

Code of Ethics

Not just a paper exercise

Company Codes of Ethics are often criticised for being just a paper exercise. It has been suggested that these documents are empty gestures, just words on paper that do not inform or influence business strategy or business practice.

Mpact Limited's Code of Ethics is also a paper document. But as in our business – we transform paper into something of value, into something that can once again make an impact – the same is true of this Code. Within this document we have packaged our moral impulses, our ethical values and our behavioural standards. Together they define Mpact in a sincere and straightforward way.

Of course we realise that companies, like people, sometimes fail to live up to their own standards. The possibility of moral failure (of not living up to the ideals we hold dear) is what makes a code of ethics necessary. That is why we as the leaders of Mpact not only endorse this Code, but vow to apply it in our decisions and our actions, in mapping our strategy, and in managing our operations. We also commit ourselves to transforming this Code into a living document by constantly reflecting on its implications, by communicating it, enforcing it, and monitoring its effectiveness.

However, we cannot achieve this alone; we need the assistance of all our employees. We therefore ask everyone who works at Mpact to look after our ethics within their sphere of influence.

This means knowing our standards and abiding by them. It means consulting with your colleagues and your managers when you don't know how to deal with an ethical matter. As with safety, it means speaking up when you become aware of risks – habits, situations or events that could cause moral failures. And finally, it

means having the courage to report fraud, theft, corruption and misconduct when you become aware of it.

We do not limit this request to ourselves. We believe that by abiding by our ethical standards we add value to all who are impacted by our operations. We therefore invite our customer, suppliers, shareholders and the broader community to help in achieving our moral objectives, to help keep us honest.



Bruce Strong
Chief Executive Officer



Tony Phillips
Chairman

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The foundation

Mpact's behavioural standards rest on the moral foundation that is provided by our vision and our values. This foundation remains our platform, and the guidelines provided in Section II of this Code translate the values into practical action. The vision is our end-goal, and our values are "habits of action" that will ensure that we reach that goal.

Acting as a responsible employer and citizen in the communities where we operate, and managing natural resources with care, sensitivity and expertise.

Achieving sustainable, profitable growth through a focus on business excellence and strategic expansion in chosen markets.

Our vision

At Mpact, our vision is to be a leading business with the highest ethical standards, delivering exceptional value for our customers, employees, communities and shareholders.

As one of southern Africa's leading paper and plastics packaging producers, we are committed to:

Meeting and exceeding customers' requirements for product and service quality, innovation as well as cost competitiveness.

Providing a safe and secure working environment in which employees can fulfil their ambitions and aspire to continually improve their circumstances.

1

Ethics
at Mpact

How to apply our Code

Testing our decisions

Our guidelines and policies cannot cover every possible situation or dilemma. That is why we need to apply and exercise moral judgment. This means asking not only if our decisions are effective, but also if they are ethical.

How do we do this?

Below are some questions we should consider to ensure that our decisions are morally sound. The purpose of these questions is to filter out potentially unethical actions before we commit to them. For this reason, they are also called the PLUS* filters:

P = Policies

Ask yourself whether your decision is in line with Mpact's policies, procedures and guidelines.

L = Legal

Ask yourself whether your decision is legal or whether it conflicts with any of the laws or regulations that apply to Mpact and also to any other applicable laws and regulations, for example, the laws and regulations of our country.

U = Universal

Ask yourself whether your decision is in line with the (universal) values that Mpact has adopted. For instance, does your decision demonstrate trustworthiness and responsibility?

S = Self

Test your decision against your own moral convictions.

* The PLUS filters, in the form they are presented here, are based on the work of the Ethics Resource Center. For more information visit www.ethics.org/resource/ethics-filters

If your decision is not in line with any of these filters, you have to reconsider it. In such cases it is also useful to consult your line manager in order to arrive at a more acceptable and accountable alternative.

To test your decision against your own moral convictions (the S filter), try asking yourself some of the following questions:

- Would I be comfortable if my decision was made public? (The test of transparency)
 - How does it make me feel? Does it make me feel uncomfortable? (The test of conscience)
 - Am I treating others like I would like to be treated in the same situation? (The "Golden Rule", or the test of fairness)
- From these tests it should be clear that ethics is not just a matter of following rules, but of considering what our duties are and what the consequences of our decisions might be for our stakeholders and for ourselves.

Faced with a dilemma?

Consulting on ethics

Our values include being accountable and transparent. Part of accountability and transparency is consulting on difficult decisions. In this way we test our own moral convictions, and we ensure that our decision-making is open. If you are faced with a moral dilemma, and you are unsure how to resolve it, or if you just want to check whether your decision is responsible, you can follow this process:

Consult our Code and our policies

Speak to your supervisor or line manager

Speak to your HR Manager

Speak to the Company Secretary

Reporting misconduct

All of us have a responsibility to report fraud, theft, corruption or misconduct when we become aware of it. These types of misconduct:

- Conflict with our values and our high ethical standards
- Threaten our reputation
- Prevent us from delivering excellent and cost effective service to our customers
- Negatively impact on our ability to create value for our shareholders

We cannot assume that someone else will report illegal and unethical behaviour. Each one of us should take up this duty, and in so doing prevent further loss or damage to our company, and ultimately to ourselves.

Mpact will do everything in its power to protect those who report in good faith from retaliation or victimisation. To protect employees we provide a safe channel for reporting misconduct – Mpact Tip-Offs. If you have information on fraud, theft, corruption or misconduct, report it as follows:

**I know of
fraud, theft,
corruption or
misconduct**

Report it to
the Company
Secretary

Report it to your
HR Manager

Report it to your
supervisor or
line manager

Use Mpact Tip-
Offs

Keep the following in mind:

You can report confidentially or anonymously through Mpact Tip-Offs. The contact details are as follows:

- Phone: 0800 111 772
 - Email: mpact@tip-offs.com
 - Website: www.tip-offs.com
-
- Mpact will do everything in its power to protect those who report in good faith from retaliation and victimisation. “Good faith” means that you only report what you believe to be true, and you do not report with some ulterior motive, i.e. to “get back” at someone.
 - We will follow up on each report. If there is sufficient evidence, we will investigate and take disciplinary or even legal action.
 - It is best to report cases of financial crime (like fraud, theft, corruption, embezzlement or money-laundering) using Mpact Tip-Offs. Violations that are Human Resource-related, for instance discrimination or harassment, are ideally reported to your HR Manager. But if you prefer, you can also report them through Mpact Tip-Offs.

Question:

Some of my colleagues on site have been accepting money from hawkers to overstate the grading of the paper they have brought in. I have seen it, but I am not sure whether I should be the one to report it. What should I do?

These tests support a decision to report. However, if you feel uncomfortable reporting, or if you believe that it is not safe to do so, consider reporting the incident anonymously using Mpack Tip-Offs.

Answer:

The question here is whether you should report or not. Consider applying the PLUS filters:

- Our policies prohibit corruption, and place a duty on us to report fraud, theft, corruption or misconduct – reporting is therefore in line with Mpack's policies.
- The law does not prohibit reporting misconduct, in fact blowing the whistle on corruption is encouraged.
- Our universal principles and our values include being responsible. Not reporting illegal conduct could be interpreted as a form of irresponsibility.
- What does your conscience tell you? Do you feel compelled to say something? And what would it look like if it came out that you knew without doing anything?

Question and Answer



Guidelines

2

This section provides guidelines for Mpac employees on specific issues. Each section sets out Mpac's commitments, an explanation of the issue (where necessary), guidelines for what to do and what not to do, and references to other Mpac policies.

Customers

Our commitment

Mpac is committed to meeting and exceeding customers' requirements for product and service quality, innovation as well as cost competitiveness.

Our responsibilities

To keep to our commitments requires that we:

- Endeavour to understand our customers' needs before providing solutions
- Provide customers with sound advice, being mindful of the dangers of over- or underservicing
- Communicate in an honest and transparent manner in all our dealings with customers
- Honour the commitments we make to customers
- Strive to achieve excellence in the products and services we provide to customers
- Act in an accountable manner – owning up when we need to
- In all dealings prize and promote a relationship of trust with our customers

Health & Safety

Our commitment

We believe that all injuries, occupational illnesses and safety incidents are preventable, and therefore commit ourselves to a target of ZERO incident, and to creating a safe and secure working environment*.

As a Group we implement rules and procedures to achieve this goal. These rules and procedures are continually reviewed and improved.

Our responsibilities

To keep to our commitments requires that we:

- Take responsibility for our own safety
- Look after the safety of our colleagues
- Adhere to the "Fire and Safety Rules to Live By", at a minimum
- Apply our safety rules without exception to employees on all levels, to contractors and to services providers
- Proactively identify and report risks to health and safety
- Report violations of our "Fire and Safety Rules to Live By"
- Promote transparency in health and safety matters by reporting incidents diligently and honestly

Additional resources to consider:

- The CEO's Safety, Health and Environmental Philosophy
- Fire and Safety Rules to Live By Fire Protection Handbook
- Sustainable Management System Manual

* This policy, and the commitments and responsibilities articulated here, are based on The CEO's Safety, Health and Environmental Philosophy.

Question:

My supervisor sometimes passes under or even stands below suspended loads on our site. He is known for having a temper, and I only recently joined Mpact. I have read that this is a safety hazard. But I do not feel that I am in a position to mention it to him. I also don't want to lose my job. What should I do?

Answer:

The behaviour you describe is a safety risk, and is specifically addressed in our "Fire and Safety Rules to Live By". While your reluctance to approach the supervisor is understandable, the situation needs to be addressed for the following reasons:

- The supervisor is endangering his own life, and we have a responsibility to look after one another
- The supervisor is violating a safety rule, and acting irresponsibly (and against our values)
- In ignoring the safety rule, the supervisor is setting a bad example that could weaken our safety culture

The supervisor's unsafe habit must therefore be addressed. We hope to create an environment in which employees feel comfortable in addressing their safety concerns, even when their supervisors are at fault, in frank and informal ways. But if you feel uncomfortable addressing him directly you can speak to the line manager above him, or to Human Resources. If the incident is serious and continues, you can also use the Mpact Tip-Offs line.

Question and Answer



Human Rights

Our commitment

As a Group we are committed to respecting and promoting human rights through the employment practices in all our operations. We commit to creating a work environment that is (i) free from harassment and unfair discrimination, and (ii) provides the opportunity for employees to build esteem, fulfil ambitions and improve their circumstances.

Our responsibilities

To prevent violations of human rights,

we will not:

- Discriminate unfairly (or allow unfair discrimination) against employees or third parties based on, for instance, race,

gender, sexuality, political affiliation or religion

- Coerce or intimidate anyone (or allow coercion or intimidation)
- Harass (physically or sexually), or tolerate physical or sexual harassment
- Create a hostile work environment through language or action, for instance abusive language or racist remarks
- Impinge on an employee's freedom of association (be it cultural, religious, or linguistic) or on their movement
- Subject any employee to forced labour
- Permit child labour
- Be complicit (or tolerate a situation in which we appear complicit) in human rights abuses

To promote human rights, **we will:**

- Show respect for the cultures of our fellow workers, suppliers and customers
- Promote fair remuneration scales
- Respect the right of employees and fellow workers to belong to a union and to bargain collectively
- Promote broad-based skills development and economic empowerment

If you are aware of any human rights violations, report these to your supervisor or manager, Human Resources, the Company Secretary or through Mpact Tip-Offs.

Employment equity

Our commitment

We commit to promoting diversity and transformation throughout Mpact via merit-based employment equity, with special regard for race, gender and disability.

Our responsibilities

We will not:

- Discriminate unfairly in employment and promotion processes

We will:

- As managers and supervisors ensure that the best people for the job are employed and promoted
- Ensure that the best talent is recruited and retained
- Promote transparency in our recruitment procedures

If you are aware of discrimination in employment or recruitment, or of a violation of these guidelines, report the matter to Human Resources.

Additional resources to consider:

- Our Fair Employment and Promotions Philosophy
- Our Transformation Philosophy
- United Nations Universal Declaration of Human Rights

Use of company resources

Our commitment

As a Group and as individual employees we are committed to using Mpact resources efficiently, for legitimate business purposes, and in the best interest of the company and our stakeholders, bearing in mind that these resources include premises, physical property and equipment, time and information.

Our responsibilities

We will not:

- Use Mpact property or equipment for personal benefit, for purposes other than Mpact business, or in an unauthorised way that puts the company and our colleagues at risk
- Modify or destroy Mpact property or equipment without proper authorisation (this includes information or electronic records)
- Remove Mpact property, equipment or information from the premises without proper approval
- Use electronic resources in an irresponsible way – for instance by downloading or communicating material that is offensive, explicit or illegal (or transgressing copyright law)
- Provide company resources for the personal or discretionary use of customers, public officials and in dealings with the private sector

We will:

- Be disciplined and punctual in timekeeping
- Use good judgement in our use of company resources, always testing its use against our vision, strategic objectives and values
- Protect Mpact resources against theft, loss, disclosure, abuse, unauthorised access and disposal
- Use company property in an efficient and environmentally-responsible manner
- Take care to maintain, protect and store with care the company resources and equipment in our use

Question:

I sometimes use Mpact's email and internet facilities to send personal emails or to do personal internet banking. Is this prohibited?

Answer:

Occasional and modest use of Mpact property for personal errands is acceptable, for instance emails or limited internet use, as you describe. The test is whether your use of the resources:

- Results in added costs for Mpact
- Negatively affects our service delivery to customers
- Is in conflict with any of Mpact's policies or guidelines, for instance its Human Rights policy, or its position against harassment
- Represents a risk to health and safety, or puts Mpact in a position that it could be held liable

It should be clear that sending the occasional email or printing a personal document from time to time would pass the test. However, removing Mpact machinery from the premises to run personal errands, for example, would not be acceptable.

Question and Answer



Confidential information

Our commitment

We safeguard Mpac's confidential information and use it in a way that is authorised, legal and in line with legitimate business purposes. This includes the confidential information of our employees, customers, suppliers or any other party.

Our responsibilities

We will not:

- Discuss confidential information where and when it may be inappropriate or risky
- Use or distribute confidential information without authorisation, for reasons unrelated to our business, or for personal gain or benefit

We will:

- Share confidential information only on a "need to know" basis, even internally
- Safeguard confidential information by storing it responsibly
- Report any breaches of confidentiality

Declaration of interest

Our commitment

We are committed to the proactive identification, avoidance and/or mitigation of situations that represent, or could be construed as, conflicts of interest.

What do we mean by conflicts of interest? A "conflict of interest" is a situation in which competing interests can interfere with our obligations towards other people or organisations. In business, a conflict of interest arises when you are in a position of trust, and expected to use good judgement, make decisions and act in the best interest of Mpac but personal or other professional interests exist that could impede, or appear to impede, on the performance of your duties in the service of Mpac

Common examples include:

- The use of Mpac resources for personal goals
- Owning shares in, or being employed by a company that is a customer, competitor or potential business partner of Mpac
- Recruiting a close family member or close friend or such persons performing services for Mpac customers, suppliers or business partners
- Certain outside employment or directorships

Our responsibilities

As employees of Mpac we:

- Perform our duties conscientiously, honestly and in the best interests of the Group and shareholders
- Avoid, where possible, actual or perceived conflicts of interest
- Discuss any issues that may potentially conflict with the interests of Mpac with our line manager, Human Resources, or with the Company Secretary
- Promote transparency by disclosing any financial interests, outside employment or directorships, or relationships that could lead to a conflict of interest, or the appearance of a conflict of interest
- Disclose these interests on an annual as well as an ad hoc basis (as new interests arise). (Disclosures can be made by filling out the Corporate Governance Form and sending it to Shared Services)
- Where a conflict exists that cannot be avoided, the particular employee will recuse him-/herself from any decision-making

Our responsibilities

We will not:

- Offer, give or accept cash gifts or cash equivalents
- Offer, give or receive gifts or hospitality that are disproportionate or intended to obligate the recipient
- Use gifts or hospitality to gain commercial, contractual or regulatory advantage for the Group
- Gain personal advantage, directly or indirectly, or solicit gifts by virtue of our position at Mpact
- Offer gifts that could put other parties in an uncomfortable position
- Accept or offer hospitality that is frequent, disproportionately long or lavish
- Allow habitual gift-giving to undermine Mpact's reputation for ethical business conduct

We will:

- Only offer, give or receive gifts and entertainment that are business courtesies, reasonable and proportionate and designed to build relationships and goodwill
- Avoid conflicts of interest arising from gifts or hospitality
- Disclose any gifts offered or accepted to a manager, supervisor or to Human Resources (using the established process in your business unit for the approval and recording of gifts)
- Adopt a common sense approach and consider the intent, materiality, frequency, legality, transparency and also the rules of the other party when giving or receiving gifts or entertainment
- Consult with a supervisor or line manager when we are in doubt as to the acceptability of a gift
- Seek prior approval from a supervisor or manager before offering or accepting a gift or hospitality that equals or exceeds R500 in value
- If a gift cannot be refused due to circumstances or the possibility of causing offence or embarrassment, we will return the gift afterwards with a note explaining Mpact's position

Question and Answer



Question:

I work in Mpac's Procurement Department. It is the end of the year, and one of our suppliers has invited me on an "all expenses paid" golf weekend to thank us for our continued patronage.

Can I accept?

Answer:

To test whether a gift is acceptable we normally ask whether it could place an obligation on us to "return the favour" or whether it could be interpreted by someone "outside" the relationship as a way of influencing our decision-making. In this case, however, the gift is obviously lavish, and will not only include the golf, but also travel and accommodation expenses. It is therefore a gift that could cause us embarrassment or could impact on our reputation as responsible and trustworthy. It would be best to thank the supplier for the offer, but to decline it.

Fraud

Our commitment

As a responsible corporate citizen Mpact is committed to combatting fraud. Mpact and its representatives will neither directly nor indirectly commit or participate in fraud. Acts of fraud will not be condoned or tolerated. Mpact has measures in place to prevent, detect and respond to fraud. Where fraud is suspected Mpact will investigate and take the necessary and legally prescribed steps in correcting the fraud.

What do we mean by fraud? To commit fraud means to intentionally deceive in a way that causes benefit for yourself or actual or potential harm to another.

Examples may include:

- Claiming expenses for activities that were not related to Mpact business, or claiming expenses that were never incurred
- Intentional misstatements or omissions of amounts or disclosures in financial reports in order to deceive the users of the report
- Falsifying the weights or grades of paper received for recycling

Our responsibilities

We will not:

- Commit fraud, or by inaction allow or condone fraud at Mpact
- Circumvent or ignore financial procedures or controls, including payment authorisations and separations of duty
- Betray the confidence of employees and stakeholders that report fraud to us, unless required by law

We will:

- Assist the Group in identifying fraud risks
- Abide by the controls and procedures put in place to help manage the risk of fraud
- Promote accuracy and transparency in any financial reporting and disclosure
- Report (confidentially or anonymously) any suspected incidents of fraud to a supervisor, manager or the Mpact Tip-Offs Line

Bribery and corruption

Our commitment

As a responsible corporate citizen, Mpact will not participate in, condone or tolerate bribery or corruption. Mpact and its representatives will not offer, give or receive bribes or improper inducements for any purpose whether directly or through a third party.

What do we mean by bribery and corruption?

Corruption refers to the abuse of one's office for personal gain, and bribery is the offering or acceptance of gratification (anything of value) in order to influence someone to abuse their power. The gratification can include money, gifts, future business opportunities and/or the promise of employment. Abuse of power can include preferential treatment, the circumvention of policies or procedures, and/or illegal activity.

Examples include:

- Paying or offering to pay an amount of money to a representative from a potential Mpact customer in exchange for awarding a tender to Mpact
- A representative of Mpact offering a foreign official money to secure a permit for operating in that country

Our responsibilities

We will not:

- Offer any gratification (anything of value) to a public official or business partner to influence them to abuse their position
- Accept any gratification with the promise of abusing our position
- Turn a blind eye when we become aware of corrupt activity in our department, our company or our industry
- Offer or accept gratification with the intention of hastening a permitted procedure (i.e. offer to accept so-called "grease payments" or "facilitation payments")

We will:

- Abide by our commitments regarding conflicts of interest and gifts
- Abide by our commitments regarding company resources (and only using them for legitimate, authorised and legal business purposes)
- Consult with a supervisor, line manager or the Company Secretary when we are unsure whether an action would constitute corruption or bribery
- Ensure that any form of sponsorship or donation does not constitute, or cannot be interpreted as, a form of bribery or corruption
- Ensure that our business partners, agents and other third parties share our views and abide by our guidelines with regard to bribery and corruption
- Record all expenses accurately
- Report any suspicion of bribery and corruption

Political participation and government interaction

Our commitment

As a Group we do not support, donate or sponsor political parties or events, and maintain a neutral position regarding party politics. However, we do foster constructive relationships with government, and we respect the right of all employees to participate in politics in their personal capacity.

Our responsibilities

To keep to our commitments requires the following:

We will not:

- Prevent any employee from exercising his right to participate in politics, and to support the party of his/her choosing
- Discriminate against, intimidate or harass an employee or colleague based on their political affiliations
- As a Group, or in our capacity as a representative of Mpact, provide support, payments or sponsorships to political parties

We will:

- Participate in the political process only in our personal capacities, and in a way that does not interfere with our ability to perform our duties at Mpact
- Adhere to legitimate and lawful requests for information from government institutions and regulatory authorities
- Consult a supervisor, line manager or the Legal Department when we interact with government institutions or regulatory authorities
- Report any suspected violations of this policy

Our communities

Our commitment

Mpact aims to be a truly transformed company making a difference to the lives of the communities we touch. We are committed to sustainable community and economic development.

Our responsibilities

As a Group we:

- Proactively and honestly communicate with community organisations (for instance on local development projects)
- Focus on capacity building and ensure multi-stakeholder-based sustainable community development practices
- Support specific community needs that are aligned with our focus and limit “handouts”
- Promote employees’ involvement and a better understanding of the community’s role in achieving its business goals

The environment

Our commitment

We are committed to managing natural resources with care, sensitivity and expertise, and to continually reduce our environmental impact.

Our responsibilities

As a Group we:

- Continually develop measures for determining and reducing our environmental impact
- Operate and maintain an Environmental Management System that complies with international environmental standards
- Engage relevant stakeholders to identify environmental concerns
- Limit pollution through a particular focus on waste management, water protection, the management of process effluent, energy efficiency and environmental risk assessment
- Report on environmental performance in an honest and open manner
- As employees, report any environmental threats and transgressions of environmental legislation and policy

Additional resources to consider:

- Group Environmental Policy
- CEO’s Safety, Health and Environmental Philosophy
- Safety, Health and Environmental Policy

For any questions
relating to this
Code of Ethics,
please contact:



The Company Secretary:

Noriah Sepuru

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