

# SAFETY AND HEALTH

## ZERO HARM PRINCIPLE

The Group is committed to providing a safe and healthy working environment for all employees, 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 is safety systems that control the way people interact with work hazards. These are based on and include:

- 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 Safety, Health and Environmental 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 11 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.
- Hazard Identification Risk Assessments (HIRAs) leading to the development of Safe Work Procedures (SWPs) are done for processes in operational sites.
- The Mpact Risk Control Standards entail standards and guidelines relating to a wide spectrum of safety, health, fire protection, security, emergency preparedness, vehicle control, and environmental management. Marsh Risk Consulting routinely audits an annually selected set of sites against these standards.

- 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 for all employees, permanent contractors and service providers. Additional safety training and awareness campaigns are also held.
- 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 Occupational Health and Safety 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 program and the Mpact Safety Culture cartoon series.

The Behaviour Based Safety programme, aimed at identifying unsafe behaviours and eliminating barriers to safety, using three levels of behaviour observation:

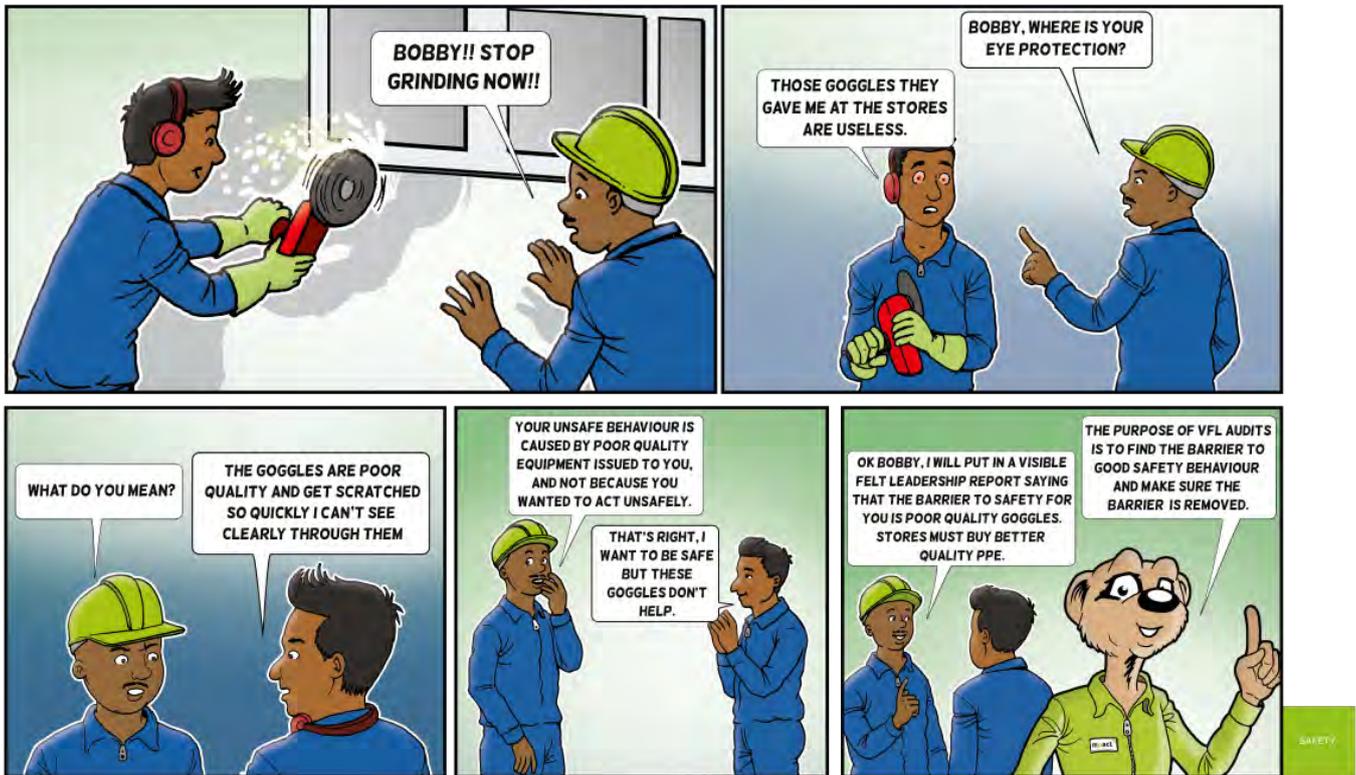
- Visible felt leadership (VFL) – which is the engagement (not audits) of leaders with people carrying out tasks, in order to observe their actions, understand reasons for them deviating from safe work practices, and implement corrective action.
- Planned job observations (PJO) – which are scheduled 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 (PO) – which entails the logging of observations of unsafe behaviour, incidents or conditions by employees and contractors as they observe their peers at work. This provides feedback to operating personnel that is then used to identify existing barriers to a safe work environment.

Safety committees at each operation work to remove barriers to safe work behaviour, identified in the above observations, wherever possible.

Safety incident reporting is taken very seriously. 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 relevant operation. These learnings are distributed throughout the Group.

Mpact has developed the Mpact Safety Culture cartoon series that aims to make safety awareness accessible to the entire workforce. Topics include Situational Awareness, Behaviour Based Safety, Hand Safety and Working Safely, and a set of 12 posters addressing the “Fire and Safety Rules to Live By” and Hand Safety. These are championed by the Mpact safety mascot, Sam.

# Behaviour Based Safety.



In 2015, a safety legal expert conducted training of managers and supervisors appointed to safety accountability roles across the Group in accordance with the OHS Act. Further training at supervisory level was conducted in 2016. This training was well received and increased awareness of safety responsibility and accountability at Mpack's operations.

Safety, health, environment and fire defence systems 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. '

In addition, operations compete annually for the Excellence in Health and Safety Awards, an internal award for excellent performance in these areas. The awards are based on the audited health and safety statistics of operations for the year. 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 fatalities
- Serious injury frequency rate (SIFR) of less than 0.2
- Medical Treatment Case frequency rate (MTCFR) not greater than 0.6.

Mpack has adopted what we call the Serious Injury Frequency Rate (SIFR) which is calculated in the same way as LTIFR but includes the number of fatalities and restricted workcases (RWC) as well as LTIs. We believe this index more accurately reflects the impact of safety incidents on the lives of our people as RWCs by their nature also affect the injured persons wellbeing and ability to carry on with the normal activities of life.

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 2016 the trophy was awarded to Plastics Pinetown, while three operations achieved Platinum status, namely Recycling Midrand, Recycling Richards Bay and Recycling Pretoria West.

Notably, the Recycling Richards Bay operation has not had any fatalities or LTIs for over 20 years while the Corrugated Epping and Corrugated Port Elizabeth plants have not had fatalities or LTIs for over 10 years.

# SAFETY AND HEALTH CONTINUED



## SAFETY PERFORMANCE

Mpact is pleased to announce that there were no fatalities suffered in its operations in 2016. However, the number of Lost Time Injuries increased to 22 (2015:13) increasing the Lost Time injury Frequency Rate (LTIFR) to 0.33 (2015: 0.22). Including Remade, which Mpact acquired in May 2016, the combined LTIFR for the Group increased to 0.44

In the 2015, Mpact's safety performance surpassed that of JSE listed companies and the General Industry, in terms of the LTFIR. Mpact's LTFIR was well below these averages of 0.75 and 1.35 respectively. Other companies in the paper and packaging sector scored between 0.48 and 3.5 with Mpact well below these at 0.22.\*

*\*Data obtained from the 2016 Sustainability Data Transparency Index (SDTI) published by IRAS.*

Encouragingly, RWC's decreased to 12 (2015: 22) bringing the SIFR for the Group, excluding Remade, down to 0.51 (2015:0.54). Including Remade, the SIFR for 2016 was 0.63. Medical treatment and first aid cases also declined notably resulting in a decrease in the total injury frequency (TIFR) rate to 3.6 (2015: 4.7).

In the year prior to the acquisition of Remade by Mpact, Remade suffered 38 LTIs and had a LTIFR of 4.61. Since the acquisition, LTI's and the LTIFR have both decreased to 11 and 1.39 respectively, with the improvements bearing testament that the ongoing safety initiatives are making a positive difference across all our operations.

The Mpact Safety Culture campaign has been successful since its inception in 2015. We will continue with the programme, as well as introduce a set of leading indicators that will serve to monitor each operation's proactive compliance with the Group's safety standards as detailed above.

## 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 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.

Management has intensified monitoring of employee key chronic diseases, including HIV/AIDS, hypertension and diabetes, as well as the management thereof. More focus will be given to addressing these and other debilitating conditions affecting Mpact's employees and contractors in line with Mpact's aim for improvement in employee wellness.

## HIV/AIDS

Mpact continues its long history of providing support and treatment for employees living with HIV/AIDS. This includes offering voluntary counselling and testing (VCT) to all employees and contractors, ongoing HIV awareness campaigns, and free anti-retroviral treatment.

During 2016 3,594 employees (2015: 3,304 employees) undertook workplace medicals with 2,046 employees (2015: 2,516 employees) opting for VCT during the year. It is encouraging to note that the decrease in the VCT at onsite at Mpact's facilities is attributable to improved state run medical sites, which offer good quality HIV/Aids testing and treatment.