

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.

