

## 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 Surveys, MPL and Estimated Maximum Loss (EML) Calculations	Marsh Risk Consulting
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 (BfRXXXVI)	ISEGA (Germany)
Food Safety – Plastics (BRC)	SABS
Food Safety – rPET (EPR no. 11/2011)	Fraunhofer Institute (Germany)
Safety Legal Compliance	Legal Consulting Services
Environmental Performance	Legal Consulting Services
Environmental Legal Audits	Greengain Consulting, Environmental Law Consultancy, Mark Dittke
B-BBEE Scorecard	Symphony

Non-compliance issues and recommendations arising from audits are managed closely at operational level 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, communities and the environment. The Group seeks to pursue excellence in all that it does to ensure performance and 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

Effective safety systems are dependent on three levels of intervention.

At a primary level, physical interventions such as machine guarding, designated walkways, safety railings, equipment inspections, and personal protective equipment (PPE) are fundamental to providing a safe working environment. These physical interventions are considered standard across the Group.

The secondary level involves systems, founded on a solid safety policy, that control the way people interact with work hazards.

- The CEO's SHE Philosophy.
- 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 SHE Policy, set out in accordance with section 7 of the Occupational Health and Safety (OHS) Act, 85 of 1993.
- Mpact'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 the development of Safe Work Procedures (SWPs) are done for relevant processes in manufacturing operations.
- The Mpact Risk Control Standards, which entail safety standards and guidelines relating to a wide spectrum of safety, health, fire protection, security, emergency preparedness and environmental management matters. Marsh audits a selection of sites externally against these standards on an annual basis.

- Induction programmes dealing with safety, health and environmental issues are compulsory for all new employees, contractors and visitors. This is followed by annual re-induction of all. Additional safety training and awareness campaigns are also run.
- Mpact has a comprehensive contractor safety management programme that ensures all contractors on our sites are afforded the same high standard of safety care as employees.

These primary and secondary interventions are guided by, and comply with, the OHS Act.

The third, and most important, level of safety intervention is to develop a safety culture in which every employee, contractor and visitor on Mpact sites embraces and takes ownership of safety. Driving the Mpact Safety Culture are the Behaviour-Based Safety programmes and the Mpact Safety Culture cartoon series.

A Behaviour-Based Safety programme, aimed at identifying unsafe behaviours and eliminating barriers to safety, comprised three levels of behaviour observation.

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 – which entails the logging of observations of unsafe behaviour, incidents or conditions by employees and contractors. This provides feedback to operating personnel and is used to identify barriers to safe work behaviour.

These observations identify barriers to safe work behaviour, which are then addressed by management through barrier removal interventions.

Incident reporting is taken very seriously and the requirement is that incidents are recorded and reported. In the case of serious injuries (Restricted Work Cases, Lost Time Injuries and Fatalities), reports that identify the root cause of the incident are required from the operation. These learnings are distributed throughout the Group.

Mpact has developed the Mpact Safety Culture cartoon series, which aims to make safety awareness accessible to the entire workforce. This series consists of a number of sets of cartoon strips and posters dealing with various areas of safety. The series is championed by the Mpact safety mascot, Sam the Mongoose. A cartoon set dealing with Situational Awareness was launched in 2015 with a number of other topics set for release in 2016. The cartoons will also be used to relaunch the 11 “Fire and Safety Rules to Live By” in the form of a cartoon poster set.



A safety legal expert conducted training of all managers and supervisors appointed to safety accountability roles in accordance with the OHS Act. This training was aimed at increasing operational awareness of safety responsibility, accountability, and liability. Further training at supervisory level is scheduled for 2016.

Safety, health and environmental management are 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 and of contractors and visitors on their sites.

In addition, operations compete annually for the Excellence in Health and Safety awards, an internal recognition programme 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, deserving 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 calculated as the sum of Fatalities, Lost Time Injuries, and Restricted Work Cases divided by the man-hours worked x 200,000

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 2015 the trophy was awarded to Plastics Pinetown, while three operations achieved Platinum status, namely Recycling Midrand, Recycling Richards Bay and, Recycling Pretoria West.

### Safety performance

Mpact deeply regrets to report two fatal injuries at Mpact operations during 2015. We extend our heartfelt and deepest condolences to the families, friends and colleagues of the deceased, Messrs Lundi Kumbaca and Msweli Nkambule. Both were contractors and Mpact has worked with their respective contractor companies to support their families and colleagues. The two separate incidents were thoroughly investigated in consultation with the authorities, with every effort made to prevent recurrences. The above has resulted in an increase to the Fatality Injury Rate to 0.029 (2014: 0.00). The number of Lost Time Injuries (LTI) increased to 15 (2014: 13) and the number of Restricted Work Cases (RWC) increased to 22 (2014: 9). The Lost Time Injury Frequency Rate (LTIFR) increased to 0.22 (2014: 0.21).

Mpact continues to drive safety through the programmes mentioned above and to seek innovative ways of creating a healthy safety culture. The Mpact Safety Culture cartoon series and safety

legal training are expected to enhance safety awareness in the business. The Group is committed to improving safe working standards and providing safe working conditions for all.

### Health

Ensuring the well-being of employees is a strategic imperative. Occupational health 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.

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

In acknowledging the potentially devastating impact of HIV/AIDS Mpact has long held to policies and procedures aimed at reducing the impact of this epidemic on our people. Mpact provides access to wellness programmes aimed at maintaining the health of those that are infected with HIV.

Mpact holds education and awareness programmes within its operations, uses surveys to plan prevention strategies and offers appropriate care, encourages large scale Voluntary Testing and Counselling (VCT) and facilitates the access to this service.

Approximately 3,304 employees (2014: 3,340 employees) undertook an annual medical test with approximately 2,516 employees (2014: 1,784 employees) opting for VCT during the year.

## SOCIAL SUSTAINABILITY

### Stakeholder engagement

Mpact recognises that proactive engagement with internal and external stakeholders across the business is critical to its long-term success and in strengthening its programmes, identifying opportunities and material issues as well as gaining insights.

The Group has embraced transparent and open communication with its stakeholders, particularly against a backdrop of growing social, economic and environmental challenges within the environment in which it operates.

Mpact's list of primary stakeholders is developed through a comprehensive process and is reviewed annually by the Social and Ethics Committee to ensure it reflects the key groupings that Mpact interacts with. The Group's Stakeholder Engagement Policy is also reviewed annually.