

EMPLOYEES



Mpact's employees are integral to the success of the Group and it is therefore important to ensure that each employee has the necessary skills to improve his/her performance. At Mpact we take pride in our Fair Employment and Promotions Philosophy. We believe that there is place for all people in Mpact and are sensitive to diversity based on race, gender and abilities. We therefore attract, recognise and reward the best talent in the industry. We firmly believe that we cannot implement and maintain serious sustainability principles without the commitment and buy-in of our employees.

At the end of December 2012, Mpact employed approximately 3,790 people across the Group.

TRANSFORMATION

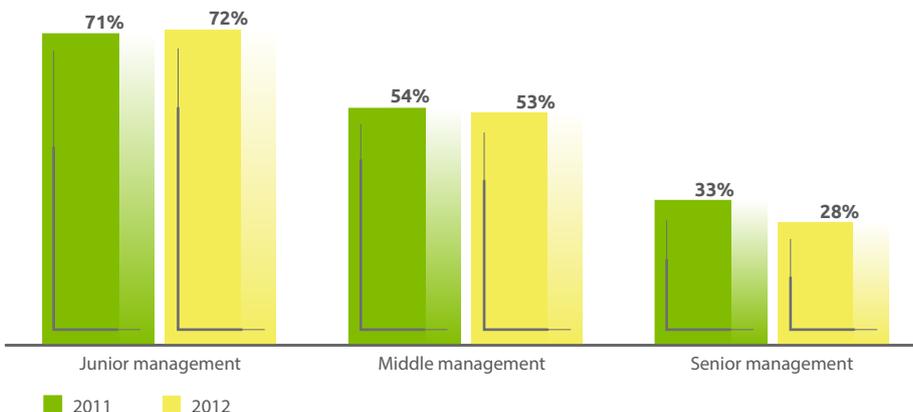
Mpact's core values, culture and people development approach are embedded in our Transformation Philosophy. Therein the Group commits to conducting its business in a socially

responsible and ethical manner, promoting performance and transformation interdependence and supporting the communities where the Group works through partnerships and capacity-building interventions. This is also echoed in our 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.

At 31 December 2012, the South African operations employed 3,565 people. The employees, classified as previously disadvantaged individuals (PDIs), filled the following positions:



EQUITY OWNERSHIP

As at 31 December 2011, the ownership of the company by black individuals was 18.6%, including ownership of 3.5% by black women. This translates into 11.8 points out of the B-BBEE target of 20 for black ownership.

The calculation of the B-BBEE ownership score will only be available in the second quarter of 2013 when the next B-BBEE audit takes place.

B-BBEE SCORECARD

Mpact's current B-BBEE rating as determined by Empowerdex, on the basis of the 2011 results and ownership structure, is Level 4 and is valid until July 2013. On 25 October 2012, Shanduka Packaging Proprietary Limited (Shanduka) notified Mpact that it had disposed all of its shareholding, being 17,150,154 Mpact ordinary shares representing 10.48% of the company's ordinary shares in issue. Shanduka acquired an interest in Mondi Packaging South Africa Proprietary Limited in 2005 as part of a B-BBEE transaction and received Mpact ordinary shares when Mpact was demerged from Mondi Limited in July 2011. According to Shanduka, the rationale for it disposing of its interest was that its private equity fund, Shanduka Value Partners 1, was reaching maturity and it had to settle the debt attributable to the fund. The sale of Shanduka's shares in no way reflected its view on the prospects of Mpact.

While this change of shareholding may have an effect on its B-BBEE ownership, Mpact intends to continue working on all elements of the B-BBEE scorecard to ensure that a competitive rating is maintained. We are aware of the

revised B-BBEE Codes of Good Practice currently issued for public comment and will endeavour to align our B-BBEE initiatives with the new codes once they are finalised.

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.

In addition, Mpact implemented an anonymous tip-offs service during 2012, allowing employees the opportunity to report issues relating to fraud, corruption and workplace misconduct. This service is administered by Deloitte, and is independent of the company.

Transformation committees have been established at Group and operational level to encourage employees to discuss employment equity and training-related issues

EMPLOYEES (continued)



SKILLS DEVELOPMENT

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

Through the Mpac Academy, the Group offers both career and skills development programmes. These range from Adult Basic Education Training (ABET) to senior management development programmes. Mpac 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.

Mpac 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 2012, skills development programmes were offered to some 2,530 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 2012, a total of 45,557 man-hours were devoted to training and skills development.

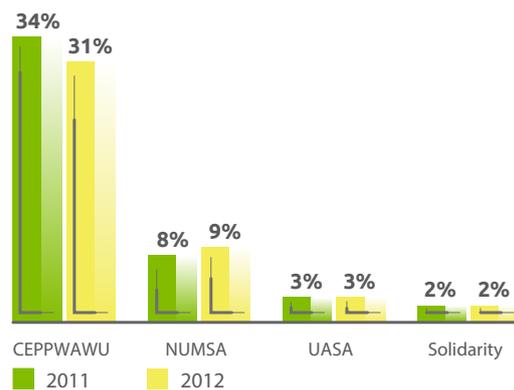
In addition the Group supported 95 individuals on apprentice and learnerships, of which 85% were from previously disadvantaged backgrounds.

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 60% of the workforce is represented by various unions, with the majority belonging to the unions below.

UNION



Furthermore, Mpac 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 Mpac Human Resource (HR) managers are represented on these councils.