2,3 million).

## Education

Mpact's focus is on promoting early childhood and youth development programmes; on building entrepreneurial skills development through the principle of lifelong learning; and on stimulating an interest in science and mathematics through facilitating access to quality tertiary education, particularly amongst learners in rural areas.

### Springs Mill Vacation Work Programme

The Springs Mill, through its partnership with Ekurhuleni East College (EEC), welcomed five college students for a 10-day intensive Vacation Work Programme in 2014. The students were in their final year of an NCV qualification in Pulp and Paper. The NCV qualification was set up by PAMSA and EEC three years ago, and on completion, the students will have the equivalent of an N3 qualification in Pulp and Paper.

In order to encourage the students and give them some practical insight into the theoretical aspects of their course, the mill developed this programme specifically for this qualification. Students are exposed to different areas within the business. In each area, they were paired with operators who demonstrated the different aspects of paper making.

The students who attended were greatly encouraged by the opportunity as it allowed them to see the value of their studies and what they could expect when entering the world of work next year. The mill used the opportunity to identify talented individuals who may be targeted for recruitment.

### Community Learnership Programme

In 2011 Mpact's Shared Services Centre started the "Certificate in Management Development" learnership programme for children with learning disabilities. Five Matriculants were selected from local schools on the basis of their aptitude, as well as their ability to integrate into the Shared Services environment. The programme was run in conjunction with Maccaulei Learning Academy under the Services SETA accreditation body, and included an academic element as well as on-the-job mentoring from Mpact employees. All learners graduated. In 2015 the centre will launch the "Certificate in Business Administration" learnership programme in conjunction with Amathuba Training and Skills under the Services SETA accreditation body. This will also consist of an academic element as well as on-the-job training.

### Piet Retief Education Centre

This project, hosted in partnership with Mondi Limited's South Africa Division, Kangra Coal (Proprietary) Limited, the Mpumalanga Department of Education and the wider community of the Gert Sibande region, continues to grow from strength to strength. In 2014 a total of 23,640 (2013: 26,442 learners), educators and community members visited and benefited from the centre, which incorporates a career guidance centre, science centre and a Further Education and Training (FET) skills development centre.

### Department of Basic Education Annual Career Planning Week

In 2014, the Piet Retief Mill was invited by the Department of Basic Education to participate in an annual career planning week held at the FET skills development centre during August. The aim was to give learners information about the various career opportunities available at Mpact. With the theme being "The Role of Science in Economic Development", the EDT Practitioners at the mill, Jan Koen, Nomzamo Mtshali and Victor Sibiya, presented on the many diverse career opportunities available in engineering and production. A total of 950 learners from 19 surrounding secondary schools attended the presentations, which were received with great enthusiasm.

### Afrika Tikkun

Mpact continues to support the Phuthaditjaba Child and Youth Development Centre in Alexandra, Johannesburg in partnership with Afrika Tikkun. The Centre accommodates over 2,000 beneficiaries on a monthly basis.

### Phinduvuye Community Development Project

Mpact's plastics plant in Pinetown offers ongoing support to the Phinduvuye Community Development Project, a non-profit organisation whose mission is to provide home and community-based care and support to orphans and vulnerable children who are infected and affected by HIV and AIDS. The organisation also contributes to poverty alleviation and assists with community development within Pinetown and surrounding areas. In addition, it runs a feeding scheme which assists over 350 families, 188 children, 150 persons and 30 child-headed families. Mpact assisted by providing books to an Early Childhood Development Centre and supplying groceries.

### Thusong Community Centre

Mpact Versapak, along with other partners, sponsored 20 computers for the Thusong Community Centre as a means of giving back to our loyal workforce, their families and community by providing them with computer training and access to computer resources in the Paarl-East area. The centre recently celebrated its first graduates, who completed the seven-week course, which is available free of charge to the public. These graduates can now use their skills to look for jobs and/or use these skills to train other people.

### Adopt-a-School

This year Mpac once again supported the Adopt-a-School Foundation, a Shanduka initiative set up by Cyril Ramaphosa, with Mpac staff volunteering their time and skills at various schools across the country, including Reasoma Secondary School in Soweto, Gauteng.

### Health and Community

Mpac aims to promote, support and participate in initiatives concerned with women, youth and HIV/AIDS. It also supports orphan care centres, which serve as best practice resource centres to the community in promoting awareness and excellence in caring for children.

### Thol'ulwazi – Thol'impilo Mobile Clinics

In partnership with Department of Health in the Province of North-Rhine-Westphalia in Germany, the Lutheran Church, private farmers in the Mkhondo area, Churches and Business Against HIV and AIDS, the Mpumalanga Department of Health and Mondi Limited's South Africa Division, Mpac supports this worthy project by supplying them with diesel on a monthly basis. This clinic is also targeted at people in the rural areas of Mkhondo who need primary health care, counselling, advice and HIV/AIDS-related services.

### 1,000 Hills Community Helpers

Mpac's Corrugated plant in Pinetown continues to assist 1,000 Hills Community Helpers financially, allowing the organisation to continue to feed, clothe and educate HIV/AIDS infected and affected children and adults. The Helpers provide over 1,000 meals a day to both children and the elderly, either

at the Centre, or through home deliveries, in addition to other essential services and outreach programmes. For the past two years, the plant employees have also bought and wrapped Christmas gifts to be handed to the children at the Centre's school. Most of these children are either living with or are affected by HIV/AIDS. Mpac hopes to continue providing assistance to this NGO without necessarily giving cash donations in line with our strategy of not providing hand-outs.

### Western Cape Cerebral Palsy Association (WCCPA)

In 2014 Mpac again donated corrugated cardboard to the WCCPA, a non-profit organisation looking after all people with cerebral palsy in Cape Town and surrounding municipalities. The cardboard is used to make personally-fitted furniture and equipment for children with cerebral palsy.

### Making an Impact with Mpac

In 2013, the Springs Mill launched the Make an Impact with Mpac initiative in conjunction with the Momentum 94.7 Cycle Challenge "Ride for a Purpose" initiative, reaching out for the benefit of SpringsCare, a Section 21 company that was established in 2010 and exists to reach, restore and equip the community of Springs and surrounding areas. Employees and their families were encouraged to enter the Cycle Challenge to raise funds. For every rand raised by employees or their family to be donated to SpringsCare, Mpac donated R3 to SpringsCare. A team of 24 riders raised R83,135.76, which was tripled by Mpac, which donated R249,407.28 to SpringsCare. SpringsCare has since used the money to buy a mobile soup kitchen to assist in their feeding scheme. Without these meals, many of the children would not have a meal for the day. This year the challenge has been continued, with riders increasing from 24 to 36.



## Entrepreneurial Development Programmes

These programmes promote the principle of equity and aim to stimulate economic growth amongst the community – especially amongst the poor and marginalised.

Through partnerships with NGOs and other socially responsible companies, voluntary employee participation is encouraged. Some of the main projects the Group supports on its own or in partnership with other companies and NGOs, include the following:

### Uzwelo Orphan Care and Khanya Group for Disabled Needlework Programme

The Piet Retief Mill has launched a needlework programme, which will enable selected adults and children to sustainably support themselves and their families. The programme, launched in February 2014, is led by an accredited trainer. Seven children from Uzwelo Orphan Care and six adults from The Khanya Group for the disabled were selected to participate in the initiative.

On completion of the programme, each learner will receive a certificate accredited by the relevant SETA. The aim of this initiative is to equip these 13 learners with skills that can be used to generate income. The students are currently sewing bags in which they will store all their sewing projects.



### N2 Community Garden

The N2 community vegetable garden, established in 2011 by the Felixton Mill, is an initiative to help gardeners from informal settlements such as Eskihawini to generate income from planting crops and selling them to the local communities and Mpact employees. In 2012 and 2013 the project was further supported with donations of vegetable seedlings. Since the aim of this project is to enable the gardeners to become fully self-sufficient, in 2014 we decided to step back to assess whether they would be able to manage on their own without help. We intend to visit the gardens early in 2015 to monitor and see if they need any further assistance.

### Hlelo Garden Project

The Piet Retief Mill's Transformation Committee identified a need in the area for a community garden and subsequently involved the local community in implementing a vegetable garden at the mill. The vegetables from this garden help to supplement the feeding scheme of the immediate community.

### Orion Organisation

The Orion Organisation is a therapeutic and training centre for people with disabilities based in Atlantis in the Western Cape. A registered NGO, its main goal is empowerment and skills development with a focus on ensuring that people with disabilities become fulfilled members of society. Mpact Plastic Containers outsources a significant amount of its assembly work to Orion, providing job creation opportunities. The two organisations have worked together for more than a decade.

### Maphepheni Sports Facility

Mpact's Piet Retief Mill supported the neighbouring community of Maphepheni by developing recreational facilities for the community, including a soccer field. This facility will support the community by creating a recreational area where constructive after-hours activities can be practised. The soccer field will be surrounded by an athletics track.



### GRIP Trauma Centre

Mpact supports this centre, aimed at providing humanitarian assistance, rehabilitation and empowerment to all sexual assault and domestic violence survivors, as well as services to those affected and infected by HIV and AIDS as a result of sexual assault.

### Mpact Recycling: Small Business Initiatives

A significant source of recovered paper are small locally-based businesses that collect paper in their areas and then deliver it to our recycling branches. These businesses vary in size from well-established recycling businesses, to a one-person business with a small pick-up truck to that of street hawkers or "trolleypreneurs".

Mpact Recycling also offers many employment opportunities for entrepreneurs and for traders to deliver to buy-back centres. It has offered assistance in the form of equipment, financing and business training.

Mpact Recycling further contributes to employment through a scheme that supports drivers with a vehicle and income to collect and transport recovered paper to Mpact's mills and buys paper from more than over 100 independent dealers throughout the country.



The division's broad national footprint includes community recycling and collection projects throughout South Africa – an essential element of enterprise development.

- **Small Businesses**

Small business entrepreneurs are encouraged to start paper and cardboard collection businesses, receiving advice, training and equipment. We also provide hawkers with paper barrows to make it easier for them to transport the cardboard and paper they collect.

- **Buy-Back Centres**

Over 40 Buy-back centres are established in central locations countrywide by small business entrepreneurs. Communities and hawkers can deliver directly to any of these centres and receive cash for recycled paper and cardboard.

### **Mpact Recycling: Community Initiatives**

Recycling within the community involves several post-consumer programmes such as kerbside collections; paper banks at schools and communities; wheeled bins at various housing complexes and estates; numerous office programmes; as well as small business buy-back centres with an extensive network of agents and dealers.



- **Paper Pick-Up Programme and Paper Banks**

The school paper pick-up programme allows schools to raise funds by recycling paper while providing children with environmental awareness. Schools are given a paper bank for easy collection and storage of recycled paper. The general community can also support schools, organisations and charities by placing their paper into the igloo-shaped paper banks.

- **Offices**

The office paper pick-up programme provides office recyclers and white bags to offices as well as a confidential shredding service.

- **Kerbside House-to-House Collection Service**

This is a weekly and bi-weekly paper service collecting unwanted magazines, newspapers and cardboard directly from homes. People are encouraged to put their unwanted paper and board in the highly recognisable green 'Ronnie Bag' ready for collection on their kerbside. Ronnie Bags are collected from almost 200,000 homes in Johannesburg, Ekurhuleni and Tshwane.

### **Enterprise Development**

Mpact believes that it has an important role to play in ensuring that economic opportunities are provided to small businesses owned by previously disadvantaged members of society. With continued support it is hoped that these businesses will not only be sustainable, but will also grow and create job opportunities.

The Group assists such businesses by providing them with preferential payment terms, thereby improving their cash flow. There are currently more than 50 businesses supported in this way.



### **Other Community Initiatives**

- **Keep Springs Clean Project, Springs, Gauteng**

Mpact continues its partnership with local companies to maintain the gardens and verges in Springs. This project provides jobs to local community members to sustain the overall cleanliness of the Springs area, and employs 12 permanent staff members and two casual workers.

- **Thuthukani and Cathuza Stimulation Centres, Piet Retief, Mpumalanga**

The objective of this project is to provide support and day-care services to children with disabilities between the ages of 0 and 18 years. The Cathuza Centre has 28 disabled children, while the Thuthukani Centre takes care of 36 children. The centres support children with autism, cerebral palsy and other physical disabilities, including deaf and mentally challenged children. The day-care facilities operate five days a week, providing two meals a day. The Piet Retief Mill continues to fund a set amount each month to purchase groceries with.

- **SPCA and Hospice, Gauteng**

In 2014 Mpact Recycling donated R48,080 to the SPCA (Johannesburg, Ekurhuleni, Pretoria, and Centurion) and Hospice (Witwatersrand, Pretoria, Centurion). This forms part of Mpact Recycling's office paper pick-up programme, which provides a collection service to offices in Johannesburg, Ekurhuleni and Tshwane. SPCA Alberton is looking for a piece of land to call their own, as they are not funded by the government. SPCA Johannesburg will be using the money to educate under-privileged societies to look after animals, with the help of their mobile clinic. Hospice Witwatersrand's part will go directly to patient care, and Hospice Pretoria Centurion will also use the money to grow Hospice.



- **The "Camp I Am" Initiative, Gauteng**

Mpact and Mpact Recycling continue to support the "Camp I Am" initiative, a day camp for children in low-income communities, including Diepsloot and Orange Farm, which is held during the school holidays. The camp teaches life skills through an integrated approach that includes academic, athletic, and creative activities.

- **Mandela Day, Nationwide**

Employees at several of our operations once again dedicated their 67 minutes to making a difference for Mandela Day. Several Corrugated Pinetown employees spent time with people

with disabilities at Cheshire Home, Northdene, with the plant supplying the refreshments. The finance team at Corrugated Brakpan also did their bit for Mandela Day, visiting the orphans at the Far East Rand Hospital in Springs and donating much-needed toys as well as food hampers. The plant's internal sales team also donated clothes and food collected from individuals to Lethukuthula Home for abandoned and abused children.



The Piet Retief Mill Transformation Committee worked on two different projects, with some of the committee members visiting Huis Immergroen, a local old-age home, where they hosted a braai for the residents and donated blankets. The second project was a Wellness Day for the elderly members of the Maphepheni community with the assistance of the mill's Life Clinic. Volunteers from Mpact Plastic Containers Atlantis arranged a visit to a nearby retirement centre.

- **Anti-Drug Campaign, Atlantis, Western Cape**

Recognising that drug abuse is a problem in Atlantis, our Plastics plant based in the area felt that this could be a community issue they could assist with. As a result, the plant has been involved in a number of projects, including sponsoring the "Drug-Free Campaign" initiated by the Atlantis Substance Abuse Society and X-treme Youth, a local youth group. The campaign is aimed at educating the community about the dangers of drug and alcohol abuse.



Plastics Atlantis also supported the X-Treme Youth Career Fair, the main objectives of which were to raise awareness in the local community about careers, as well as to inform them about the resources available. Other exhibitors included West Coast College, Cape Peninsula University of Technology (CPUT), CEDA, Dream Workers and Breched De Kock, an entrepreneur and business owner who uplifts and inspires the local community through his 'rags to riches' story.

- **“Wheelchair Wednesday”, Port Elizabeth, Eastern Cape**

Corrugated Port Elizabeth took part in this worthwhile initiative, donating a wheelchair as part of the Spar "Wheelchair Wednesday 2014" campaign, which raised awareness relating to matters that affect the lives of people living with physical disabilities.



- **Ronnie Recycler Re-Launch, Countrywide**

During 2014, Ronnie Recycler, Mpack Recycling’s mascot, was re-launched into the market. Ronnie has been making his way around to many schools which recycle with Mpack Recycling. Armed with sweets, a little "Ronnie bag", a Ronnie letter and of course, a script about the importance of recycling, Ronnie Recycler sees children getting rather excited about bringing their paper to school. Ronnie has already been seen at schools in Johannesburg, Pretoria, Cape Town and Richards Bay.



- Mpact/Trudon Telephone Directory Recycling Drive, Gauteng and The Western Cape**

To promote and encourage recycling at an early age, Mpact has once again partnered with Trudon to encourage learners and schools to recycle old print directories to get them out of circulation. In 2014 Midrand Primary School won the grand prize for Gauteng, which was R10,000 donated towards the needs of the school and two trees to plant in and around the school grounds. In addition, the learners in the winning class of the top three schools each received a prize, with the schools also receiving trees to plant in the school or at an adopted school. The other two winning schools were Northcliff High School and Craighall Primary School. In the Western Cape Kenridge Primary School was the winner, where the prize money of R10,000 was used to buy photocopying paper.



- Annual Speech and Poetry Competition, Limpopo**

About 200 Grade 3 to 6 learners and 60 educators from 24 schools got together at Nanedi Primary School at gaBroekmane in Limpopo in 2014 to participate in the annual Speech and Poetry Competition. The school that scooped the most prizes was Rapoho School, which received first position for Grades 4, 5 and 6 in Speech, followed by Helen Franz Special School with first position in Grade 6 Poetry, and second position in Grades 4 and 5 Poetry. The rest of the prizes were spread evenly amongst the 16 participating primary schools. All learners who participated in the competition received goodie bags containing squeeze bottles, pens and rulers sponsored by Mpact and the Rose Foundation.



## ENVIRONMENTAL SUSTAINABILITY

### Responding to the potential Carbon Tax implementation

Government is contemplating implementation of a Carbon Tax as part of its mix of measures to drive carbon emission reductions in line with their international commitments. The details of how the Carbon Tax will work are still uncertain as government is working to develop carbon budgets for industries that meet its peak, plateau, decline projections and the desired emission reduction outcomes being developed for each sector of the economy. The process is complex and time consuming but it is still anticipated that the first five-year Carbon Tax strategy will come into effect in 2016.

Mpact has responded to this by actively engaging with government through industry associations to understand and give input to the process. Mpact is also taking a close look at its energy and carbon footprint and working to reduce these. The Group has already made significant progress through various interventions and investments. Additionally, Mpact is also looking at the long term at cogeneration and green energy options to further reduce its carbon emissions. To this end, the Group has launched an Energy Centre of Excellence in 2014, which draws together energy experts from across the business, as well as external energy specialists, to drive energy reductions and green energy generation options.

### Compliance

As a socially responsible company, Mpact recognises that compliance with legislation is essential to sustainable operations. Mpact is committed to keeping abreast of environmental legislation and actively participates in the review process through membership of the Paper Manufacturing Association of South Africa (PAMSA) Environmental Committee that gives input and comment to draft legislation. Our operations also subscribe to legal registers tailored to their specific situations and are notified by the service provider of changes in legislation.

There are instances where compliance has not been possible due to the recent changes in environmental legislation, or insufficient responses from regulators. These incidents are being managed closely to ensure compliance is achieved as soon as possible. All other non-compliances are monitored and reported to ensure adequate action is taken to correct these anomalies.

All Mpact operations have environmental management systems in place. The Paper, Corrugated, Recycling and larger Plastics operations are certificated to the ISO 14001 standard and are audited internally and externally for ISO and legal compliance.

### Energy – Reducing energy consumption and CO<sub>2</sub> emissions

Mpact established an Energy Centre of Excellence in 2014 that aims to reduce energy consumption and CO<sub>2</sub> emissions by coordinating and driving energy efficiency projects and green energy generation initiatives. Energy experts from across the Group meet quarterly to report on progress, share ideas and participate in technology supplier discussion. Initiatives already actively perused in the Group include:

- Energy saving:
  - Optimisation of boiler efficiency;
  - Production process monitoring and optimisation initiatives;
  - Installation of variable speed drives;
  - Replacement of old lighting technologies with modern low energy lighting;
  - Replacement of various heating and cooling equipment with modern high efficiency units; and
  - Creating awareness among employees to conserve energy wherever possible.
- Energy generation investigation:
  - Solar generation feasibility;
  - Energy generation from incineration of waste; and
  - Biogas generation from effluent.

The main source of energy at Mpact is fossil fuel, in the form of coal, and electricity purchased from the national grid. Some heavy fuel oil and natural gas is also used. The total recorded energy used in 2014 was 5643TJ (2013: 5821TJ) of which 4173JT (2013: 4332TJ) was direct energy consumed (fossil fuels) while 1470TJ, or 408GWh, (2013: 1489TJ) was indirect energy consumption (purchased electricity). In terms of energy per man-hours worked, these usages translate to 343MJ/MH for direct energy and 120MJ/MH (0,034MW/MH) for indirect energy.

In 2014, the Paper and Plastics businesses achieved 4% and 7% energy consumption reduction respectively per tonne of product, when compared to 2013 as a result of energy efficiency programmes and improved production efficiencies.

### Atmospheric emissions

The main source of atmospheric emissions in Mpact is from boilers. In terms of the new Air Quality Act, Mpact's boilers do not require Atmospheric Emissions Licences (AEL), though they are now subject to Controlled Emitter regulations released in 2013. All relevant operations are in discussion with their local authorities to ensure compliance with these regulations. However, the Copeland Reactor at the Piet Retief Mill does require an AEL and this has been obtained in a licence that also provides the necessary Controlled Emitter authorisations for the site's boilers.

Controls are in place to monitor sulphur dioxide (SO<sub>2</sub>), particulates, and carbon dioxide (CO<sub>2</sub>) emissions from the boilers; and these are reported on regularly. Emissions are managed through use of good quality (low sulphur) coal, boiler efficiency optimisation and maintenance of grit arrestors in the boiler stacks.

Mpact takes the threat of Global Warming and Climate Change seriously and much of the drive to reduce energy consumption is backed by Mpact's commitment to reduce greenhouse gas emissions. Energy reductions noted above account for internally calculated reductions in both Scope 1 (direct emissions from site) and Scope 2 (arising from electricity purchased) emissions. Scope 1 emissions were 388,086 ton CO<sub>2</sub>e (381,899 ton CO<sub>2</sub>e) and Scope 2 emissions were 404,234 ton CO<sub>2</sub>e (2013: 413,977 ton CO<sub>2</sub>e) bringing total emissions to 792,320 ton CO<sub>2</sub>e (2013: 791,265 ton CO<sub>2</sub>e) which translates to 0,065 ton CO<sub>2</sub>e per man-hour worked.

### Water and waste water

Mpact operations strive to reduce water consumption and waste water generation, mindful of the reality that water is a scarce and precious resource. As such, all operations across the Group closely monitor and regularly report on water consumption. Interventions to reduce water use included monitoring and awareness drives, equipment upgrades, process optimisation and the treatment and reuse of waste.

Some operations have installed rainwater harvesting systems and improved water metering technology to assist the national drive for water conservation.

The total volume of water used in 2014 was 5 235MI (2013: 5 316MI), giving a value of 431 litres per man-hours worked. The Paper business is the major water user and achieved water saving per ton of product of 2,2% due to increased production efficiencies.

Similarly, for the Paper business, wastewater discharge volumes per tonne of product declined by 0,5%.

### Solid waste

Waste management plans are regularly reviewed to bring into effect the requirements of the Waste Management Act which focuses on the reduction, reuse, recycling, recovery, landfill hierarchy. Being a company largely driven by recycling, this ethic is well entrenched throughout the group with recycling of non-hazardous waste increasing to 72% in 2014 (2013: 67%).

Total non-hazardous waste disposed of amounted to 31,450 tons (2013: 36,525 tons) and 0,003 tons per man-hours worked, while hazardous waste disposal was 814 tons (2013: 880 tons). Material recycled totalled 79,297 ton (2013: 72,158 ton).

The Group has made significant progress in this regard, with the Felixton and Springs Mills recycling 87% (2013: 81%) and 85% (2013: 81%) respectively of their residual materials in 2014. In both cases, this was achieved by use of organic material for compost and ash for concrete block making.

### Environmental Excellence Awards

The Scarab Award is presented to the operation that performs best in an externally conducted survey on environmental management practices. The 2014 winner was the Springs Mill, Gauteng, while the Springs and Felixton mills were awarded Platinum status for environmental management

## ENVIRONMENTAL CASE STUDIES

### The Felixton Mill Upgrade



The Felixton Mill, situated near Empangeni on the KwaZulu-Natal North Coast, was established in 1953. Since then it has been transformed through several phases of development and investment. The mill currently produces containerboard for local and export markets utilising waste paper and bagasse, a fibre residue of sugar cane, as primary raw materials.

It is currently being transformed through a R765 million investment aimed at producing advanced lightweight containerboard to cater for the increasing demand for packaging weight reduction. In addition to the enhanced product offering, this significant investment in the latest paper machine technology and machinery will improve the mill's overall competitiveness, with significant improvements expected in energy and operational efficiencies.

On completion of the project the mill will no longer utilise bagasse fibre in its products.

The upgrade, which is scheduled to be completed by the end of 2017, will also result in a 60,000 tonne increase in the mill's design capacity to 215,000 tonnes.

Over the past two decades the Felixton Mill has done a tremendous amount of work to reduce its environmental footprint, with the following achieved since 1995.

Parameter	% reduction
Total energy	36
CO <sub>2</sub>	39
Total water	66
Total suspended solids (Wastewater)	81
Solid waste	76

The current upgrade project at Felixton will further improve all aspects the mill's environmental footprint and it is anticipated that energy per tonne of product will decrease by 16% and water and wastewater by 40% to 50%. Further to this, the wastewater quality will improve dramatically due to elimination of the bagasse pulping process.

### Mpact Polymers

The state-of-the-art Mpact Polymers PET recycling plant being built in Wadeville, Germiston, close to one of Mpact Plastics' existing manufacturing facilities is due to be commissioned during the second half of 2015 at a cost of R350 million. The newly-formed company, Mpact Polymers (Pty) Ltd, is jointly held by Mpact (79%) and the IDC (21%).

At full capacity the plant will process about 29,000 tons of PET plastic bottles a year, generating 21,000 tons of rPET from waste and saving some 180,000 cubic metres of landfill space each year.

Development of the plan for PET recycling was done in collaboration with key customers to ensure that the processed recycled material meets international standards. Mpact worked with Coca-Cola and its bottling partner Amalgamated Beverage Industries (ABI), a subsidiary of SABMiller Ltd, as the anchor customer for the project, as well as with the industry body PETCO to bring the project to fruition.

The project which will create about 1,000 jobs directly and indirectly is also supported by the Ekurhuleni Metro, the IDC and the DTI. The recycling industry in South Africa currently provides jobs for about 100,000 people. Mpact has helped more than 40 entrepreneurs start recycling businesses. The company provides further support through buy-back centres that purchase material and has set up sorting and baling facilities that provide further work opportunities.

It has also initiated projects to develop collections in deep rural and township areas which include buy-back centres set up in Empangeni and collections at a landfill site in Hluhluwe in KwaZulu-Natal, Mabopane and Soshanguve around Pretoria, Diepkloof in Soweto as well as Daveyton and Tsakane in Ekurhuleni.

Mpact Recycling, the largest paper recycler in South Africa, has been recycling paper for about 50 years and collects around 450,000 tons of recycled paper a year. The South African market currently uses about 124,000 tons of bottle-grade virgin PET a year with some 59,700 tons of baled PET collected in 2013, indicating a clear opportunity to expand PET recycling by introducing the rPET back into beverage bottles.

## SUSTAINABILITY POLICY DEVELOPMENT

While Mpact has developed a strong corporate culture of sustainable business practice, it is not complacent regarding its current performance and responsibility. The Group is dedicated to continuous improvement in sustainability and takes cognisance of global developments in this arena encapsulated in this quote from Allen White: co-founder and former CEO of GRI, founder and co-chair of Global Initiative for Sustainability Ratings:

*“While corporate accountability and performance improvement initially drove the reporting movement, years of practice have revealed a purpose even deeper and more transformational. That purpose is the redefinition of corporate value and value creation. Slowly but steadily, a new definition of value is emerging, one rooted in multiple capitals that encompass human, social, natural alongside financial.”*

Much of the Group’s efforts in 2015 will be on further entrenching existing sustainability related policies. From this Mpact expects new initiatives to be born and is excited to see what the future holds. The Group looks forward to realising its vision of being a leading business with the highest ethical standards, delivering exceptional value for its customers, employees, communities and shareholders.

## DOCUMENTS AND RESOURCES AUDITED

The Integrated Report and Annual Audited Financial Statements are also available on the Mpact website, [www.mpact.co.za](http://www.mpact.co.za). Should you wish to receive a copy of any of these or have any questions or comments arising from reading this Sustainability Review, please send an email to the following address:

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