

The risks below pertain specifically to the sustainability of the business; the material risks in full can be found on pages 15 to 17 of the Integrated Report.

Material risks	Management of these risks
Prolonged shortages of key raw materials, such as containerboard, polymers and fibre, could lead to a loss of production, alteration of product offerings, or higher costs.	Long-term supply agreements; multiple suppliers; utilisation of alternative raw materials and collection of recyclables from a variety of sources.
Mpact operates in an uncertain and competitive trading environment in which dependence on major customers, excess capacity, competitively priced imports and subdued growth across the sector could result in reduced sales volumes or selling prices.	Mpact is addressing this through long-term supply agreements, proactive research, product design and market development, and continued focus on quality.
More stringent and changing legislation has the potential to increase costs of compliance and risk of fines and penalties. In broad terms this includes tax, labour and environmental legislation.	Mpact addresses this by retaining the necessary legal and technical skills to ensure compliance to legislation and by actively engaging with government on emerging legislation.

The opportunities identified:

- Opportunities
- 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

Mpact has established Enterprise Risk Management Guidelines that guide the business' process of identifying, rating and reviewing risks. Risks are identified through various audit processes, mentioned later, and through management reviews of each division. 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 the mitigation of the risks.

Also discussed by the Risk Management Committee is the progress in the management of risks identified through Underwriting Surveys and Maximum Possible Loss (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 largely relate to fire protection standards, security systems and emergency responses. Recommendations from this committee are presented to the Board's 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 risk control, fire defence, safety and health, motor vehicles, 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 standard applicable to Mpact's 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.
- Art. 12 of the European Plastics Regulation (EU) no10/2011: Testing of migration limits for food containers; applicable in Mpact to products manufactured from rPET.

Compliance with national legislation is fundamental to the principles of Mpact and to these standards. To this end, Mpact subscribes to Safety, Health and Environmental Registers that keep the business abreast of changes in legislation. With regard to other legislation, in 2014 Mpact commissioned the compilation of a management booklet summarising core legislation pertinent to its operations.

