



smarter, sustainable solutions

SUSTAINABILITY
REVIEW

2013

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Introduction

Mpact is committed to sustainability principles, which underpin its business strategy, financial performance and operations. Management believes that the Group's leading market positions can only be maintained with business practices that are based on long-term sustainable development. In order to give effect to this, Mpact focuses on three key elements of sustainability – economic, social and environmental.

This Sustainability Review describes how Mpact practices and implements these principles where it has direct influence and impact on communities and environments. Mpact's efforts to uphold the principles of sustainability, corporate governance and social responsibility have been recognised by the inclusion of Mpact on the JSE SRI Index in November 2013.

Sustainability business principles

While Mpact has developed a strong corporate culture of sustainable business practice, the Group is not complacent regarding its current performance and responsibility, and is dedicated to continuous improvement in sustainability.

The Group will strive to realise its vision of being a leading business with the highest ethical standards and delivering exceptional value for its customers, employees, communities and shareholders.

Managing the Group's activities in accordance with the principles of sustainable development makes good business sense. Mpact is therefore committed to being open and transparent, and to listening to the views of others as it moves forward. For this reason, you are invited to write to Mpact (DLChapman@mpact.co.za) with any comments and suggestions you may have after reading this Review.

Social and Ethics Committee Report

The signed Social and Ethics Committee Report can be found on page 48 of the Integrated Report and is also available on Mpact's website at www.mpact.co.za.

For a comprehensive understanding of Mpact's approach to and policy on sustainability, more detail is provided in this review.

Management's approach to sustainability

The economic, social and environmental implications of business are more important than ever. In a world where populations are

growing, natural resources are under pressure, communities are forced to do more with less and consumers' expectations are changing, Mpact understands that sustainability is core to its business continuity and how it creates long-term value.

At Mpact, one of the fundamental tenets of the business is that of being a responsible corporate citizen manifesting in the creation of long-term value for stakeholders. This commitment is outlined in the Group vision and values, set out in its 2013 Integrated Report.

Sustainability results from the incorporation of the sound management of the commercial, economic, social and environmental dimensions of the business into the Group's corporate governance commitment.

Mpact's Sustainability Policy and its Code of Ethics provides a blueprint for employees, suppliers and partners. Mpact believes the only way of achieving its strategy and reaching its targets is by ensuring that it follows sustainable business practices.

Preferential procurement

Mpact strives to support the South African economy through the procurement of locally-produced goods and services as much as is possible. The Group is also focused on increasing its support for small to medium enterprises and black woman-owned suppliers.

Procurement spent with companies with:

- at least 50% black ownership – R670 million (2012: R439 million)
- at least 30% black women ownership – R139 million (2012: R64 million)
- Emerging Micro Enterprises (EME) and Qualifying Small Enterprises (QSE) – R389 million (2012: R319 million)

The success of these initiatives is reflected in Mpact's achievement of a score of 18.77 (2012: 18.16) out of 20 points for preferential procurement on its B-BBEE certificate.

Introduction (continued)

Sustainability challenges

Mpact reassessed the identified material issues to the business and at the Audit and Risk Committee meeting held on 1 November 2013, confirmed that no new ones had been identified. The issues set out below are still material to the business.

| Description of underlying risk and related impact | Mitigating actions taken to limit impacts |
|---|--|
| Input risks | |
| <p>Prolonged shortages of key raw materials could lead to loss of production, forced change of product offerings and/or higher costs to secure constrained supply. Key raw materials include containerboard, polymers and fibre for papermaking.</p> | <ul style="list-style-type: none"> • Where feasible, long-term supply agreements with multiple suppliers with several production facilities are sought. In addition certain production processes are able to utilise alternative raw materials. Mpact also collects waste paper from a variety of sources. |
| <p>Unreliable supply and higher cost of energy and water supplied from external sources could lead to loss of production and higher costs.</p> | <ul style="list-style-type: none"> • Energy efficiency projects have been prioritised across the Group and demand planning has been implemented where feasible. • Water consumption remains a key performance indicator in the paper mills and several capital investments have been made to reduce consumption. |
| <p>Major failure/breakdown of critical equipment could cause prolonged loss of production and increased costs.</p> | <ul style="list-style-type: none"> • Operations have formal planned maintenance programmes which include regular equipment inspections, condition monitoring, statutory inspections and proactive replacement/repair. Capital is allocated annually for the proactive replacement/upgrade of plant and equipment. The Group also has machinery breakdown insurance cover. |
| <p>Labour-related matters such as strikes, unrest, loss of key skills and cost increases above inflation could lead to loss of production and the inability to produce quality products on a competitive basis.</p> | <ul style="list-style-type: none"> • The business upholds fair labour practices which go beyond minimum legal requirements. • All businesses participate in industry collective bargaining forums. Operations have regular interactions with employees through formal channels such as transformation committees to resolve labour-related matters. • Trainees and graduates are regularly recruited and trained in the business to provide a sustainable supply of skilled personnel. Bursaries and other study opportunities are also offered to employees and school leavers. The Group has arrangements in place to retain scarce skills and has an established succession planning process. Productivity improvement is a key consideration in the annual budgeting process and when making capital investments. • Several programmes have been implemented across the business to ensure vigilance and adherence to established standards relating to health and safety. |

Introduction (continued)

| Description of underlying risk and related impact | Mitigating actions taken to limit impacts |
|---|---|
| Outputs | |
| <p>Impact operates in an uncertain and competitive trading environment in which reduced sales volumes and/or selling prices could result in loss of profits. Volume and price risks arise from the dependence on major customers, excess capacity, competitively priced imports, substitution and subdued growth across the sector.</p> | <ul style="list-style-type: none"> • Annual supply agreements are sought with volume incentives and competitive pricing. • Development of alternative domestic and export markets to maintain economies of scale. • Continue to develop a diversified product offering of both paper and plastic packaging to various market sectors. • Investment in research and development and other innovation such as design centres and the Stellenbosch University research facility. • Benchmarking of product performance, cost and quality across sectors. • Continuous improvement in own manufacturing facilities to optimise costs and improve product performance. |
| Compliance | |
| <p>More stringent and changing legislation has the potential to increase costs of compliance and risk of fines and penalties. Relevant legislation includes, but is not limited to, environmental, tax, competition, labour, occupational health and safety, employment equity, BEE, land claims and industry-specific requirements.</p> | <ul style="list-style-type: none"> • Full-time legal and tax specialists are employed within the Group and relevant experts are engaged where required. • An entrenched safety and health programme has been implemented throughout the business to ensure vigilance and adherence to laws and company standards relating to health and safety. • The Group has compiled a regulatory universe to prioritise and monitor legal compliance. Training of employees is also provided where required. • Internal and external audits are conducted periodically, as well as statutory inspections by competent authorities where applicable. • The Group engages with the authorities through the relevant industry bodies and other forums to provide meaningful inputs into discussions around relevant legislation. |
| Catastrophe and other risks | |
| <p>Catastrophic systems failure, fires, floods and breaches of ICT security could lead to prolonged production and distribution interruptions as well as increased costs of working and capital replacement costs.</p> | <ul style="list-style-type: none"> • Fire risk management practices are deployed at all operations to prevent fires and ensure quick reaction in event of a fire. • The Group has also developed fire risk management standards against which operations are audited. • The Group has a comprehensive insurance programme which covers catastrophic loss. • The Information, Communication and Technology (ICT) system is designed with redundancy to mitigate the risk of complete system failure. System back-ups are made on a scheduled basis and a disaster recovery plan forms part of ICT's business continuity planning. |

Management commitment

Philosophy

Mpact commits to delivering exceptional value to all its stakeholders: shareholders, employees, contractors, customers, communities and the environment. As such the Group seeks to pursue excellence in all that it does to ensure that operational performance and profitability is constantly improved, while ensuring that the highest ethical standards are upheld.

Mpact believe 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.

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 clearly 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 terms of 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.

Policies

Policies and procedures are in place to guide all significant aspects of the business including: corporate vision and values; safety, health and environment; transformation; procurement; human resources; financial management; and maintenance. These policies set the framework within which Mpact believes it can achieve exceptional value for its stakeholders.

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.
- Sustainable Development Management System – 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.

Audits and external assurance

Compliance with standards and legislation across the Group is monitored through the comprehensive internal and external audits of various management systems. External assurance is therefore received from external auditors, some of which are indicated in the following table:

| System | External audits |
|--|---------------------------|
| Finance | Deloitte & Touche |
| Insurance Underwriting Audits, Maximum Possible Loss (MPL) and Estimated Maximum Loss (EML) calculations | Marsh |
| Risk Management | Marsh |
| Fire Protection Systems and Infrared Surveys | Marsh |
| ISO 9001, ISO 14001, ISO 22000 | SABS, BVQI, i-Cert, |
| FSC | SGS |
| Food Safety (paper products) | ISEGA (Germany) |
| Safety Legal Compliance | Legal Consulting Services |
| Safety and Environmental Performance | Legal Consulting Services |
| Environmental Legal Audits | Greengain Consulting |
| B-BBEE Scorecard | Symphony |

Non-compliance issues and recommendations arising from audits are managed closely to ensure compliance is achieved and maintained through management interventions.

Risks identified through these audits and other internal processes are monitored and managed through processes as described in the Group’s Risk Management Review on pages 41 to 44 of the Group’s Integrated Report for 2013.

Social sustainability

Stakeholder engagement

Stakeholder engagement, which is encouraged by King III and the Companies Act, requires a company to embrace engagement with its shareholders, employees, unions, suppliers, communities and consumers. Mpact supports this ethos, regarding transparent and open communication with these groups as critical to its long-term success.

Mpact's primary stakeholders were identified through a comprehensive identification process undertaken by management and guided by the Group's external advisors, Deloitte & Touche, in 2012.

The list of identified stakeholders is assessed annually by the Social and Ethics Committee to ensure that it reflects the key groupings that Mpact interacts with. Building on this the Group has also recently implemented a Stakeholder Engagement Policy to formalise this interaction.

During the year, a comprehensive report is tabled at Social and Ethics Committee meetings providing an update on stakeholder activities. This report outlines various communications relating to investor relations, media relations, employees, advertising and branding and other stakeholders e.g. customers, communities and trade unions.

The main stakeholders identified by Mpact are:

- Customers
- Employees

- Shareholders and the investment community
- Financial institutions and banks
- Suppliers
- Government institutions and regulatory authorities
- Community organisations
- Trade unions
- Industry associations

For more information on stakeholder engagement please refer to pages 10 and 11 of the Mpact Integrated Report 2013, also available online at www.mpact.co.za.

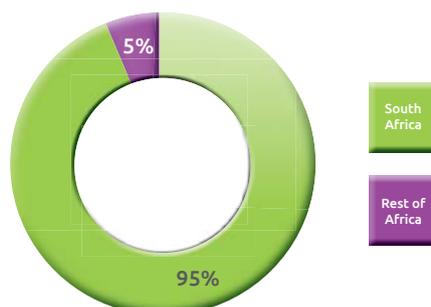
Employees

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 there is a place for a wide diversity of people and the Group is sensitive to race, gender and disability, and is committed to attracting, recognising and rewarding talent. The Group firmly believes that it cannot implement and maintain sustainability principles without the commitment and buy-in of its employees.

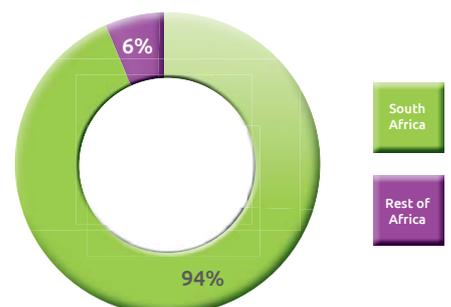
Headcount

For the year ended 31 December 2013, Mpact employed 3,998 (2012: 3,790) employees. Distribution of employees by geography, gender and division are shown in the table on page 6. Representation of ethnic groups is given on page 9.

Employees per geography – 2013



Employees per geography – 2012



Social sustainability (continued)

| | South Africa | Sub-Sahara | Total |
|--------------|--|-------------|-------|
| Geographical | 3,784 95% | 214 5% | 3,998 |
| | Male | Female | Total |
| Gender | 3,174 79% | 824 21% | 3,998 |
| | Paper (includes Recycling, Paper Manufacturing and Corrugated) | Plastics | Total |
| Business | 2,802 70% | 1196 30% | 3,998 |

Code of Ethics

Mpact's Code of Ethics defines the Group's ethical values and behavioural standards. The Group's leadership team not only endorses the Code, but is committed to applying it in their decisions and actions, in mapping the Group's strategy, and in managing its operations. Mpact is also committed to transforming the Code into a living document by constantly reflecting on its implications, by communicating it, enforcing it, and monitoring its effectiveness.

The Code applies to all employees, and covers the foundation of the Group's ethical behaviour, including its vision and values, how to apply the Code, testing decisions, consulting on ethics and how to report misconduct. The Code also provides guidance on specific issues, including:

- Customers
- Health & Safety
- Human Rights
- Employment equity
- Use of company resources
- Confidential information
- Declaration of interest
- Gifts and entertainment
- Fraud
- Bribery and corruption
- Political participation and government interaction

- Our communities
- The environment

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 high-calibre 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.

Mpact has an anonymous tip-off service, allowing employees the opportunity to report issues relating to fraud, corruption and workplace misconduct. This service is administered by Deloitte & Touche and is independent of the Group.

Skills development

Mpact acknowledges that an integrated people development approach aimed at improving performance, skills upliftment and

the execution of the Group's workplace skills plan is fundamental to sustainable growth and competitiveness.

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

Mpact 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 2013, skills development programmes were offered to some 3,033 employees (2012: 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 2013, a total of 64,417 man-hours (2012: 45,557 man-hours) were devoted to training and skills development.

In addition, the Group supported 156 individuals (2012: 95 individuals) on apprenticeships and learnerships, of which 92% (2012: 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.

Social sustainability (continued)

Approximately 60% (2012: 60%) of the workforce is represented by various unions, such as CEPPWAWU, NUMSA, CWAU, SATU, Solidarity and UASA.

Furthermore, Mpact 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 and Engineering Industries Bargaining Council.

Safety Philosophy and principles

The safety and health of the people working across the business remains a key priority. To this end the Group has a comprehensive health and safety management system, which includes a behaviour-based safety programme aimed at identifying and eliminating barriers to safe work behaviour.

Mpact's commitment to safety

People commitment and a culture of safety are vitally important in creating a safe working environment. Compliance with rules and procedures alone cannot address or mitigate all hazards and risks. A culture which fosters improvements in safety performance is built on people who think for themselves about safety issues and who take ownership and accountability for creating a safe working environment.

Systems play a key role in influencing the work environment. The Group has set the task of building robust systems that are specific to safety and ensure that safety considerations are thoroughly integrated with other organisational systems. The approach is to eliminate hazards where possible, and if they cannot be eliminated, to manage their risks. This requires broader thinking about hazards and risk, which will result in building

more robust defences to protect people from harm, based on technical, administrative and individual controls.

Safety and health is 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. In addition, there is a significant focus on the prevention of uncontrolled fires.

SHE systems and procedures are in place to ensure compliance with the relevant South African legislative requirements and the mitigation of safety and health risks to prevent injury or ill-health through hazard identification and risk assessment processes. Safety and health inductions, as well as numerous safety and health training courses, are conducted annually at each operation.

Reinforcing safety at Mpact

To assist with the management of safety and health and maintain a safe and healthy working environment, the Group has a number of initiatives and programmes in place. These include a SHE plan, which was reviewed at Group level at the beginning of the year. The plan was cascaded down to divisional level and thereafter to operational level.

Additional safety and health improvement initiatives

There are a number of additional initiatives in place, which include, among others:

- 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 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. The Group's Sustainable Development Management System (SDMS) has been developed and entails safety standards and guidelines relating to a wide spectrum of safety, health, fire protection and environmental management matters.

- A behaviour-based safety programme aimed at eliminating barriers to unsafe behaviours and comprising three levels of behaviour observation is in place. 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.
 - Anonymous reporting of unsafe acts observed – which entails the on-line logging of observations of unsafe behaviour, incidents or conditions by employees and contractors. This provides feedback to operating personnel which is used to identify barriers to safe work behaviour.

Social sustainability (continued)

- The “Hearts and Minds” programme, developed by Shell and the Energy Institute, has been rolled out throughout Mpact’s operations and aims to improve the safety culture by encouraging employees and contractors to be more thoughtful and take personal ownership of safety in their workplace.

In addition, operations compete annually for the Excellence in Health and Safety Awards, an internal recognition 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 operations are awarded Platinum, Gold, Silver or Bronze status.

To be awarded the prestigious Platinum status, an operation’s safety record over a five-year progressive period has to meet the following requirements:

- No fatality over the five-year period.
- Lost time injury frequency rate (LTIFR) of less than 0.2.
- Non-lost time injury frequency rate (NLTIFR) not greater than 2.0.

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 2013 the trophy was awarded to Mpact’s plastic plant in Pinetown, KwaZulu-Natal, while three operations achieved Platinum status, namely Recycling Parow, Recycling Tulisa Park, Recycling Pretoria West.

Safety performance

Mpact deeply regrets the death of Mr Sarel Byleveldt, a long-serving colleague from its Piet Retief Mill, who was fatally injured in a work-related incident in January 2013. Mpact and its leadership team extends its heartfelt and deepest condolences to Mr Byleveldt’s family, friends and colleagues. Following a thorough investigation into the incident involving the relevant parties, all possible measures have been taken to prevent another incident of this nature.

During 2013 progress was made implementing the “Hearts and Minds” programme and other initiatives aimed at preventing accidents and unsafe incidents. Eight lost time injuries were recorded across the Group (2012: 13) for the reporting period, resulting in a lost time injury frequency rate (LTIFR) of 0.13 (2012: 0.22).

The safety programmes mentioned previously will be reinforced and will continue to drive improvement in safe working conditions and safety behaviour and culture. Moreover, Mpact will place an even greater focus on the training of its people, especially those in operational positions, as well as assessing them regularly for competence.

An indication of the successes of the Group’s programmes is that three of its operations, namely Corrugated Brakpan, Corrugated Epping and the Felixton Mill, exceeded five million accident-free man-hours whilst nine operations exceeded the one million accident-free man-hours benchmark.

The Group continues to focus on improving safe working standards and providing safe working conditions for all.

Health

Ensuring the well-being of each employee is a strategic imperative. Occupational health and safety 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. The SHE committees, a joint management/worker health and safety forum at each site, monitor and provide guidance on occupational health and safety programmes. 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

Mpact recognises that HIV/AIDS is a serious threat to the wellbeing of its employees, the Group and the industry. While acknowledging that there is no simple way to counter this threat, Mpact’s approach includes the following:

- actively driving awareness programmes at each operation; involving all stakeholders in a multi-faceted approach to educate employees and their dependants to prevent the incidence of HIV/AIDS;
- the development of wellness programmes for employees; and
- the provision of confidential, informed Voluntary Counselling and Testing (VCT), and treatment with anti-retroviral medication.

Approximately 3,177 employees (2012: 3,256 employees) undertook an annual medical test with approximately 2,415 employees (2012: 2,452 employees) opting for VCT during the year.

Transformation

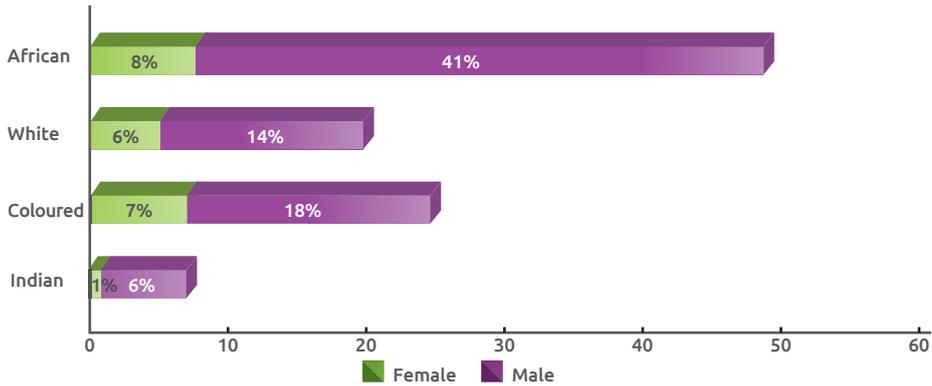
Mpact’s core values, culture and people development approach are embedded in the Group’s Transformation Philosophy. This commits Mpact to conducting its business in a socially responsible and ethical manner, promoting the interdependence of performance and transformation, and supporting the communities in which the Group operates through partnerships and capacity-building interventions. This is also echoed in the Group’s 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.

Social sustainability (continued)

Mpact's South African employees are represented by the following ethnic groups:



At 31 December 2013, the South African operations employed 3,784 people (2012: 3,565 people). The employees, classified as previously disadvantaged individuals (PDIs), filled the following positions:

| Level | 2013 | 2012 |
|-------------------|------|------|
| Junior management | 73% | 72% |
| Middle management | 52% | 53% |
| Senior management | 29% | 28% |

Equity ownership

As at 31 December 2013, the ownership of the company by black individuals was 8.64% (2012: 1.39%), including ownership of 2.3% (2012: 0.26%) by black women. This translates into 1.98 (2012: 1.58) points out of the B-BBEE target of 20 for black ownership.

B-BBEE score card

Mpact's current B-BBEE rating as determined by Symphony, on the basis of the 2013 results and ownership structure, is Level 5 (2012 results: Level 6).

Community

Corporate social investment (CSI)

Mpact aims to be a truly transformed company making a difference to the lives of the communities it touches, recognising community engagement as a business imperative and a cornerstone of sustainable investment.

The Group's CSI strategy aims to support and partner on community development initiatives that seek to strengthen the Group's role as a responsible corporate citizen.

The strategic objectives are to:

- support meaningful socio-economic initiatives that make a difference to the lives of the communities with whom it works;
- build the will for change amongst the communities with whom it works; and
- build the self-esteem and dignity of the people whom it touches.

To achieve this, Mpact focuses on:

- capacity building and ensuring multi-stakeholder-based sustainable community development practices;
- supporting specific community needs that are aligned with its focus and limit "handouts"; and
- promoting employees' involvement and a better understanding of the community's role in achieving its business goals.

Mpact's approach to CSI involves engaging with communities impacted by its operations, and working with those that are interested in sustainable development programmes. It also encourages participation and partnership on all projects by all stakeholders, including employees. The Group is keen to promote good governance principles such as transparency and accountability amongst all stakeholders involved. Where applicable, Mpact undertakes surveys and feasibility studies to ensure effective implementation and sustainability of projects and encourage sustainability through recycling initiatives.

The Group's focus areas are education, health, entrepreneurial and enterprise development.

CSI expenditure for 2013 was allocated as follows:

- 35.9% (2012: 29.4%) to Education
- 25.7% (2012: 0.2%) to Sport
- 14.7% (2012: 25.2%) to Health Care
- 23.7% (2012: 45.2%) to Other (Cultural, Environmental, etc.)

Social and economic development spend for 2013 was R5.6 million (2012: R2.3 million).

Education

Mpact's focus is on promoting early childhood and youth development programmes; on building entrepreneurial skills development through the principle of lifelong learning; and on stimulating an interest in science and mathematics through facilitating access to quality tertiary education, particularly amongst learners in rural areas.

Springs Mill Vacation Work Programme

The Springs Mill, through its partnership with Ekurhuleni East College (EEC), welcomed 14 college students for an eight-day intensive Vacation Work Programme during 2013. The students are currently in their final year of an National Certificate Vocational (NCV) qualification in Pulp and Paper. The NCV qualification was set up by the Paper Manufacturers Association of South Africa (PAMSA) and the EEC three years ago, and on completing this, the students will have an equivalent of an N3 qualification in Pulp and Paper.

In order to encourage the students and give them some practical insight into the theoretical aspects of their course, the mill developed this programme specifically for this qualification. Students are exposed to different areas within the business. In each area, they were paired with operators who demonstrated the different aspects of paper making.

The students who attended were greatly encouraged by the opportunity as it allowed them to see the value of their studies and what they could expect when entering the world of work next year. The mill used the opportunity to identify talented individuals who may be targeted for recruitment.

Community (continued)

Community learnership programme

In 2011 Mpact's Shared Services Centre started the "Certificate in Management Development" learnership programme for children with learning disabilities. Five Matriculants were selected from local schools on the basis of their aptitude as well as their ability to integrate into the Shared Services environment. The programme was run in conjunction with Maccauwei Learning Academy under the Services SETA accreditation body, and included an academic element as well as on-the-job mentoring from Mpact employees.

Piet Retief Education Centre

This project, hosted in partnership with Mondi Limited's South Africa Division, Kangra Coal (Proprietary) Limited, the Mpumalanga Department of Education and the wider community of the Gert Sibande region, continues to grow from strength to strength. In 2013 a total of 26,442 learners (2012: 23,187 learners), educators and community members visited and benefitted from the centre, which incorporates a career guidance centre, science centre and a Further Education and Training (FET) skills development centre.

Afrika Tikkun

Mpact continues to support the Phuthaditjaba Child and Youth Development Centre in Alexandra, Johannesburg in partnership with Afrika Tikkun. The Centre accommodates over 2,000 beneficiaries on a monthly basis.

Phinduvuye Community Development Project

Mpact Plastics Pinetown supports the Phinduvuye Community Development Project which is a non-profit organisation whose mission is to provide home and community based care and support to orphans and vulnerable children who are infected and affected by HIV and AIDS. The organisation also contributes to poverty alleviation and assists with community development within Pinetown and surrounding areas. In addition, it runs a feeding scheme which assists over 350 families, 188 children, 150 persons and 30 child-headed families. Mpact assisted by providing books to an Early Childhood Development Centre and supplying groceries.

Thusong Community Centre

Mpact Versapak, along with other partners, sponsored 20 computers for the Thusong Community Centre as a means of giving back to its workforce, their families and community by providing them with computer training and access to computer resources in the Paarl-East area.

Adopt-a-School

This year Mpact supported the Adopt-a-School Foundation, a Shanduka initiative set up by Cyril Ramaphosa, for the first year of what will be an on-going annual involvement. Mpact volunteers across the country undertook projects at the following schools:

■ **Kalkfontein Primary School: Corrugated Kuils River**

Kalkfontein Primary has 1,106 pupils and is in an area rife with poverty and unemployment. Meetings with the principal revealed that the school had a problem with theft and that many of the learners relied on meals provided by the school, which was largely dependent on a meagre vegetable garden for these meals.

A team of around 60 Mpact employees installed 85 burglar bars and 14 safety gates – made in the Mpact workshop; restored the vegetable garden, clearing weeds and debris and planting a wider variety of vegetables to assist the school with its feeding scheme and striving to make it more self-sufficient; planted 22 indigenous trees; and built two sandpits in the Foundation Phase playground. The learners and teachers also received a meal at the end of the day.

■ **Tiakula Secondary School: Springs Mill**

The Springs Mill management team, in partnership with some of the learners and educators at Tiakula Secondary School in Kwa Thema, painted the administration building and nine classrooms at the school.

■ **Muzomsha Primary School: Corrugated Springs and Brakpan**

Corrugated Springs and Brakpan formally adopted Muzomsha Primary School

in Kwa Thema. The school comprises 650 pupils, all from disadvantaged backgrounds, has 15 teachers and 12 classrooms that are in use. The team did a site visit for repairs, maintenance and upgrading of the school facilities. In addition, talks were given to the Grade 7 learners on career choices and an Mpact presentation was made to the teachers and the Governing Body.

■ **Katlehong Primary School: Plastics Wadeville**

A team of volunteers from Plastics Wadeville and Closures made career guidance presentations to Grade 7 learners on topics such as Engineering, Logistics and Distribution, and SHE, while the Grade 1 learners were read to by Mpact employees. A team in the kitchen prepared 1,600 hot dogs, which were handed out to learners on the day. In support of the school's sports team, netballs and soccer and rugby balls were also donated.

■ **Reasoma Secondary School: Central Office**

A team of about 25 people from Mpact's Central Office supported Reasoma Secondary School by cleaning up the school environment and donating computers to the school. Reasoma, which is based in Soweto, has over 1,469 learners from Grade 7 to Grade 12, an academic staff of 54 people, four administration staff and 13 non-teaching staff members.

Volunteers cleaned ablution facilities, cleared litter, installed 15 new computers and mowed and weeded the school grounds. The school was also in dire need of new windows throughout, which were all replaced. An Mpact Recycling paper bank was placed on the premises so that the school can participate in Mpact's schools recycling programme.

Community (continued)

■ **Masakhane High School: Felixton Mill**

Felixton Mill held a career day at Masakhane High School to educate learners on the importance of taking Maths and Science in school, particularly targeting Grade 9 learners. Presentations were made by the mill's Mechanical, Instrumentation, Automation, Technical and Production departments.

■ **Nokulunga Lower Primary School: Corrugated East London**

This school is in one of the poorest areas of East London. Mpact assisted by installing the required infrastructure for flush toilets and by painting the school and fixing windows.

■ **Berzeilia Primary School: Plastics Atlantis**

Mpact Plastics Atlantis supports this underprivileged school in various ways, including supplying the Grade R class with a jungle gym and running a motivational programme to encourage Grade 8 learners to follow through with their studies.

■ **Ikamvalethu Secondary School: Corrugated Epping**

Mpact Corrugated Epping assisted this school in Langa through funding a matric study camp in 2013, by upgrading their computer lab and by giving them internet access and printers.

■ **Kranskloof Primary School (Kwadabeka): Corrugated Pinetown**

Kranskloof Primary School, which educates about 800 children from Kwadabeka/Clermont area has lacked funding to maintain its grounds. As part of their continuous development of the school, Mpact Pinetown helped these children by tarring a section of the school grounds.



Community (continued)

Health and community

Mpact aims to promote, support and participate in initiatives concerned with women, youth and HIV/AIDS. It also supports orphan care centres which serve as best practice resource centres to the community in promoting awareness and excellence in caring for children.

Isibindi project

This community-based project, run in conjunction with Mondi Limited, continues to provide training to community members with respect to child and youth care in Mkhondo, KwaZulu-Natal. In 2013 a substantial donation ensured the on-going provision of antiretroviral (AVR) drugs, HIV/AIDS support, as well as assistance with school work, budgeting, child protection, the application for identification documents and state grants and foster care, which are all core elements of the programme. The project reaches 571 orphaned and vulnerable children in 46 villages within the remote areas of Mkhondo.

Thol'ulwazi – Thol'impilo mobile clinics

In partnership with Department of Health in the Province of North-Rhine-Westphalia in Germany, the Lutheran Church, private farmers in the Mkhondo area, churches and Business Against HIV & AIDS, the Mpumalanga Department of Health and Mondi Limited's South Africa Division, Mpact supports this worthwhile project, also targeted at people in the rural areas of Mkhondo who need primary health care, counselling, advice and HIV/AIDS-related services.

1,000 Hills Community Helpers

Mpact's Corrugated plant in Pinetown continues to assist 1,000 Hills Community Helpers financially, allowing the organisation to continue to feed, clothe and educate HIV/AIDS infected and affected children and adults. The Helpers provide over 1,000 meals a day

to both children and the elderly, either at the Centre, or through home deliveries, in addition to other essential services and outreach programmes.

Western Cape Cerebral Palsy Association (WCCPA)

During the last year, Mpact donated corrugated board to the WCCPA, a non-profit organisation which endeavours to look after all people with cerebral palsy in Cape Town and surrounding municipalities. The cardboard was used to make personally-fitted furniture and equipment for children with cerebral palsy.

The Village Work Centre is the WCCPA's sheltered employment centre, where they have trained some adult workers in this "paper carpentry". They produce standing frames, toilet-seats and free-standing supported chairs for the Association's children using child-specific measurements. This range is constantly updated and expanded, with new additions being small floor-tables and positioning wedges.

Piet Retief Youth Day and HIV/AIDS awareness initiative

The Piet Retief Mill sponsors an annual Youth Day commemoration and HIV/AIDS awareness campaign in Driefontein. The struggle against the HIV/AIDS pandemic in the Mkhondo Municipality is on-going – it has the second highest infection rate in the country with 56.1% HIV infection prevalence. Classified as a Comprehensive Rural Development Programme (CRDP) municipality, Mkhondo also has a high teenage pregnancy rate, as well as high sexually transmitted infection (STI) rates among school-going children.

The annual event raises awareness of the fact that young people are confronted with serious issues, including HIV/AIDS, teenage pregnancy, substance abuse and sexual violence. It is supported by the Department of Agriculture, Rural Development and Land

Administration (Dardla), Mondi, FNB, SASSA, Mkhondo Municipality, Mobile Clinics and Kangra Mine.

Elizabeth Donkin Hospital

Elizabeth Donkin Hospital in Port Elizabeth is a psychiatric hospital catering for people that suffer from addictions (alcohol or drug) and for psychiatric patients. Mpact's Corrugated plant in Port Elizabeth donated mattresses to meet the requirements of the increasing number of patients.

Kidz-4-Care

Mpact supports this programme, which reaches out to high schools in Melkbosstrand, Cape Town, by supplying lunch packs, uniforms and stationery to the learners.

Ikholwa Community Services

Ikholwa's vision is to give hope to children infected or affected by HIV/AIDS by working with the relevant Government departments. Mpact's Robertville Plastics plant's main focus is to support Ikholwa in contributing towards the education of these children by purchasing school stationery and school bags for those attending primary school and readers/books required for the children attending Ikholwa's Discovery Home School.



Community (continued)



Making an Impact with Mpact – 94.7 Cycle Challenge

In conjunction with the Momentum 94.7 Cycle Challenge “Ride for a Purpose” initiative, Mpact reached out for the benefit of Springscare, a Section 21 company that was established in 2010 and exists to reach, restore and equip the community of Springs and surrounding areas.



Employees and their families were encouraged to enter the Cycle Challenge to raise funds. For every rand raised by employees or their family to be donated to Springscare, Mpact donated R3 to Springscare.

A team of 24 riders raised over R300 000, which will be used by Springscare to set up a mobile kitchen that will be deployed to schools in the greater Springs area. The kitchen will provide needy scholars with a meal every day of the year. Many of the scholars fed through this initiative come from child-headed households.



Entrepreneurial development programmes

The Entrepreneurial Development Programmes promote the principle of equity and aim to stimulate economic growth amongst the community – especially amongst the poor and marginalised.

Through partnerships with Non-Governmental Organisations (NGOs) and other socially responsible companies, voluntary employee participation is encouraged. Some of the main projects the Group supports on its own or in partnership with other companies and NGOs, include the following:

N2 Community Garden

The N2 community vegetable garden, established in 2011 by the Felixton Mill, is an initiative to help gardeners from informal settlements such as Eskihawini to generate income from planting crops and selling them to the local communities and Mpact employees.

In 2012 and 2013 the project was further supported with donations of vegetable seedlings. Mpact is especially proud of this project as it has met expectations in that the local community can now maintain an uninterrupted potential income from selling the fruits of their labour to their own community.

Community (continued)

Hlelo garden project

The Piet Retief Mill's Transformation The Piet Retief Mill's Transformation Committee identified a need in the local area for a community garden and subsequently involved the local community in implementing a vegetable garden at the mill. The vegetables from this garden will help to supplement the feeding scheme of the immediate community.

Keasechaba Tunnel Farming Project

The Springs Mill provides assistance to the Kwa Thema community through a sustainable community farm initiative which uses tunnel farming techniques to grow cabbages, lettuce, spinach and carrots, which are sold locally.

Orion Organisation

The Orion Organisation is a therapeutic and training centre for people with disabilities based in Atlantis in the Western Cape. A registered NGO, its main goal is empowerment and skills development with a focus on ensuring that people with disabilities become fulfilled members of society. Mpact Plastic Containers outsources a significant amount of its assembly work to Orion, providing job creation opportunities. The two organisations have worked together for more than a decade.



Mpact Recycling: Small business initiatives

A significant source of paper remains small locally-based businesses that collect paper in their areas and then deliver it to Mpact Recycling. These businesses vary in size from well-established recycling businesses, to a one-person business with a small pick-up truck to street hawkers.

Mpact Recycling therefore offers many employment opportunities for entrepreneurs and for traders to deliver to buy-back centres. It has offered assistance in the form of equipment, financing and business training.

Mpact Recycling also contributes to employment through a scheme that supports drivers with a vehicle and income to collect and transport recovered paper to Mpact's mills and buys paper from more than 90 independent dealers throughout the country.

Mpact Recycling's broad national footprint includes community recycling and collection projects throughout South Africa – an essential element of enterprise development.

■ **Small businesses**

Small business entrepreneurs are encouraged to start paper and cardboard collection businesses, receiving advice, training and equipment. Mpact also provides hawkers with paper barrows to make it easier for them to transport the cardboard and paper they collect.

■ **Buy-back centres**

Buy-back centres are established in central locations by small business entrepreneurs. Communities and hawkers can deliver directly to any of these centres and receive cash for recycled paper and cardboard.

Mpact Recycling: Community initiatives

Recycling within the community involves several post-consumer programmes such as kerbside collections and paper banks at schools, housing complexes, offices, community organisations as well as at small business buy-back centres with an extensive network of agents and dealers.

■ **Paper pick-up programme and paper banks**

The school paper pick-up programme allows schools to raise funds by recycling paper while providing children with environmental awareness. Schools are given a paper bank for easy collection and storage of recycled paper. The general community can also support schools, organisations and charities by placing their paper into the igloo-shaped paper banks.

■ **Offices**

The office paper pick-up programme provides office recyclers and white bags to offices as well as a confidential shredding service.

■ **Kerbside house-to-house collection service**

This is a weekly paper service collecting unwanted magazines, newspapers and cardboard directly from homes. People are encouraged to put their unwanted paper and board in the highly recognisable 'Ronnie Bag' ready for collection on their kerbside.

Community (continued)

Enterprise development

Mpact believes that it has an important role to play in ensuring that economic opportunities are provided to small businesses owned by previously disadvantaged members of society.

With continued support it is hoped that these businesses will not only be sustainable, but will also grow and create job opportunities.

Mpact assists such businesses by providing them with preferential payment terms, thereby improving their cash flow. There are currently more than 50 businesses supported in this way.

Other community initiatives

■ **Keep Springs Clean project, Springs, Gauteng**

Mpact continues to partner with local companies to maintain the gardens and verges in Springs. This project provides jobs to local community members to sustain the overall cleanliness of the Springs area, and employs 12 permanent staff members and two casual workers.

■ **Norah's Educare Centre, Benoni, Gauteng**

Norah's Educare Centre, on the outskirts of Benoni, provides day-care for over 350 children (200 children at the Centre and another 150 in satellite locations). The Centre provides meals, education and clothing, as well as food parcels for the families of the children. In 2012, Mpact donated building materials to renovate the roof of the main centre.

■ **Thuthukani and Cathuza Stimulation Centres, Piet Retief, Mpumalanga**

The objective of this project is to provide support and day-care services to children with disabilities between the ages of 0 and 18 years. The Cathuza Centre has 28 disabled children, while the Thuthukani Centre takes care of 36 children. The centres support children with autism, cerebral palsy and other physical disabilities, including deaf and mentally challenged children. The day-care facilities operate five days a week, providing two meals a day. The Piet Retief Mill continues to fund a set amount each month to purchase groceries with.

■ **SPCA and Hospice, Gauteng**

This year Mpact Recycling donated R96,200 to the SPCA (Johannesburg, Ekurhuleni, Pretoria, and Centurion) and Hospice (Witwatersrand, Pretoria, and Centurion). This forms part of Mpact Recycling's office paper pick-up programme, which provides a collection service to offices in Gauteng and across South Africa. Money raised from the paper collected through the office pick-up programme in Gauteng is donated to SPCA and Hospice.

■ **The "Camp I Am" initiative, Gauteng**

Mpact and Mpact Recycling once again supported the "Camp I Am" initiative, a day camp for children in low-income communities, including Diepsloot and Orange Farm, which is held during the school holidays. The camp teaches life skills through an integrated approach that includes academic, athletic, and creative activities.

This year the theme of the camps – one per school holiday – was "Active citizenry", focusing on life skills to know what it means to be a citizen, citizens' rights and responsibilities, inclusive and participatory democracy based on human rights and democratic values, and what it means to be proactive in building oneself, community and nation. The programme also included a recycling campaign, with "Camp I Am" working with the Itsoseng Women's Project in Orange Farm to collect paper, plastic and glass waste generated during the camp.

■ **Springs Mill blanket drive, Gauteng**

The Springs Mill Human Resources and Technical departments organised a blanket drive at the mill, which chose Springscare, a non-profit organisation focused on poverty alleviation in and around the Springs community, as a partner for this initiative. Through employee and company donations, 190 blankets were collected and delivered to Springscare in June 2013.



Community (continued)

■ ***Mpact Recycling blanket drive, Gauteng***

Employees of Mpact Recycling in Gauteng distributed 35 blankets to homeless people in Johannesburg. The blankets were handed out to the homeless, including recyclable waste hawkers, who are a major contributor to the recycling business, with many of them collecting and selling waste paper during the day to buy food and other necessities.

■ ***Mandela Day, nationwide***

Mpact operations across the country supported Mandela Day this July. Plastics Pinetown allocated their 67 minutes to their local charity project, Phinduvuye, making their first contribution of 200 books in order to reach a goal of establishing a media centre. This will assist Phinduvuye in helping their first Grade 1 pupils finish the 2013 curriculum successfully, as well as the older children in completing school projects.

Plastics Wadeville teamed up with the local NUMSA office to dedicate 67 minutes of their day to cleaning up the Villa Lisa Secondary School in Boksburg, while seven Corrugated Pinetown employees dedicated their time to helping the learners at Kranskloof Primary School in Kwadabeka township start their own vegetable garden.

■ ***Harmony Park Combined School, Piet Retief, Mpumalanga***

The Transformation Committee from the Paper Piet Mill visited Harmony Park Combined School on 3 May, donating carpets for their Grade 1 classrooms.

■ ***Ethembeni Safe House, Port Elizabeth, Eastern Cape***

In December 2013 many of Mpact's Corrugated employees donated R100 each in an attempt to provide the elders of Ethembeni Community Safe House in Motherwell with a bit of Christmas cheer. Ethembeni is an old age home that helps abused and neglected elders. Hampers were made up that included toiletries, sweets and food.

Environmental sustainability

Compliance

As a socially responsible company Mpact recognises that compliance with legislation is essential to sustainable operations. There are currently many pieces of environmental legislation that are in the process of being reviewed and this makes compliance more complex. However, Mpact is committed to keeping abreast of legislation and actively participates in the review process through its membership of the PAMSA Environmental Committee that gives input and comment to draft legislation.

Those Mpact operations that are regulated through various environmental licences, registrations and permits, are committed to compliance with these legislative requirements. There are instances where compliance has not been possible due to the changes in legislation or insufficient responses from regulators and these situations are managed closely to ensure compliance is achieved as soon as possible. All other non-compliances are monitored and reported to ensure actions are taken to correct these anomalies.

All Mpact's operations have Environmental Management Systems in place and for the Paper, Corrugated, Recycling and larger Plastics operations these are certificated to the ISO 14001 standard and are audited internally and externally for ISO and legal compliance.

Mpact Piet Retief Mill has an outstanding matter with the Department of Environmental Affairs (DEA) regarding the findings of a compliance audit conducted in August 2009. The mill responded with appropriate comments, providing answers and explanations and, where appropriate, corrective action plans. The DEA contemplated issuing a Compliance Notice relating to some of these issues in July 2012 to which the mill responded with further clarifying statements. The matter is on-going and Mpact has finalised

many of the corrective action plans and continues to engage with the DEA with the aim of resolving outstanding issues. To date the DEA has not issued a compliance notice.

Energy

Mpact places a high priority on energy use reduction and a multitude of projects across the Group were undertaken in 2013 in line with the drive for continual improvement in energy efficiency. Typically projects have included:

- optimisation of boiler efficiency;
- production process monitoring and optimisation initiatives;
- replacement of old lighting technologies with LED lights;
- improved insulation on heating elements;
- replacement of various heating and cooling units with modern high-efficiency units;
- rationalisation of geysers; and
- creating awareness among employees to conserve energy wherever possible.

A number of operations are pursuing projects to install heat pumps and solar power units, which will be commissioned in 2014. Mpact is also active in supporting energy from waste research and hopes to see the fruit of this work in years to come.

The main source of energy at Mpact is fossil fuel in the form of coal and electricity purchased from the national grid. Some heavy fuel oil and gas is used. The total recorded energy used in 2013 was 5,639TJ (2012: 5,332TJ). This resulted in recorded Scope 1 carbon dioxide (CO₂) emissions (direct emissions from site, CO₂ only) of 381,899 tonnes (2012: 351,605 tonnes). Scope 2 CO₂ emissions (arising from electricity purchased) was 413,977 tonnes (2012: 418,893). The increase in Scope 1 emissions was due to higher production from some plants and improved data collection from recently acquired operations. Energy efficiency projects are pursued on an on-going basis and various

Environmental sustainability (continued)

interventions are in place for electrical energy reduction and boiler efficiency improvements.

The Group successfully implemented a project at the Piet Retief Mill during 2012 to improve the generation of electrical power from steam, making the mill less dependent on external electricity supplies. By upgrading the turbine system, the mill's capacity to generate electricity has been enhanced; moreover, as a result of the project, the mill is participating in Eskom's Short Term Power Purchase Proposal (STPPP) Programme, selling power to the national grid. Commissioning of the steam turbine reduced Piet Retief Mill's imported electricity consumption by 13% relative to 2012. Added to this the mill reduced absolute electricity consumption by 7.4% due to increased production efficiencies.

In the Mpact Group the major energy users are the three paper mills for which the combined energy consumption for 2013 decreased by 1.67% (2012: increased by 8%) due to the significant efficiency improvements at the mills. In terms of total average specific energy consumption for the three mills combined there was an improvement from the 2012 figure of 11.42GJ to 11.07GJ per saleable ton of product in 2013.

Atmospheric emissions

The main source of atmospheric emissions is from boilers. In terms of the new Air Quality Act none of Mpact's boilers require Atmospheric Emissions Licences though they are now subject to Controlled Emitter regulations released in 2013. All relevant operations are in discussion with their local authorities to ensure compliance with these regulations.

Controls are in place to monitor sulphur dioxide (SO₂), particulates and CO₂ emissions from the boilers and these are reported regularly. Emissions are managed through use of good quality (low sulphur) coal, boiler efficiency optimisation and maintenance of grit arrestors in the boiler stacks.

Water and waste water

Mpact operations strive for reductions in water consumption and waste water generation. As water is recognised as a scarce and precious resource, water consumption at all operations is monitored and reported. Interventions included monitoring and awareness drives, equipment upgrades, process optimisation and water usage minimisation initiatives.

Some operations have installed rainwater harvesting systems and improved water metering technology to assist the national drive for water conservation.

The total volume of water used in 2013 was 5,316 MI (2012: 5,127MI). The three paper mills are the major users of water and contributed 5,051 MI (2012: 4,910MI). The increase in water use is attributable to greater bagasse imports at the Felixton Mill where water is required to store and preserve the bagasse.

Trends

At the Felixton Mill, water use per ton of product has reduced by 45% while Total Suspended Solids (TSS) in wastewater per ton of paper produced reduced by 65% since 2004.

Springs Mill has reduced its water use per ton of paper produced by approximately 12% since 2009, while the effluent volume has been reduced by more than 17%. The reduction in the effluent discharged is due primarily to the reuse of water at the mill. The mill's effluent quality has also improved, with the average Chemical Oxygen Demand (COD) being reduced by more than 10%. The TSS ratio has remained relatively unchanged.

There has been no significant change in water usage at the Piet Retief Mill, where waste water is beneficially dispersed of by means of drip irrigation to a eucalyptus plantation.

Solid waste

Waste management plans are currently being reviewed to bring into effect the requirements of the new Waste Management Act which focuses on the reduction >>reuse >>recycling>>recovery (preferably for energy) >>landfill hierarchy. Being a company largely driven by recycling, this ethic is well entrenched throughout the Group with recycling of non-hazardous waste increasing from 60% in 2012 to 67% in 2013.

During 2012 the Group developed and reviewed its plant level waste management plans in line with the above waste hierarchy. These will continue to evolve but they remain in draft form until the Industry Waste Management Plan has been gazetted. There is still no planned date for its publication.

The Group has made significant progress in this regard with the Felixton and Springs mills recycling 84% and 70% respectively of their residual materials. In both cases this was achieved by use of organic material for compost and ash for concrete block making

The future

While Mpact has developed a strong corporate culture of sustainable business practice, it is not complacent regarding its current performance and responsibility. The Group is dedicated to continuous improvement in sustainability.

Finalising the Group's Sustainability Policy

Much of the Group's efforts in 2014 will be on further entrenching existing sustainability related policies. From this the Group expects new initiatives to be born and is excited to see what the future holds.

Other documents and resources

The Integrated Report and Annual Financial Statements are also available on the Mpact website, www.mpact.co.za. Should you wish to receive a copy of any of these or have any questions or comments arising from reading this Sustainability Review, please write to Mpact at the following address:

Deberah Chapman
Group Communications Manager
Mpact Limited
Postnet Suite #179
Private Bag X1
Melrose Arch
2076
Republic of South Africa

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www.mpact.co.za

info@mpact.co.za