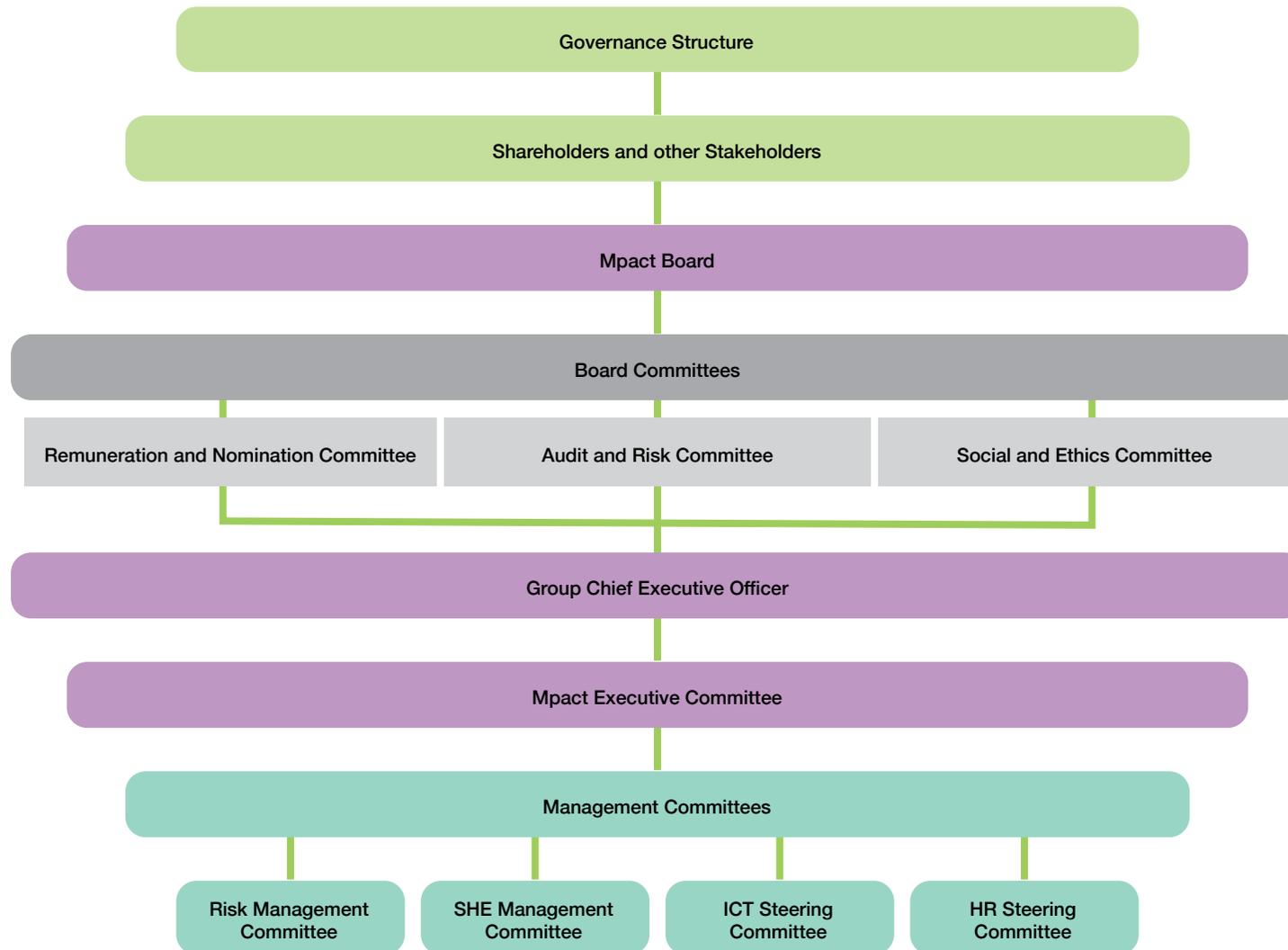


CORPORATE GOVERNANCE REPORT





COMMITMENT AND APPROACH TO CORPORATE GOVERNANCE

The Board embraces its responsibility for ensuring that the principles of sound corporate governance are observed and incorporated into the leadership and management of the Group. The Board is responsible for ensuring that the Group complies with all its statutory obligations as specified in the Company MOI, the Companies Act, the JSE Listings Requirements and all other regulatory requirements. The Group under the stewardship of the Board accepts responsibility for the application of good corporate practices to ensure that business is managed ethically and within acceptable risk parameters. In discharging this responsibility, the Group is guided by its charters and policies and further ensures that effective corporate governance is practised consistently throughout the Group.

ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP

The Board has set values to which the Group adheres and these are incorporated into the Group's Code of Ethics. Within the Code of Ethics, we have articulated our ethical values and our behavioural standards. This foundation remains the Board's platform to lead Mpact sincerely and honestly.

The Group's standards of integrity and ethics in dealing with its stakeholders at large is included in the Code of Ethics. Integrity is fundamental to how the Group conducts its business and is expressed in its values as well as interactions with key stakeholders. Every employee is expected to adhere to these principles and values in order to deliver exceptional value to our stakeholders by cultivating the habits of being resolute, trustworthy and responsible. This is not merely a matter of knowing the "rules", but of repeatedly exercising moral thinking and applying the guidelines outlined in the Company's Code of Ethics.

The Code of Ethics is reviewed by the Board periodically to ensure that the Company remains differentiated by people who are resolute, trustworthy and responsible.

The Social and Ethics Committee assists the Board to monitor the Group's corporate citizenship responsibilities. The committee monitors progress against transformation targets and the Group's employment equity plan, fair remuneration, health and safety, as well as the external verification of the Group's empowerment activities.

KING IV™ APPLICATION

The Board is committed to achieving the highest standards of governance, business integrity and ethical conduct across all its activities. The Group remains committed to managing its operations in accordance with the highest ethical standards. This is achieved by effective and ethical leadership through continuously reassessing the Group's internal controls, policies, Terms of Reference, procedures and processes, while considering the recommendations contained in King IV™ and making relevant changes when appropriate.

The Group performed a qualitative assessment of the level of application of King IV™ principles to fully achieve the four governance outcomes of:

- Ethical Culture;
- Good Performance;
- Effective Control; and
- Legitimacy.

The Board is satisfied that every effort has been made during 2020 to apply material aspects of King IV™.

GOVERNANCE FRAMEWORK

The power and authority to lead, control, manage and conduct business, including the power and authority to delegate, is vested with the Board to ensure that Mpact remains a sustainable and viable business. This responsibility is facilitated by a well-developed governance structure. In discharging its responsibilities, the Board is supported by Board sub committees and senior management.

The Board has several sub committees in which Non-executive Directors play a pivotal role. The responsibilities delegated to the committees of the Board are formally documented in the Terms of

Reference for each committee, which have been approved by the Board and are reviewed annually to keep abreast of developments in law and best practice in governance. Recommendations and feedback reports are submitted to Board meetings, ensuring transparency and full disclosure of the committees' activities.

Mpact's King IV register is available on the Mpact website www.mpact.co.za.

The committees meet at least four times a year. The composition and responsibilities for each Board committee are further elaborated on in this report.

The Board has, through an approved delegation of authority, delegated the implementation and execution of the approved strategy to executive leadership via the Group CEO.

ROLE AND FUNCTION OF THE BOARD

The Board is a unitary body that is effective in leading and controlling the Group. Its mission is to ensure Mpact's continued success and sustainability by collectively directing the Company's affairs with effective and responsible leadership within the industries and markets in which Mpact operates, while meeting the appropriate interests of its relevant stakeholders.

ROLE AND FUNCTION OF THE EXECUTIVE COMMITTEE (EXCO)

The Exco is responsible for making recommendations to the Board regarding the Group's policies and strategies and for monitoring their implementation in accordance with the Board's directives. The Exco meets five times a year and is responsible for the Group's operational activities, developing strategy and policy proposals for consideration by the Board, and implementing the Board's directives. The committee has a properly constituted mandate and terms of reference.

Other responsibilities include:

- leading the executive, management and staff of the Group;
- developing the annual budget and business plans for approval by the Board;

- developing, implementing and monitoring policies and procedures, internal controls, governance, risk management, ethics and authority levels;
- monitoring and enforcing good corporate governance practices and the application of the Code of Ethics, as defined and adopted by the Board;
- guiding and controlling the overall direction and control of Mpact, and acting as a medium of communication between business units, subsidiaries and the Board;
- ensuring appropriate co-ordination between Mpact, its subsidiaries and the various business units; and
- ensuring the adequacy of the Group's reporting arrangements.

The Exco has specific key performance areas and targets which are set in line with the approved strategy and monitored by the Board with the assistance of the Remuneration and Nomination Committee.

RESPONSIBILITIES OF THE BOARD

The Board serves as the focal point and custodian of corporate governance in the organisation, and acknowledges its responsibility for ensuring that the principles of sound corporate governance are observed and incorporated into the leadership of the Group. Sound governance practices based on accountability, transparency, ethical management and fairness, are entrenched across the business. The Directors recognise that good governance, achieved through an ethical culture, competitive performance, effective control and legitimacy, can create sustainable value and enhance long-term equity performance.

The Directors, collectively and individually acknowledge their responsibilities in terms of King IV™ and the Companies Act. The Board charter requires each Director to regularly attend meetings of the Board and its committees. The purpose of this charter is to set out the mission, duties and responsibilities of the Board, as well as the requirements for its composition and meeting procedures. A summary of the duties of the Board as outlined in the Board charter are:

- Provides leadership based on an ethical foundation and ensures that the Group's ethics are effectively managed.
- Appreciates that strategy, risk, performance and sustainability are inseparable.
- Acts as the focal point for, and custodian of, corporate governance.
- Has a responsibility to all stakeholders, which includes present and potential beneficiaries of the Group's products and services, clients and employees, to achieve continuing prosperity for the Group.
- Reviews and approves financial objectives, plans and actions, including cost allocations and expenditures.
- Ensures that the Group is a responsible citizen by having regard to not only the financial aspects of the business, but also the impact that the business operations may have socially and environmentally.
- Ensures that the Group complies with applicable laws and considers adherence to non-binding rules and standards.
- Is responsible for the governance of risk, including information technology.

BOARD PRACTICES

The Board is ultimately responsible for the Group's business, approval of the strategy and key policies and is the focal point and custodian of corporate governance at Mpact. It is also responsible for approving the Group's strategy, financial objectives and targets. The roles of the Chairman and CEO are not held by the same person, and are separate. The Board is led by an Independent Non-executive Chairman, who is elected by the Board, while the operational management of the Group is the responsibility of the CEO. No business of the Group is or will be managed by a third party.

The Board recognises the necessity for Directors to occasionally seek independent professional advice at the Group's expense. In this regard the Board has adopted a Board Policy on the procedure for taking professional advice.

A minimum of four Board meetings are scheduled per financial year, while additional meetings may be convened when necessary.

Well-structured Board agendas and comprehensive papers are circulated electronically to Board members on a timely basis, ensuring that the members are well informed and that debate and decisions are constructive and robust.

BOARD COMPOSITION

The Board comprises of nine Directors, two of whom are Executive Directors, the CEO and CFO. The remaining seven Directors, three of whom are women, are all Independent Non-executive Directors, including the Board Chairman. The Non-executive Directors are not involved in the day to day management of the business and are not full-time salaried employees of the Company and/or any of its subsidiaries. Non-executive Directors bring an independent view to the Board's decision-making. As a Group, they enjoy significant influence at meetings of the Board. There is a clear balance of power and authority at Board level, to ensure that no one Director has unfettered powers of decision-making.

INDEPENDENT DIRECTORS

The independence of Directors is determined holistically, and on a substance over form basis in accordance with the indicators provided in Section 94(4)(a) and (b) of the Companies Act and the King Code.

The Nomination Committee reviews the independence of all Non-executive Directors using the guidelines recommended by the King Code, JSE Listings Requirements and the Companies Act and further undertake a vigorous process to assess the independence of the Non-executive Directors who have served on the Board for a period longer than nine years.

The Board remains satisfied that all Board members demonstrate independence of mind and that there are no interests, positions, associations or relationships which are likely to unduly influence or cause a bias in decision-making.

The Board is satisfied that all Directors continue to act in the best interest of the Company, and continue to perform their duties impartially and with the highest integrity.

BOARD MEETING ATTENDANCE

The Board met five times during the financial year. The table below sets out the attendance by the Directors since the release of the last Integrated Report.

Director	4 June 2020	4 August 2020	15 September 2020 ²	4 November 2020	22 December 2020	4 March 2021
AJ Phillips ¹	✓	✓	✓	✓	✓	✓
NP Dongwana ¹	✓	✓	✓	✓	✓	✓
NB Langa-Royds ¹	✓	✓	✓	✓	✓	✓
PCS Luthuli ¹	✓	✓	✓	✓	✓	✓
M Makanjee ¹	✓	✓	✓	✓	✓	✓
TDA Ross ¹	✓	✓	✓	✓	✓	✓
AM Thompson ¹	✓	✓	✓	✓	✓	✓
BW Strong	✓	✓	✓	✓	✓	✓
BDV Clark	✓	✓	✓	✓	✓	✓

¹ Independent Non-executive Directors

² Strategy Session

COMMITTEES

The Board has delegated some of its responsibilities to its committees to assist in the execution of its duties. The Board has established three committees to assist it in fulfilling its duties and responsibilities more effectively.

1. AUDIT AND RISK COMMITTEE

The Audit and Risk Committee consists of entirely Independent Non-executive Directors as envisaged in the Companies Act and the JSE Listings Requirements. The members of the Audit and Risk Committee are elected at each Annual General Meeting of the Company, in accordance with and subject to the requirements and criteria as set out in Section 94 (2). All the members of the Audit and Risk Committee have the prescribed academic qualifications and experience. The committee is adequately structured in accordance with these requirements as follows:

Audit and Risk Committee

TDA Ross	Chair, Independent Non-executive Director	Chartered Accountant
NP Dongwana	Member, Independent Non-executive Director	Chartered Accountant
AM Thompson	Member, Independent Non-executive Director	Business
PCS Luthuli	Member, Independent Non-executive Director	Chartered Accountant

The Chairman of the Board is not a member of the committee and attends only via invitation.

The Audit and Risk Committee met four times during the financial year. The table below sets out the attendance by the Directors since the release of the last Integrated Report.

Director	1 June 2020	30 July 2020	3 November 2020	2 March 2021
TDA Ross	✓	✓	✓	✓
NP Dongwana	✓	✓	✓	✓
AM Thompson	✓	✓	✓	✓
PCS Luthuli	✓	✓	✓	✓

2. SOCIAL AND ETHICS COMMITTEE

The Social and Ethics Committee is a statutory committee of the Board appointed in terms of Section 72(4) of the Companies Act and comprise a mix of Independent Non-executive Directors and the Group CEO:

Social and Ethics Committee

NB Langa-Royds	Chair, Independent Non-executive Director
NP Dongwana	Member, Independent Non-executive Director
AM Thompson	Member, Independent Non-executive Director
M Makanjee	Member, Independent Non-executive Director
B Strong	Member, Executive Director

The Social and Ethics Committee met four times during the financial year. The table below sets out the attendance by the Directors since the release of the last Integrated Report.

Director	1 June 2020	30 July 2020	3 November 2020	2 March 2021
NB Langa-Royds	✓	✓	✓	✓
NP Dongwana	✓	✓	✓	✓
AM Thompson	✓	✓	✓	✓
M Makanjee	✓	✓	✓	✓
B Strong	✓	✓	✓	✓

3. REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee consists of entirely Independent Non-executive Directors as follows:

Remuneration and Nomination Committee

NB Langa-Royds	Chair, Independent Non-executive Director (Remuneration)
AJ Phillips	Chair, Independent Non-executive Director (Nomination)
M Makanjee	Member, Independent Non-executive Director
TDA Ross	Member, Independent Non-executive Director
PCS Luthuli*	Member, Independent Non-executive Director

* PCS Luthuli was appointed as a member in November 2020.

The CEO, CFO and the Head of HR attend the meetings by invitation, but do not participate in any deliberations regarding their own remuneration.

The Remuneration and Nomination Committee met four times during the financial year. The table below sets out the attendance by the Directors since the release of the last Integrated Report.

Director	1 June 2020	30 July 2020	3 November 2020	2 March 2021
NB Langa-Royds	✓	✓	✓	✓
AJ Phillips	✓	✓	✓	✓
M Makanjee	✓	✓	✓	✓
TDA Ross	✓	✓	✓	✓
PCS Luthuli	n/a	n/a	n/a	✓

APPOINTMENTS TO THE BOARD

The appointment of new Directors is approved by the Board as a whole on the recommendation of the Nomination Committee. Directors are appointed through a formal and transparent process, which includes the identification of suitable members as well as performance and background checks prior to nomination. Director appointments are formalised through an agreed contract of service between the Company and the Director.

Directors are nominated based on their calibre, knowledge, experience and the impact they are expected to have, as well as the time and attention they can devote to their roles. New Directors are taken through a formal induction programme and are provided with all the necessary background and information to familiarise them with issues affecting the Board.

Non-executive Directors are required to dedicate sufficient time to Mpac Board matters. They may serve on other Boards, provided that such other appointments do not create a conflict of interest or interfere with their duties to the Mpac Board, but rather afford the ability to add value by bringing

a broader perspective to Board deliberations. There were no new appointments to the Board since the release of the last Integrated Report.

BOARD DIVERSITY

The Board recognises the benefits arising from diversifying, including a broader pool of high quality Directors and accessing different perspectives and ideas from all available talent. In accordance with the JSE Listings Requirements, the Board approved a Diversity Policy which proclaims the Board's values and principles, specifically focusing on the promotion of the diversity attributes of gender, race, culture, age, field of knowledge, skills and experience. A breakdown of these diversity attributes are depicted on pages 58 and 59.

The Board is pleased to announce that it has maintained its objective of one third women on the Board by 2020 and maintained 44.4% race representation of black people on the Board against a target of 45% by 2020. The Board remains committed to promoting and maintaining diversity in its membership. The Social and Ethics Committee will continue to monitor performance in relation to this target and will recommend any changes to this target to the Board for approval.

SUCCESSION PLANNING

The Nomination Committee reviewed the succession plan for the CEO, Executive Committee and other senior managers during the year under review and submitted its recommendations to the Board.

The Board further reviews the status of the Board succession plan to ensure that it considers the challenges of a constantly changing business environment.

ROTATION OF DIRECTORS

One-third of all Non-executive Directors retire by rotation annually, and Directors appointed by the Board, either to fill a casual vacancy or as an addition to the Board, are subject to election by the shareholders at the first AGM held after their initial appointment.

In terms of the Memorandum of Incorporation, at least one-third of the Directors (other than the Executive Directors) retire by rotation and, if eligible, their names are submitted for re-election at the Annual General Meeting, accompanied by appropriate biographical details set out in the report to shareholders.

Anthony Phillips, Neo Phakama Dongwana and Penuell John Cornwell Sibusiso Luthuli are required to retire by rotation in accordance with the Memorandum of Incorporation at the forthcoming Annual General Meeting.

The Board considered the performance of each Director due for election and re-election at the Annual General Meeting and makes an appropriate recommendation to shareholders in this regard.

BOARD AND COMMITTEE EFFECTIVENESS EVALUATION

The Board appointed William Somerville Governance Services to perform an evaluation of the Board and its sub committees.

The key components of the Board evaluation and effectiveness review covered the impact and value-add on critical issues and drivers of Board effectiveness driven by increased shareholder and regulatory requirements, company performance, executive performance and succession planning.

Drivers of Board effectiveness including Board composition, Board dynamics and culture, Board Chair effectiveness and efficiency of core Board processes were assessed, as well as the performance of the Board Committees and the Group Company Secretary.

The results of the assessment indicated that the Board, its sub committees and the Group Company Secretary are performing their duties and responsibilities effectively. Any areas of improvement that required further consideration have been incorporated in the Board's and committees' annual plan for further review.

The Executive Directors' performance, in relation to key performance areas, are assessed annually in accordance with the Group's standard performance assessment.

STRATEGIC PLANNING

The Directors who are also members of the Executive Committee, namely Bruce William Strong and Brett David Vaughan Clark, are involved in the day-to-day business activities of the Group. The Board defines the Group's level of authority, reserving powers for the Board while delegating others to management.

The Executive Committee formulates strategy, which is reviewed and approved by the Board. The Board monitors the implementation of the strategy and is responsible to the shareholders and other stakeholders for setting the strategic direction of the Group. The Board meets with management at least annually to debate and agree on the proposed strategy and to consider long-term issues facing the Group as well as the changing environment in which it operates.

CONFLICT OF INTEREST

The Board, subsidiary Directors and prescribed officers are required to disclose their personal financial interest and interests in contracts in terms of section 75(4) of the Companies Act.

The Group ensures that Directors and prescribed officers are free of any conflicts between the obligations they have to the Company and their private interests. Directors are required to disclose any potential conflict at quarterly meetings and as and when necessary to the Group Company Secretary. Directors do not vote on any matter in which they have an interest and they are recused from any meeting when such matters are discussed.

SHARE DEALINGS

The Group has adopted a share dealing policy requiring all Directors, management and the Group Company Secretary to obtain prior written clearance from either the Chairman or the Group Company Secretary to deal in the Company's shares. The Chairman of the Board will in turn require prior written clearance from the Chairman of the Audit and Risk Committee. Closed periods (as defined in the JSE Listings Requirements) are observed as required. During these periods, the Directors, management and employees are not permitted to deal in the Company's securities. Additional closed periods are enforced when the Group commences with a corporate activity and where a cautionary announcement (as defined in the JSE Listings Requirements) is published.

LEGAL COMPLIANCE

The Board oversees compliance with its approved compliance framework and in accordance with good governance. The Audit and Risk Committee is responsible for continual monitoring of the regulatory environment and appropriate responses to changes and developments that impact on the Group and reporting on any significant changes to the Board.

The Group Company Secretary, together with the internal audit function, the Group legal advisor and the risk management function, assist the Board in ensuring that there is an appropriate process in place with respect to legal compliance. The Group subscribes to various legal registers which cover all essential components of applicable laws, adopted industry rules, codes and standard. A report on significant legal and corporate governance developments affecting Mpact is tabled and reviewed by the Audit and Risk Committee and the Board periodically.

There were no material or repeated regulatory penalties, sanctions or fines for contraventions of statutory obligations in the 2020 financial year.

GROUP COMPANY SECRETARY

The Directors have access to the professional advice and services of the Group Company Secretary, Donna Maree Dickson who was appointed on 1 May 2020 and whose appointment is in accordance with the Companies Act and JSE Listings Requirements. The Group Company Secretary provides the Directors of the Company, both collectively and individually, with guidance on their duties, responsibilities and powers, and provides guidance and advice to the Board on matters of ethics and good corporate governance.

The Group Company Secretary plays a pivotal role in ensuring that Board procedures are both followed and regularly reviewed, and ensures that, in accordance with pertinent laws, the proceedings and affairs of the Board and the Company are properly administered.

The Chairman and the Board look to the Group Company Secretary for guidance on what their responsibilities are under the rules and regulations to which they are subject, and how these responsibilities should be discharged.

The Group Company Secretary is independent and has unrestricted access to the Board. She is not a member of the Board but attends Board meetings to discharge her duties and maintains an arm's length relationship at all times.

The Board is satisfied that the Group Company Secretary is fit and proper, and has the necessary qualifications, skills and level of competence to effectively discharge her responsibilities.

INTERNAL CONTROL SYSTEMS

Mpact's internal controls encompass a set of rules, policies and procedures that are implemented to provide reliable financial and operational reports and to ensure that the Company's activities comply with applicable laws and regulations. The control environment sets the foundation and provides the discipline and structure upon which we operate.

These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority, the assets are adequately protected against material losses, unauthorised acquisitions, use or disposals, and that all transactions are properly recorded.

These systems demonstrate effective governance in terms of integrity and ethical behaviour, commitment to competence, Board of Directors and Audit and Risk Committee participation, management philosophy and operating style, organisation structure, assignment of authority and responsibility, and human resources policies and procedures.

The Chief Audit Executive of the internal audit function provided a written assessment on the system of internal control and risk management (negative assurance) for the financial year ending 31 December 2020. This assessment was based on the internal audit work performed in terms of the approved 2020 financial year internal audit plan, coverage in terms of the rotational risk-based internal audit plan, an assessment of Mpact's internal control environment, management's self-assessment of the risk management processes and the performance of suitable, but not limited, sample testing on the existence and effectiveness of internal controls at Mpact.

Internal audit reported that, based on the scope of their work, the results of the internal control testing and subject to the limitations of sampling and reliance on the efficiency of the combined assurance framework, nothing other than the results reported to the committee meetings during the course of 2020 came to their attention that would suggest that internal controls and risk management at Mpact were not satisfactory.

STAKEHOLDERS

Mpact promotes an inclusive approach to governance and takes account of the impact of the Company's operations on internal and external stakeholders. Mpact's approach to corporate governance strives to include all these groupings, is based on good communication and integrated into every aspect of the business.

Mpact's primary stakeholders have been identified and the details pertaining to stakeholder engagement are set out on page 44 of this Integrated Report.

SUSTAINABILITY

The Group's approach to sustainability and assessing its influence and impact on the environment and the communities in which it operates are foremost in mind when conducting business and considering and making investments.

Managing a sustainable business requires the integration of the business capitals. Mpact's business model, together with the inputs and outputs of each of the capitals, are illustrated on page 14 of this Integrated Report.

The Group remains committed to sustainable development in each of its businesses and adopts leading industry health and safety standards; obtains responsibly-sourced raw materials; and ensures the businesses constantly seek to reduce their environmental impact. Specific strategic goals have been developed for the Plastics and Paper businesses and these strategic goals are set out in the respective operational reviews.

Mpact's Sustainability Review is available on the Mpact website www.mpact.co.za.

FRAUD AND ILLEGAL ACTS

The Group does not tolerate fraudulent behaviour and illegal acts. An anonymous whistle-blowing facility administered by Deloitte & Touche is in place. The Audit and Risk Committee records, monitors and investigates incidents reported on the facility. The Code of Ethics, as well as the Supplier Code of Conduct, outline Company norms and expected behaviours when dealing with fraud.

INFORMATION AND TECHNOLOGY GOVERNANCE

The Board has an IT governance policy and ensures adherence to King IV's IT governance principles.

The ICT Steering Committee assists the Board with IT governance-related matters. The committee is governed by an effective charter, which gives guidance to the ICT management team and ensures effective and efficient management of all IT resources.

The IT governance framework with all relevant structures, processes and mechanisms are in place to enable IT to deliver value to the business and mitigate IT risks. IT risks have been identified and incorporated into the risk register.

An external independent person is appointed to provide the Board with independent assurance on the effectiveness of IT internal controls including outsourced IT services. In addition, she is required from time to time to join the ICT Steering Committee to give guidance on the alignment of the ICT strategy with the business strategy. This includes but is not limited to, expressing an independent opinion on emerging technology trends and their rate of adoption and implementation by various business sectors.

In response to the rapidly changing environment and the needs and expectations of our stakeholders, our strategy has evolved with an increased focus on digital innovations and technology change. Key actions in place to mitigate the risks include:

- Increased focus on information and technology risk management;
- Our Group technology division working closely alongside our business clusters to deliver on our technology journey;
- Strengthening our second line of defence oversight on IT risk and performing Group internal audits as a third line of defence;
- Performing reviews and monitoring to ensure appropriate frameworks, procedures, structures and governance are in place for the consolidation, monitoring, management and reporting of IT risks and exposures on a Group basis (e.g. cyberthreats, and other regulatory risks).

ANNUAL GENERAL MEETING

All the necessary information and facilities are made available to shareholders to enable them to attend the Annual General Meeting, submit forms of proxy and receive announcements and circulars in accordance with the JSE Listings Requirements. The Chairman of the Board, Chairmen of the committees and the external auditor are available to answer questions at the Annual General Meeting. The next Annual General meeting of the Company will be held on 3 June 2021.