

# REMUNERATION REPORT

In accordance with the requirements of King IV, the Remuneration Report is divided into three parts consisting of:

## PART 1: A BACKGROUND STATEMENT

This section provides insight around how remuneration decisions were influenced by the performance of the Company.

## PART 2: THE REMUNERATION POLICY

This section is forward-looking, providing an overview of our remuneration philosophy and the remuneration policy that will be applicable for 2021.

## PART 3: THE IMPLEMENTATION REPORT

This section is backward-looking, focusing on executive remuneration and performance outcomes based on the remuneration policy for 2020.

### PART 1: BACKGROUND STATEMENT

Mpact's remuneration policy has a direct impact on operational expenditure, company culture, employee behaviour and ultimately, with correct strategic alignment, on the Company's sustainability. As such it is clearly defined, monitored and managed to ensure sustained validity and effectiveness. Remuneration is a business issue, not only a human resources issue. In addition, given the growth potential for our business, we also need to ensure our reward practices are aligned with the delivery of desired results and value creation over time.

Responsibility for the remuneration policy rests with the Remuneration and Nomination Committee appointed annually by the Mpact Board of Directors. The committee has a dual role chaired by two chairmen as defined below:

	Remuneration Committee	Nomination Committee
Chairman	Ntombi Langa-Royds	Anthony John Phillips (Tony)
Members	Sibusiso Luthuli, Tim Ross, Maya Makanjee and Tony Philips	Sibusiso Luthuli, Tim Ross, Maya Makanjee and Ntombi Langa-Royds
Invitees	Bruce Strong, Brett Clark and Gina Robinson	
Independence	All committee members are Independent Non-executive Directors	All committee members are Independent Non-executive Directors
Role and function	The Remuneration Committee considers the remuneration policy of the Group with the assistance and guidance of independent experts, if required, and makes recommendations to the Board on all aspects of remuneration. The committee further ensures that the Executive Committee and Senior Management are fairly rewarded for their individual contributions to the Group's overall performance. The committee also considers bonuses, which are discretionary and based upon general economic variables, the performance of the Group and the individual's performance, share options and certain other employee benefits and schemes. No remuneration of any nature shall be paid, increased or varied to any Director without the prior approval of the members of the committee.	The Nomination Committee is guided by the Board Policy and Procedure document that intends to guide the order, fairness and consistent conduct of the nomination and election process of members of the Board. The committee is also governed by a charter that further outlines its mandate in its role in assisting the Board and ensuring that the Board has the appropriate composition for it to execute its duties effectively.



	Remuneration Committee	Nomination Committee
Responsibilities	<ul style="list-style-type: none"> <li>• Assisting the Board by setting and administering remuneration policies in the Group's long-term interests, and ensuring, through an ongoing review of the remuneration policy for both appropriateness and relevance, the Group remunerates fairly and responsibly.</li> <li>• Being especially concerned with and providing recommendations regarding the remuneration of both Executive and Non-executive Directors, and giving due regard to any relevant legal requirements.</li> <li>• Determining, within the terms of the agreed policy, the total individual remuneration package of the Executive Committee and Senior Management and any other executive whose total remuneration is comparable to, or higher than, that of an Executive Committee member.</li> <li>• Ensuring that individuals are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to Mpact's success.</li> <li>• Approving the design of and determining targets for any performance-related pay schemes in which the Executive Committee management and other members of the senior management population participate.</li> <li>• Determining the design of and targets for such schemes by taking into account all factors it deems necessary, including performance-related pay schemes, and regularly reviewing incentive schemes to ensure the continued contribution to shareholder value.</li> <li>• Reviewing the design of all executive and all employee share plans for approval by the Board and shareholders.</li> <li>• Being responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee.</li> <li>• Ensuring, in determining remuneration policy, specifically the contractual terms on termination of the Executive Committee, and any payments made, are fair to the individual and Mpact.</li> </ul>	<ul style="list-style-type: none"> <li>• Regularly reviewing the structure, size, skills, knowledge, experience and diversity required of the Board and making recommendations to the Board with regard to any changes that are appropriate.</li> <li>• Identifying and evaluating suitable potential candidates for appointment to the Board and recommending the same to the Board, which may then appoint such candidate in accordance with the MOI.</li> <li>• Giving full consideration to succession planning and management development for the Board and Executive Committee, taking into account the challenges and opportunities facing Mpact and the skills and expertise needed by Mpact in the future.</li> <li>• Recommending to the Board the re-appointment of any Non-executive Directors at the conclusion of their specified term of office, having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required.</li> </ul>
Assurance	The committee is governed by a formal Terms of Reference. The committee has confirmed that they were diligent in exercising their duties of care and skill and they have taken reasonable steps to ensure that their duties were performed in accordance with their mandate.	

## PART 1: BACKGROUND STATEMENT CONTINUED

### ACTIVITIES UNDERTAKEN BY THE COMMITTEE DURING THE YEAR

During the year under review, the mandate for wage negotiations was recommended to the Board. The committee oversaw the activities of the Mpac Incentive Scheme Trust on behalf of the Board and reviewed the financial aspects of the Trust Financials to ensure Mpac governance standards were adhered to. The committee reviewed and recommended the 2020 share awards and vesting shares for the shares awarded in 2017 to the Board for all share participants.

BDO Corporate Finance Proprietary Limited was appointed to verify the number of shares vested in respect of the awards granted to the executives and senior management of the Company in 2017 in terms of Mpac’s Bonus Share Plan (BSP) and Performance Share Plan (PSP). The results confirmed that the number of shares vested were in line with the Company records.

The appointment of a Lead Independent Director (LID) was considered and it was agreed that since the Chair was an Independent Non-executive, and the role of the CEO and the Chairperson were held separately, appointing a LID was not necessary.

The Executive Committee and senior management succession planning was reviewed during the period under review. The committee also reviewed the remuneration packages and structure of executives to ensure that they are competitive in the relevant market and are aligned with shareholders’ interest as well as with the Group’s strategy. The KPAs, as well as the bonus achievements for the Executive Committee were considered. The executive leadership development programme was reviewed which is set to empower executives with management expertise and cross functional perspective to drive performance across domains, industries and borders.

The committee reviewed and monitored progress on the Mpac talent management strategy making sure that it continues to achieve its objective of building a sustainable leadership pipeline and skills pool, ensuring that the right individuals with the right mix of technical and leadership skills are occupying key roles, ensuring that previously disadvantaged individuals were available to be employed at every level and ensuring the retention of critical skills and talent by recognising and rewarding individuals who perform consistently. Adequate training of employees was a continued focus area.

The committee considered the salary increases for the year under review, taking the economic conditions and Group performance into consideration.

The recommendations from shareholders received by the Board subsequent to the Annual General Meeting were considered by the committee. Those recommendations were reviewed and addressed accordingly by the Board at the recommendation of the committee. The remuneration policy and implementation report were tabled for a separate non-binding advisory votes by shareholders at the AGM, and the results are as outlined below.

The remuneration policy and the remuneration implementation report were voted against by more than 25% of Mpac’s shareholders present at the AGM held on 4 June 2020 (“dissenting shareholders”). The results are indicated in the table below:

Percentage of “Yes” votes	4 June 2020	6 June 2019
Non-binding advisory vote on remuneration policy	72.41%	99.36%
Non-binding vote on implementation of remuneration policy	44.11%	99.94%

### SHAREHOLDER CONSULTATIONS

The Board invited those dissenting shareholders to engage with the Company by forwarding their concerns/questions on the remuneration policy and the remuneration implementation report to the Company. Following the responses received from the dissenting shareholders, appropriate engagements were held with various shareholders as follows:

Shareholder	Method of engagement
• Aeon Investment Management	Meeting
• Afena Capital	Meeting
• Allan Gray	Meeting and email
• Bateleur Capital	Meeting
• Old Mutual Investment Group	Meeting
• Prudential Portfolio Managers	Meeting
• Visio Capital	Meeting
• Public Investment Corporation	Meeting

The concerns raised and the responses from Mpact were as follows:

Area	Issue	Response from Mpact
Malus and Clawback	<ul style="list-style-type: none"> <li>Mpact does not have malus and clawback provisions.</li> </ul>	A malus and clawback policy has been implemented from 2021 and is included in the remuneration policy.
Short-term incentives (STI) and Long-term incentives (LTI)	<ul style="list-style-type: none"> <li>The relationship between STI and LTI targets and their respective weightings was not clearly articulated.</li> </ul>	STI and LTI targets are now clearly articulated. Refer page 87.
	<ul style="list-style-type: none"> <li>The constituents of the peers used for the Total Shareholder Return (TSR) calculation was not provided and the packaging index is too narrow to be relevant. Growth in Headline Earnings Per Share (HEPS) was considered more appropriate.</li> </ul>	For the 2020 and 2021 LTI awards, the performance criteria were changed to include HEPS growth instead of TSR.
	<ul style="list-style-type: none"> <li>More clarity is required on how the losses and write-downs from the Mpact Polymer project affected STI and LTI.</li> </ul>	Losses in Mpact Polymers negatively affected STI targets achieved. As a result, financial targets achieved averaged 44% of maximum between 2016 and 2019. On average 13% of the value of 2015, 2016 and 2017 LTI vested. Losses and write-downs from the Mpact Polymers project were the primary reason for the low LTI vesting.
Governance	<ul style="list-style-type: none"> <li>No disclosure on how Remuneration Committee members and invitees recuse themselves when there is a conflict identified.</li> </ul>	Declaration of conflict of interest is a standing item on the agendas of the Board and committee meetings, including the committee members, and invitees inform the Group Company Secretary on any conflicts before the meeting, and recuse themselves when there is a conflict identified at the meeting.
	<ul style="list-style-type: none"> <li>No information on how Non-executive Directors fees are benchmarked.</li> </ul>	Non-executive Directors' fees are benchmarked against similar-sized companies listed on the Johannesburg Stock Exchange (JSE) using the IOD benchmarking recommended practices.

## PART 1: BACKGROUND STATEMENT CONTINUED

### KEY AREAS OF FOCUS FOR THE COMING YEAR

The committee has identified the following areas as a key focus for the coming year:

- Identify, develop and retain a skilled and knowledgeable work force.
- Attract the best new talent while addressing the Group's race and gender profile.
- Ensure that a logical pay scale with pay levels that ensure that the Company is able to remain competitive during the uncertainties of Covid-19, is well managed and maintained.
- Create an environment for all employees to develop themselves through structured development centres by measuring the achievement of set objectives in the talent management strategy.
- Relevant and meaningful internal and external development programmes.
- Engagement with employees at all levels.
- Succession planning for the Board and executives.
- Establish KPI's for ESG measurables.

## PART 2: REMUNERATION POLICY

### OBJECTIVES OF THE POLICY

The objectives of the remuneration policy are to enable the business to:

- Provide a framework to fairly and responsibly reward all employees based on their experience, skillset and company contribution;
- Within reasonable parameters and based on the Company's operational requirements:
  - retain competent employees who enhance business performance;
  - reward, recognise and confer appreciation for superior performance; and
  - recruit high-performing, skilled individuals from a shrinking pool of talent.
- Establish a remuneration philosophy that:
  - directs employees' energies and activities towards key business goals; and

- achieves the most effective returns (employee productivity) for total employee spend.

To achieve this, Mpac rewards its employees in a way that reflects the dynamics of the market and the context in which it operates. All components of this remuneration policy, including the fixed pay and variable pay for performance, are aligned to the strategic direction of the business and business-specific value drivers.

The remuneration policy will be subject to a non-binding advisory vote by shareholders at the AGM on 3 June 2021.

### KEY PRINCIPLES

The remuneration policy has been set with the objective of attracting, motivating and retaining experienced and high calibre directors, managers and employees in a manner that is consistent with best practice and aligned with the interests of Mpac's shareholders.

The remuneration policy for employees is framed around the following key principles:

- Remuneration packages should be set at levels that are competitive in the relevant market.
- The structure of remuneration packages and, in particular, the design of performance-based remuneration schemes, should be aligned with shareholders' interests and should support the achievement of our business strategy and the management of risk.
- A significant proportion of the remuneration of Executive Committee members should be performance-based.
- The performance-based element of remuneration should be appropriately balanced between the achievement of short-term objectives and longer-term objectives.
- The remuneration of Executive Committee members and senior management should be set taking appropriate account of remuneration and employment conditions elsewhere in the Group.

### TOTAL REMUNERATION OF EXECUTIVE MANAGEMENT

The total remuneration of the executive management comprises the following:

- guaranteed pay; and
- variable pay for performance comprising:
  - short-term incentives (STI); and
  - long-term incentives (LTI).

The Company's targeted pay mix aims to align the incentives of employees with the interests of shareholders. The targeted pay mix is set out on page 84.

## GUARANTEED PAY

Mpact aims to establish and maintain a logical pay scale with pay levels that ensure that the Company is able to remain competitive, while managing costs.

Guaranteed pay is expressed in terms of total guaranteed cost of employment (TGCOE) which consists of basic salary, travel allowance, medical scheme contributions and retirement funding contributions.

### ANNUAL TGCOE REVIEW

The TGCOE for employees is reviewed annually, normally with effect from 1 January. Factors taken into consideration during the review include business performance and the individual's performance, contribution and experience in the role. General affordability and the Company's general financial position and operational requirements will play an important role in salary reviews.

In respect of senior management employees, the Company periodically benchmarks its remuneration practices and policy using reputable management reward surveys conducted independently. The benchmark used is the median total guaranteed cost of employment for similar positions in similarly sized listed companies.

### MEDICAL AID

Medical aid benefits are offered through the Anglo Medical Scheme (AMS), administered by Discovery. AMS is a restricted medical scheme. The scheme offers three plans aimed at addressing the healthcare needs of its members. The plans include; Managed Care a top tier plan comprising comprehensive unlimited cover for hospitalisation and most non-discretionary healthcare services; Standard Care Plan a traditional medical plan with defined benefits; and Value Care Plan an option which provides primary healthcare through a national network of Prime Cure facilities and providers.

### RETIREMENT FUND

Retirement and risk benefits are provided through the Mondi Mpact Group Fund (MMGF) which has both a Pension and Provident section. The employer contributes to the Provident Section and the employee contributes to either the Provident section or the Pension section. The MMGF has three investment categories, Moderate, Dynamic and Conservative Portfolios.

## VARIABLE PAY

### SHORT-TERM INCENTIVES (STI)

The annual STI award is based on a combination of financial and non-financial performance criteria for the year ended 31 December and is usually paid in full in March the following year.

The maximum potential for the STI, expressed as a percentage of TGCOE, and for each key performance indicator (KPI) for the 2021 financial year are indicated in the table below:

Short-term incentives	Maximum achievable as a % of TGCOE	
	CEO and CFO	Other prescribed officers
<b>Key performance indicator</b>		
<b>Financial</b>	<b>48.0%</b>	<b>48.0%</b>
ROCE <sup>1</sup>	20.0%	4.0%
EBITDA <sup>2</sup>	28.0%	28.0%
Trade working capital <sup>3</sup>		16.0%
<b>Non-financial</b>	<b>32.0%</b>	<b>32.0%</b>
Safety	8.0%	8.0%
Individual	24.0%	24.0%
<b>Total</b>	<b>80.0%</b>	<b>80.0%</b>

<sup>1</sup> ROCE: actual underlying EBIT plus actual share of profit from associated companies divided by average actual capital employed.

<sup>2</sup> EBITDA: actual for the year before special items.

<sup>3</sup> Trade working capital: actual as a percentage of revenue, measured in June and December.

## REMUNERATION REPORT CONTINUED

### LONG-TERM INCENTIVES (LTI)

In order to attract, retain, motivate and reward executives and senior managers who are able to influence the performance of the Group on a basis which aligns their interests with those of shareholders, the Company operates the Mpack share plan, which has been approved by shareholders.

The Mpack share plan provides for the inclusion of a number of performance conditions, designed to align the interests of the participants with those of shareholders, and to reward Group and individual performance.

Under the Mpack share plan eligible employees may be offered annually, in Mpack's sole discretion, an incentive which comprises of a weighted combination of:

- grants of bonus shares (BSP);
- awards of performance shares (PSP); and
- allocations of share appreciation rights (SARS). The Company has not allocated any SARS to employees since 2011.

The combined, weighted implementation of the above share plan elements allows Mpack to be competitive in annual and share based incentives, rewards long-term sustainable Company performance, acts as a retention tool, and ensures that Executive Committee members and senior managers share a significant level of personal risk with the Company's shareholders.

A description of each of the LTIs is set out below.

Plan	Description	Awards	Vesting period	Vesting criteria								
Bonus share plan (BSP)	<p>On an annual basis, eligible employees may receive a grant of bonus shares, the face value of which is proportionate to the STI accruing to the employee.</p> <p>Participants in the bonus share plan do not receive dividends declared by the Group. A single cash payment is made after the three-year vesting period equivalent to the dividend payment forfeited during the holding period on the number of bonus shares granted.</p>	<p>The maximum face value of the grant is proportionate to the actual STI accruing to the employee in the previous year.</p> <table border="1"> <thead> <tr> <th>Level</th> <th>Maximum face value of award as a % TGCOE</th> </tr> </thead> <tbody> <tr> <td>CEO</td> <td>45%</td> </tr> <tr> <td>CFO</td> <td>45%</td> </tr> <tr> <td>PO</td> <td>45%</td> </tr> </tbody> </table>	Level	Maximum face value of award as a % TGCOE	CEO	45%	CFO	45%	PO	45%	All bonus shares will vest after three years conditional on continued employment for the three-year period.	Continued employment
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PO	45%											



Plan	Description	Awards	Vesting period	Vesting criteria																																							
Performance share plan (PSP)	Annual conditional awards of performance shares may be made to Directors and prescribed officers. The award face value is proportionate to the employees' TGC OE. The award face value is proportionate to the employees' TGC OE. The Remuneration Committee determines the performance criteria for each award.	<table border="1"> <thead> <tr> <th>Level</th> <th>Expected value of award as % of TGC OE</th> <th>Face value of award as % of TGC OE</th> </tr> </thead> <tbody> <tr> <td>CEO</td> <td>100%</td> <td>133%</td> </tr> <tr> <td>CFO</td> <td>75%</td> <td>100%</td> </tr> <tr> <td>PO</td> <td>75%</td> <td>100%</td> </tr> </tbody> </table>	Level	Expected value of award as % of TGC OE	Face value of award as % of TGC OE	CEO	100%	133%	CFO	75%	100%	PO	75%	100%	<p>Performance shares will vest on the third anniversary of their award, to the extent that the Company has met specified performance criteria over the three-year performance period. The reference period will be the financial year preceding the award date.</p> <p>Any performance shares which do not vest at the end of the three-year period will lapse and employees will forfeit any rights to the performance shares.</p>	<p>For all awards made from the beginning of 2020 the following performance criteria apply:</p> <table border="1"> <thead> <tr> <th>Metric</th> <th>Weight</th> <th>Threshold 30% vesting</th> <th>Maximum 100% vesting</th> </tr> </thead> <tbody> <tr> <td>HEPS growth</td> <td>50%</td> <td>Mpact HEPS for the final year of the performance period (Final HEPS) is equal to that of the reference period (Reference HEPS)</td> <td>Mpact Final HEPS must be higher than the Reference HEPS by a factor of CPI plus GDP growth over the performance period plus 5%</td> </tr> <tr> <td>ROCE</td> <td>50%</td> <td>10%</td> <td>15%</td> </tr> </tbody> </table> <p>If Final HEPS is below the 30% vesting threshold, then 0% will vest. If Final HEPS falls between the threshold and maximum vesting the actual vesting proportion will be determined using linear interpolation.</p> <p>ROCE achievement is calculated using the average underlying EBIT and capital employed over the performance period.</p> <p>The following performance criteria apply to PSP awards made in 2018 and 2019:</p> <table border="1"> <thead> <tr> <th>Metric</th> <th>Weight</th> <th>Threshold 30% vesting</th> <th>Stretch 62.5% vesting</th> <th>Maximum 100% vesting</th> </tr> </thead> <tbody> <tr> <td>TSR</td> <td>50%</td> <td>Mpact TSR equals 80% of TSR average of JSE packaging index</td> <td>Mpact TSR equals 100% of TSR average of JSE packaging index</td> <td>Mpact TSR equals 120% of TSR average of JSE packaging index</td> </tr> <tr> <td>ROCE</td> <td>50%</td> <td>10%</td> <td>12.3%</td> <td>15%</td> </tr> </tbody> </table> <p>The JSE packaging index comprise of the following companies:</p> <p>Astrapak (de-listed on 15 December 2017); Bowler Metcalf, Nampak and Transpaco.</p>	Metric	Weight	Threshold 30% vesting	Maximum 100% vesting	HEPS growth	50%	Mpact HEPS for the final year of the performance period (Final HEPS) is equal to that of the reference period (Reference HEPS)	Mpact Final HEPS must be higher than the Reference HEPS by a factor of CPI plus GDP growth over the performance period plus 5%	ROCE	50%	10%	15%	Metric	Weight	Threshold 30% vesting	Stretch 62.5% vesting	Maximum 100% vesting	TSR	50%	Mpact TSR equals 80% of TSR average of JSE packaging index	Mpact TSR equals 100% of TSR average of JSE packaging index	Mpact TSR equals 120% of TSR average of JSE packaging index	ROCE	50%	10%	12.3%	15%
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**PART 2: REMUNERATION POLICY CONTINUED**

Plan	Description	Awards	Vesting period	Vesting criteria
Share appreciation rights (SARS)	Annual allocations of share appreciation rights may be made to eligible employees.	The Company has not allocated any SARS to employees since 2011.	The share allocations may be available to be settled in equal thirds on the third, fourth and fifth anniversaries (alternatively all on the third anniversary) but need not be exercised until the sixth anniversary, at which time they must be exercised or they will lapse.	The Company has not allocated any SARS to employees since 2011.

**Maximum achievable for STI and maximum face value of awards for BSP and PSP as %TGCOE**

The following tables summarise the weighting of key performance indicators and maximum potential awards for STIs and LTIs.

**Chief Executive Officer**

Key performance indicator	% TGCOE			Total
	Short-term incentive (STI)	Bonus shares (BSP)	Performance shares (PSP)	
	Paid in cash annually	Vesting after three years subject to continued employment	Vesting after three years subject to performance criteria	
ROCE <sup>1</sup>	20.0%	11.2%		31.2%
ROCE <sup>2</sup>			66.5%	66.5%
HEPS growth <sup>3</sup>			66.5%	66.5%
EBITDA <sup>4</sup>	28.0%	15.8%		43.8%
Non-financial	32.0%	18.0%		50.0%
Safety	8.0%	4.0%		12.0%
Individual	24.0%	14.0%		38.0%
<b>Total</b>	<b>80.0%</b>	<b>45.0%</b>	<b>133%</b>	<b>258%</b>

## Chief Financial Officer

Key performance indicator	% TGCOE			Total
	Short-term incentive (STI)	Bonus shares (BSP)	Performance shares (PSP)	
	Paid in cash annually	Vesting after three years subject to continued employment	Vesting after three years subject to performance criteria	
ROCE <sup>1</sup>	20.0%	11.2%		31.2%
ROCE <sup>2</sup>			50.0%	50.0%
HEPS growth <sup>3</sup>			50.0%	50.0%
EBITDA <sup>4</sup>	28.0%	15.8%		43.8%
Non-financial	32.0%	18.0%		50.0%
Safety	8.0%	4.0%		12.0%
Individual	24.0%	14.0%		38.0%
<b>Total</b>	<b>80.0%</b>	<b>45.0%</b>	<b>100%</b>	<b>225%</b>

<sup>1</sup> ROCE: actual underlying EBIT plus actual share of profit from associated companies divided by average actual capital employed for the year.

<sup>2</sup> ROCE: three-year actual average return on capital employed.

<sup>3</sup> Mpac's HEPS for the final year of the performance period must be higher to that of the financial year preceding the award date by a factor of CPI growth plus GDP growth over the performance period plus 5%.

<sup>4</sup> EBITDA: actual for the year before special items.

## Prescribed officers

Key performance indicator	% TGCOE			Total
	Short-term incentive (STI)	Bonus shares (BSP)	Performance shares (PSP)	
	Paid in cash annually	Vesting after three years subject to continued employment	Vesting after three years subject to performance criteria	
ROCE <sup>1</sup>	4.0%	2.2%		6.2%
ROCE <sup>2</sup>			50.0%	50.0%
HEPS growth <sup>3</sup>			50.0%	50.0%
Trade working capital % revenue	16.0%	9.0%		25%
EBITDA <sup>4</sup>	28.0%	15.8%		43.8%
Non-financial	32.0%	18.0%		50.0%
Safety	8.0%	4.0%		12.0%
Individual	24.0%	14.0%		38.0%
<b>Total</b>	<b>80.0%</b>	<b>45.0%</b>	<b>100%</b>	<b>225%</b>

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## PART 2: REMUNERATION POLICY CONTINUED

### PAY MIX

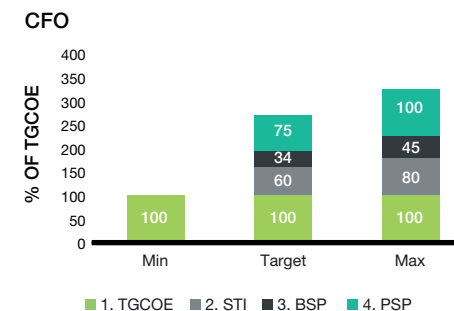
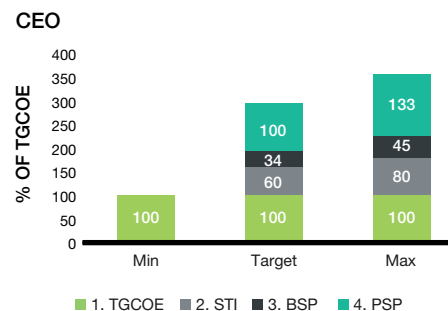
Using the components of total remuneration described previously the following graphs and tables illustrate the potential outcomes between minimum and maximum for the CEO, CFO and prescribed officers.

The face value of LTI awards is determined as a proportion of an employee's TGCOE. The number of shares conditionally awarded is based on the face value of the award divided by the volume weighted average share price (VWAP) of Mpact Limited for the 15 trading days following the release of Mpact's year-end results. The proportion of shares ultimately vesting is dependent on the level of achievement of the performance criteria over the vesting period which can range from 0% to 100%. The value at vesting will be the number of shares vested multiplied by the share price at vesting.

The pay-mix indicated in the charts on the right depicts the minimum, maximum and target remuneration expressed as a percentage of TGCOE.

The charts show PSP and BSP awards separately. Dividends received on BSP are however not indicated since the actual dividends received vary based on actual dividend declarations in each year.

When comparing the pay-mix range shown to actual remuneration outcomes in the single figure reporting under Part 3, it should be noted that these figures are based on the face value at award whereas the single figure reporting includes actual value at vesting for the PSP and BSP awards which reflects the share price at that time.



## EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' POLICY ON LOSS OF OFFICE AND EXISTING SERVICE CONTRACTS

### SERVICE CONTRACTS FOR NEW APPOINTMENTS

Executive Directors' service contracts provide for a maximum of six months' notice by either party. Employment contracts for senior management provide for a maximum of three months' notice by either party. Service contracts for senior executives contain pay in lieu of notice provisions which may be invoked at the discretion of the committee if the Company terminates the service contract. No discretionary incentives are paid to any employees where such employees are at fault/bad leavers.

Where appropriate, new appointments will be required to sign restraint of trade agreements on engagement.

### EXISTING SERVICE CONTRACTS

Notice periods for executive management who served during the period under review are indicated in the table below:

Role	Notice period
CEO	Twelve months
CFO	Three months
PO	Between three and six months

In the event of termination of employment, no executive managers have special termination benefits or balloon payment provisions in their employment contracts.

Upon termination of employment, the Company may elect to make payment in lieu of notice.

Where a member of executive management has acquired an unconditional contractual right to remuneration and/or a specific incentive, it will be paid out on termination of employment. The payment of discretionary benefits will be considered on a case-by-case basis, in Mpack's discretion and in accordance with the rules applicable to the incentive concerned. Furthermore, it is noted that no discretionary incentives are paid to any employees where such employees are at fault/bad leavers.

### MALUS AND CLAWBACK

The Group has finalised a pre-vesting forfeiture (malus) and post vesting recovery (clawback) policy which will apply to all vested and unvested STI and LTI amounts relating to Executive Directors, prescribed officers and senior managers. The malus and clawback policy will apply to awards made on or after 1 March 2021.

The malus and clawback policy can be applied if there has been a material misstatement of the Company's financial results, as a result of material non-compliance with financial reporting requirements or there has been a contravention of laws, in each case, that had the effect that awards were larger than they would have been had such errors not been made. The policy is applicable to employees who acted negligently and/or fraudulently in causing the restatement or contravention to arise, as the case may be.

### NON-EXECUTIVE DIRECTORS' FEES

The fee structure for Non-executive Directors was designed to ensure that we attract, retain and appropriately compensate a diverse and experienced Board of Non-executive Directors. Non-executive Directors' fees are benchmarked against companies listed on the JSE which have a similar size, complexity and scope to the Company. The fees are set exclusive of any VAT.

Due to the impact of Covid-19 on the business and the ongoing uncertainty, the Non-executive Directors will not receive an increase in fees for 2021.

### FAIR AND RESPONSIBLE REMUNERATION

King IV™ emphasises executive remuneration which is fair and responsible "in context of the overall employee remuneration" and part of this responsibility is addressing the gap between the remuneration of executives and the employees at the lower end of the pay scale. The committee regards this as an important objective. Steps taken include:

- Lower mandated increase for executives compared to employees at the lower end of the pay scale.
- Ensuring total remuneration for executives comprises a higher variable pay based on performance.

### VOTING STATEMENTS (NON-BINDING ADVISORY VOTE ON THE REMUNERATION POLICY)

This remuneration policy is subject to an advisory vote by shareholders at the AGM on 3 June 2021. Shareholders are requested to cast a non-binding advisory vote on Part 2 of this remuneration report, as it appears above.

## PART 3: IMPLEMENTATION REPORT

### IMPACT OF COVID-19 LOCKDOWN

In response to the uncertainty about the Company's financial position at the beginning of the Covid-19 lockdown, Mpac announced several measures to reduce costs, including a salary sacrifice by members of the Executive Committee. In this regard, members of the Executive Committee took sacrifices of between 10% and 50% per month for two months. In addition, each of the Executive Committee members took between 4 and 6 days' of solidarity annual leave during April and May 2020, despite still working.

In accordance with applicable regulations, Mpac successfully applied for Covid-19 Temporary Employer/Employee Relief Scheme (TERS) benefits for affected employees, which have been paid out accordingly. TERS benefits of R15.8 million were received and distributed to employees either by way of payments or annual leave credits, in line with TERS benefit guide. No TERS benefits were paid in respect of the Executive Committee members.

### GUARANTEED PACKAGE APPROVED

The average approved annual TGOCE increase for the executive management was 5.0% effective 1 January 2021 (2019: 5.5%) compared to the mandated increase granted to other employees of between 5.5% and 6.0% on average (2019: between 5.5% and 6.5% on average).

TGOCE approved	2020	2019	% increase
<b>Executive Directors</b>			
BW Strong	5,814,677	5,537,788	5.0%
BDV Clark	4,419,884	4,209,413	5.0%
<b>Prescribed officers</b>			
HM Thompson	4,774,901	4,547,525	5.0%
JW Hunt <sup>1</sup>	3,522,857	3,136,291	12.3%
N Naidoo	3,747,314	3,568,870	5.0%
CM Botha <sup>2</sup>	2,500,000	–	–

<sup>1</sup> JW Hunt received an additional increase during 2019 due to additional business responsibilities. This has resulted in a higher increase of 12.3% when compared to the 2019 financial year.

<sup>2</sup> CM Botha was appointed Managing Director of the Paper Converting business with effect from 1 May 2020.

### GUARANTEED PACKAGE PAID AFTER COVID-19 SALARY SACRIFICES

The table below sets out the TGOCE paid after taking into account the salary sacrifice.

TGOCE actual	2020	2019	% increase
<b>Executive Directors</b>			
BW Strong	5,330,120	5,537,788	(3.75%)
BDV Clark	4,346,219	4,209,413	3.25%
<b>Prescribed officers</b>			
HM Thompson	4,695,319	4,547,525	3.25%
JW Hunt	3,341,354	3,136,291	6.54%
N Naidoo	3,684,859	3,568,870	3.25%
CM Botha <sup>2</sup>	2,437,500	–	–
J Stumpf	365,560	4,177,834	–

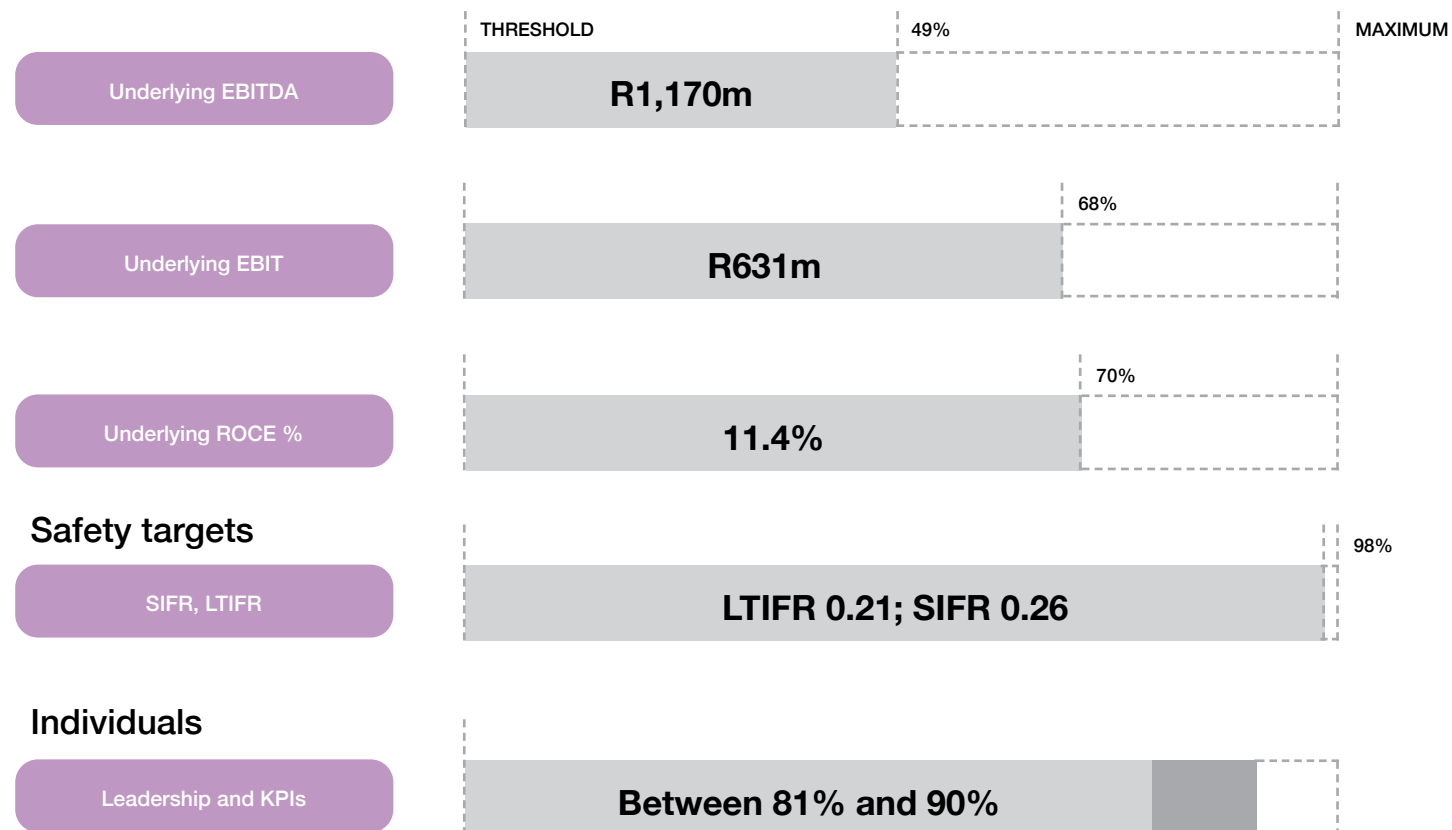
<sup>2</sup> CM Botha was appointed Managing Director of the Paper Converting business with effect from 1 May 2020.



## 2020 SHORT-TERM INCENTIVE BONUS ACHIEVEMENTS

For the year ended 31 December 2020, the annual bonus performance outcome was as follows:

### FINANCIAL TARGETS



## 2020 LONG-TERM INCENTIVES ACHIEVEMENTS

### BONUS SHARE PLAN

Bonus shares granted in 2017 were released to participants still employed by Mpack at the vesting date which was 31 March 2020.

### PERFORMANCE SHARE PLAN

The level of achievement against the performance criteria for the performance shares awarded in 2017, based on three years' financial performance to the year ended 31 December 2020, was as follows:

#### PERFORMANCE CRITERIA ACHIEVEMENTS



TSR achievement during the performance period was measured against three companies in the JSE Packaging Index, namely Nampak, Bowler Metcalf and Transpaco, whose aggregated TSR was negative 10.6% compared to Mpack's TSR of negative 10.5%. Therefore, 64.2% of this performance condition was met.

Mpack's three-year average ROCE for the performance period was 12.3%.

## EXECUTIVE DIRECTORS' FIVE-YEAR REMUNERATION, STI AND LTI

### Chief Executive Officer

R's Year	TGCOE	STI	LTI – BSP			LTI – PSP		
			Face value at grant date	Realised value at vesting date	Gain/(loss)	Face value at award date	Realised value at vesting date	Gain/(loss)
2016	4,738,727	1,480,757	925,473	251,873	(673,600)	4,264,854	463,726	(3,801,128)
2017	5,023,050	1,092,212	682,633	327,262	(355,371)	6,697,400	476,284	(6,221,116)
2018	5,249,088	3,493,793	1,965,258			6,998,608	2,120,795	(4,877,813)
2019	5,537,788	3,340,394	1,878,971			7,383,532		
2020	5,330,120	3,053,093	1,717,365			7,752,708		

### Chief Financial Officer

R's Year	TGCOE	STI	LTI – BSP			LTI – PSP		
			Face value at grant date	Realised value at vesting date	Gain/(loss)	Face value at award date	Realised value at vesting date	Gain/(loss)
2016	3,602,026	1,148,902	718,064	195,425	(522,639)	1,945,094	211,493	(1,733,601)
2017	818,148	846,713	529,196	253,704	(275,491)	3,818,148	271,528	(3,546,620)
2018	3,989,965	2,662,104	1,497,434			3,989,965	1,209,091	(2,780,874)
2019	4,209,413	2,589,631	1,456,667			4,209,413		
2020	4,346,219	2,465,175	1,386,661			4,419,883		



## PART 3: IMPLEMENTATION REPORT CONTINUED

### REMUNERATION OF EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

#### EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

31 December 2020

R's	Guaranteed package (TGCOE) <sup>1</sup>	Short-term incentive bonus <sup>2</sup>	Other <sup>3</sup>	Cash-based remuneration	Grant value of bonus shares awarded <sup>4</sup>	Intrinsic value of performance shares vesting in March 2021 <sup>5</sup>	Total remuneration
<b>Executive Directors</b>							
BW Strong	5,330,120	3,053,093	72,349	8,455,562	1,717,365	2,120,798	12,293,725
BDV Clark	4,346,219	2,465,175	50,307	6,861,701	1,386,661	1,209,087	9,457,449
<b>Total</b>	<b>9,676,339</b>	<b>5,518,268</b>	<b>122,656</b>	<b>15,317,263</b>	<b>3,104,026</b>	<b>3,329,885</b>	<b>21,751,174</b>
<b>Prescribed officers</b>							
HM Thompson	4,695,319	2,839,729	53,612	7,588,660	1,597,348	1,306,202	10,492,210
JW Hunt	3,341,354	1,991,447	35,715	5,368,516	1,120,189	837,998	7,326,703
N Naidoo	3,684,859	1,866,013	41,323	5,592,195	1,049,632	1,025,101	7,666,928
CM Botha <sup>6</sup>	2,437,501	1,419,601	–	3,857,102	798,525	–	4,655,627
J Stumpf <sup>7</sup>	365,560	–	–	365,560	–	–	365,560
<b>Total</b>	<b>14,524,593</b>	<b>8,116,790</b>	<b>130,650</b>	<b>22,712,033</b>	<b>4,565,694</b>	<b>3,169,301</b>	<b>30,507,028</b>

<sup>1</sup> Guaranteed package (TGCOE) paid for the 12 months of the financial year.

<sup>2</sup> Short-term incentive (STI) earned on 2020 performance, to be paid in March 2021.

<sup>3</sup> Other cash benefits include dividend equivalent bonus based on actual bonus shares that vested in March 2020 and other cash benefits.

<sup>4</sup> Value of the bonus shares to be granted (56.25% of STI) on 1 April 2021 based on 2020 performance and vesting in March 2021.

<sup>5</sup> Intrinsic value is calculated by taking the number of PSP shares expected to vest in March 2021 based on performance over the three-year period ended 31 December 2020, multiplied by the closing Mpack share price at 31 December 2020.

<sup>6</sup> CM Botha was appointed Managing Director of the Paper Converting business with effect from 1 May 2020.

<sup>7</sup> J Stumpf resigned on 31 January 2020.

## EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

31 December 2019

R's	Guaranteed package (TGCOE) <sup>1</sup>	Short-term incentive bonus <sup>2</sup>	Other <sup>3</sup>	Cash-based remuneration	Grant value of bonus shares awarded <sup>4</sup>	Intrinsic value of performance shares vesting in March 2020 <sup>5</sup>	Total remuneration
<b>Executive Directors</b>							
BW Strong	5,537,788	3,340,394	90,033	8,968,215	1,878,971	878,286	11,725,472
BDV Clark	4,209,413	2,589,631	67,620	6,866,664	1,456,667	500,707	8,824,038
<b>Total</b>	<b>9,747,201</b>	<b>5,930,025</b>	<b>157,653</b>	<b>15,834,879</b>	<b>3,335,638</b>	<b>1,378,993</b>	<b>20,549,510</b>
<b>Prescribed officers</b>							
RP von Veh <sup>6</sup>	1,525,243	-	1,018,918	2,544,161	-	544,278	3,088,439
HM Thompson	4,547,525	2,772,171	71,988	7,391,684	1,559,346	540,925	9,491,955
JW Hunt	3,136,291	1,891,811	56,523	5,084,625	1,064,144	347,032	6,495,801
N Naidoo	3,568,870	2,084,220	57,019	5,710,109	1,172,374	424,514	7,306,997
J Stumpf <sup>7</sup>	4,177,834	-	16,114	4,193,948	-	-	4,193,948
<b>Total</b>	<b>16,955,763</b>	<b>6,748,202</b>	<b>1,220,562</b>	<b>24,924,527</b>	<b>3,795,864</b>	<b>1,856,749</b>	<b>30,577,140</b>

<sup>1</sup> Guaranteed package (TGCOE) paid for the 12 months of the financial year.

<sup>2</sup> Short-term incentive (STI) earned on 2019 performance, to be paid in March 2020.

<sup>3</sup> Other cash benefits include dividend equivalent bonus based on actual bonus shares that vested in March 2019 and other cash benefits.

<sup>4</sup> Value of the bonus shares to be granted (56.25% of STI) on 1 April 2020 based on 2019 performance and vesting in March 2023.

<sup>5</sup> Intrinsic value is calculated by taking the number of PSP shares expected to vest in March 2020 based on performance over the three-year period ended 31 December 2019, multiplied by the closing Mpact share price at 31 December 2019.

<sup>6</sup> RP von Veh resigned from Mpact on 20 April 2019.

<sup>7</sup> J Stumpf resigned from Mpact on 31 January 2020.

### PART 3: IMPLEMENTATION REPORT CONTINUED

#### NUMBER AND MARKET VALUE OF SHARE AWARDS GRANTED TO EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS

The following tables set out the number and market value of share awards granted, exercised and lapsed to the Executive Directors and prescribed officers during the year:

##### 2020 – EXECUTIVE DIRECTORS

BW Strong

##### Number of shares

Type of awards <sup>1,2</sup>	Date of award/grant	Release date	Number of shares awarded/granted in prior years	Number of shares awarded/granted during the year	Number of shares vested during the year	Number of shares lapsed or expected to lapse at vesting	Number of shares as at 31 December 2020
BSP	Apr 17	Mar 20	31,172	–	31,172	–	–
PSP	Apr 17	Mar 20	225,585	–	58,945	166,640	–
BSP	Apr 18	Mar 21	23,629	–	–	–	23,629
PSP	Apr 18	Mar 21	242,250	–	–	89,124	153,126
BSP	Apr 19	Mar 22	83,806	–	–	–	83,806
PSP	Apr 19	Mar 22	314,862	–	–	154,282	160,580
BSP	Apr 20	Mar 23	–	178,609	–	–	178,609
PSP	Apr 20	Mar 23	–	736,949	–	73,695	663,254
<b>Total number of shares</b>			<b>921,304</b>	<b>915,558</b>	<b>90,117</b>	<b>483,741</b>	<b>1,263,004</b>

##### Value of shares (R's)

Type of awards <sup>1,2</sup>	Date of award/grant	Award/grant price (cents) <sup>9</sup>	Face value of shares awarded/granted in prior years <sup>3</sup>	Face value of shares awarded/granted during year <sup>4</sup>	Cumulative effects of share price movement gain/(loss) <sup>5</sup>	Value of shares vested during year <sup>6</sup>	Value of shares lapsed or expected to lapse at vesting	Market value of shares at 31 December 2020 <sup>7</sup>
BSP	Apr 17	2,969	925,497	–	(673,624)	251,873	–	–
PSP	Apr 17	2,969	6,697,619	–	(4,874,870)	476,281	1,346,468	–
BSP	Apr 18	2,889	682,642	–	(355,380)	–	–	327,262
PSP	Apr 18	2,889	6,998,603	–	(3,643,440)	–	1,234,364	2,120,799
BSP	Apr 19	2,345	1,965,251	–	(804,538)	–	–	1,160,713
PSP	Apr 19	2,345	7,383,514	–	(3,022,675)	–	2,136,811 <sup>8</sup>	2,224,028
BSP	Apr 20	1,052	–	1,878,967	594,768	–	–	2,473,735
PSP	Apr 20	1,052	–	7,752,703	2,454,040	–	1,020,674 <sup>8</sup>	9,186,069
<b>Total market value of shares</b>			<b>24,653,126</b>	<b>9,631,670</b>	<b>(10,325,719)</b>	<b>728,154</b>	<b>5,738,317</b>	<b>17,492,606</b>



## 2020 – EXECUTIVE DIRECTORS

BDV Clark

Number of shares

Type of awards <sup>1,2</sup>	Date of award/grant	Release date	Number of shares awarded/granted in prior years	Number of shares awarded/granted during the year	Number of shares vested during the year	Number of shares lapsed or expected to lapse at vesting	Number of shares as at 31 December 2020
BSP	Apr 17	Mar 20	24,186	–	24,186	–	–
PSP	Apr 17	Mar 20	128,605	–	33,604	95,001	–
BSP	Apr 18	Mar 21	18,318	–	–	–	18,318
PSP	Apr 18	Mar 21	138,109	–	–	50,810	87,299
BSP	Apr 19	Mar 22	63,856	–	–	–	63,856
PSP	Apr 19	Mar 22	179,505	–	–	87,957	91,548
BSP	Apr 20	Mar 23	–	138,466	–	–	138,466
PSP	Apr 20	Mar 23	–	420,140	–	42,014	378,126
Total number of shares			552,579	558,606	57,790	275,782	777,613

Value of shares (R's)

Type of awards <sup>1,2</sup>	Date of award/grant	Award/grant price (cents) <sup>9</sup>	Face value of shares awarded/granted in prior years <sup>3</sup>	Face value of shares awarded/granted during year <sup>4</sup>	Cumulative effects of share price movement gain/(loss) <sup>5</sup>	Value of shares vested during year <sup>6</sup>	Value of shares lapsed or expected to lapse at vesting	Market value of shares at 31 December 2020 <sup>7</sup>
BSP	Apr 17	2,969	718,082	–	(522,657)	195,425	–	–
PSP	Apr 17	2,969	3,818,282	–	(2,779,140)	271,524	767,618	–
BSP	Apr 18	2,889	529,707	–	(275,503)	–	–	253,704
PSP	Apr 18	2,889	3,989,969	–	(2,077,159)	–	703,723	1,209,087
BSP	Apr 19	2,345	1,497,423	–	(613,018)	–	–	884,405
PSP	Apr 19	2,345	4,209,392	–	(1,723,248)	–	1,218,211 <sup>8</sup>	1,267,933
BSP	Apr 20	1,052	–	1,456,662	461,092	–	–	1,917,754
PSP	Apr 20	1,052	–	4,419,873	1,399,066	–	581,894 <sup>8</sup>	5,237,045
Total market value of shares			14,762,355	5,876,535	(6,130,567)	466,949	3,271,446	10,769,928

**PART 3: IMPLEMENTATION REPORT CONTINUED**

2020 – PRESCRIBED OFFICERS

HM Thompson

Number of shares

Type of awards <sup>1,2</sup>	Date of award/grant	Release date	Number of shares awarded/granted in prior years	Number of shares awarded/granted during the year	Number of shares vested during the year	Number of shares lapsed or expected to lapse at vesting	Number of shares as at 31 December 2020
BSP	Apr 17	Mar 20	25,775	–	25,775	–	–
PSP	Apr 17	Mar 20	138,935	–	36,304	102,631	–
BSP	Apr 18	Mar 21	19,275	–	–	–	19,275
PSP	Apr 18	Mar 21	149,202	–	–	54,891	94,311
BSP	Apr 19	Mar 22	69,399	–	–	–	69,399
PSP	Apr 19	Mar 22	193,924	–	–	95,023	98,901
BSP	Apr 20	Mar 23	–	148,226	–	–	148,226
PSP	Apr 20	Mar 23	–	453,887	–	45,389	408,498
<b>Total number of shares</b>			<b>596,510</b>	<b>602,113</b>	<b>62,079</b>	<b>297,934</b>	<b>838,610</b>

Value of shares (R's)

Type of awards <sup>1,2</sup>	Date of award/grant	Award/grant price (cents) <sup>9</sup>	Face value of shares awarded/granted in prior years <sup>3</sup>	Face value of shares awarded/granted during year <sup>4</sup>	Cumulative effects of share price movement gain/(loss) <sup>5</sup>	Value of shares vested during year <sup>6</sup>	Value of shares lapsed or expected to lapse at vesting	Market value of shares at 31 December 2020 <sup>7</sup>
BSP	Apr 17	2,969	765,260	–	(556,995)	208,265	–	–
PSP	Apr 17	2,969	4,124,980	–	(3,002,371)	293,340	829,269	–
BSP	Apr 18	2,889	556,855	–	(289,896)	–	–	266,959
PSP	Apr 18	2,889	4,310,446	–	(2,243,998)	–	760,246	1,306,202
BSP	Apr 19	2,345	1,627,407	–	(666,230)	–	–	961,177
PSP	Apr 19	2,345	4,547,518	–	(1,861,670)	–	1,316,065 <sup>8</sup>	1,369,783
BSP	Apr 20	1,052	–	1,559,338	493,593	–	–	2,052,931
PSP	Apr 20	1,052	–	4,774,891	1,511,444	–	628,633 <sup>8</sup>	5,657,702
<b>Total market value of shares</b>			<b>15,932,466</b>	<b>6,334,229</b>	<b>(6,616,123)</b>	<b>501,605</b>	<b>3,524,213</b>	<b>11,614,754</b>

## JW Hunt

## Number of shares

Type of awards <sup>1,2</sup>	Date of award/grant	Release date	Number of shares awarded/granted in prior years	Number of shares awarded/granted during the year	Number of shares vested during the year	Number of shares lapsed or expected to lapse at vesting	Number of shares as at 31 December 2020
BSP	Apr 17	Mar 20	15,410	–	15,410	–	–
PSP	Apr 17	Mar 20	89,134	–	23,291	65,843	–
BSP	Apr 18	Mar 21	11,047	–	–	–	11,047
PSP	Apr 18	Mar 21	95,721	–	–	35,216	60,505
BSP	Apr 19	Mar 22	43,992	–	–	–	43,992
PSP	Apr 19	Mar 22	124,412	–	–	60,962	63,450
BSP	Apr 20	Mar 23	–	101,154	–	–	101,154
PSP	Apr 20	Mar 23	–	334,872	–	33,487	301,385
<b>Total number of shares</b>			<b>379,716</b>	<b>436,026</b>	<b>38,701</b>	<b>195,508</b>	<b>581,533</b>

## Value of shares (R's)

Type of awards <sup>1,2</sup>	Date of award/grant	Award/grant price (cents) <sup>9</sup>	Face value of shares awarded/granted in prior years <sup>3</sup>	Face value of shares awarded/granted during year <sup>4</sup>	Cumulative effects of share price movement gain/(loss) <sup>5</sup>	Value of shares vested during year <sup>6</sup>	Value of shares lapsed or expected to lapse at vesting	Market value of shares at 31 December 2020 <sup>7</sup>
BSP	Apr 17	2,969	457,523	–	(333,009)	124,514	–	–
PSP	Apr 17	2,969	2,646,388	–	(1,926,177)	188,194	532,017	–
BSP	Apr 18	2,889	319,148	–	(166,147)	–	–	153,001
PSP	Apr 18	2,889	2,765,380	–	(1,439,644)	–	487,738	837,998
BSP	Apr 19	2,345	1,031,612	–	(422,323)	–	–	609,289
PSP	Apr 19	2,345	2,917,461	–	(1,194,355)	–	844,322 <sup>8</sup>	878,784
BSP	Apr 20	1,052	–	1,064,140	336,843	–	–	1,400,983
PSP	Apr 20	1,052	–	3,522,853	1,115,124	–	463,798 <sup>8</sup>	4,174,179
<b>Total market value of shares</b>			<b>10,137,512</b>	<b>4,586,993</b>	<b>(4,029,688)</b>	<b>312,708</b>	<b>2,327,875</b>	<b>8,054,236</b>

**PART 3: IMPLEMENTATION REPORT CONTINUED**

2020 – PRESCRIBED OFFICERS

N Naidoo

Number of shares

Type of awards <sup>1,2</sup>	Date of award/grant	Release date	Number of shares awarded/granted in prior years	Number of shares awarded/granted during the year	Number of shares vested during the year	Number of shares lapsed or expected to lapse at vesting	Number of shares as at 31 December 2020
BSP	Apr 17	Mar 20	19,867	–	19,867	–	–
PSP	Apr 17	Mar 20	109,035	–	28,491	80,544	–
BSP	Apr 18	Mar 21	14,522	–	–	–	14,522
PSP	Apr 18	Mar 21	117,093	–	–	43,079	74,014
BSP	Apr 19	Mar 22	53,360	–	–	–	53,360
PSP	Apr 19	Mar 22	152,190	–	–	74,573	77,617
BSP	Apr 20	Mar 23	–	111,442	–	–	111,442
PSP	Apr 20	Mar 23	–	356,208	–	35,621	320,587
<b>Total number of shares</b>			<b>466,067</b>	<b>467,650</b>	<b>48,358</b>	<b>233,817</b>	<b>651,542</b>

Value of shares (R's)

Type of awards <sup>1,2</sup>	Date of award/grant	Award/grant price (cents) <sup>9</sup>	Face value of shares awarded/granted in prior years <sup>3</sup>	Face value of shares awarded/granted during year <sup>4</sup>	Cumulative effects of share price movement gain/(loss) <sup>5</sup>	Value of shares vested during year <sup>6</sup>	Value of shares lapsed or expected to lapse at vesting	Market value of shares at 31 December 2020 <sup>7</sup>
BSP	Apr 17	2,969	589,851	–	(429,324)	160,527	–	–
PSP	Apr 17	2,969	3,237,249	–	(2,356,235)	230,210	650,804	–
BSP	Apr 18	2,889	419,541	–	(218,411)	–	–	201,130
PSP	Apr 18	2,889	3,382,817	–	(1,761,079)	–	596,637	1,025,101
BSP	Apr 19	2,345	1,251,292	–	(512,256)	–	–	739,036
PSP	Apr 19	2,345	3,568,656	–	(1,461,024)	–	1,032,837 <sup>8</sup>	1,074,995
BSP	Apr 20	1,052	–	1,172,370	371,102	–	–	1,543,472
PSP	Apr 20	1,052	–	3,747,308	1,186,173	–	493,348 <sup>8</sup>	4,440,133
<b>Total market value of shares</b>			<b>12,449,606</b>	<b>4,919,678</b>	<b>(5,181,054)</b>	<b>390,737</b>	<b>2,773,626</b>	<b>9,023,867</b>

## CM Botha

## Number of shares

Type of awards <sup>1,2</sup>	Date of award/grants	Release date	Number of shares awarded/granted in prior years	Number of shares awarded/granted during the year	Number of shares vested during the year	Number of shares lapsed or expected to lapse at vesting	Number of shares as at 31 December 2020
PSP	Apr 20	Mar 23	–	316,896	–	31,690	285,206
<b>Total number of shares</b>			–	<b>316,896</b>	–	<b>31,690</b>	<b>285,206</b>

## Value of shares (R's)

Type of awards <sup>1,2</sup>	Date of award/grant	Award/grant price (cents) <sup>9</sup>	Face value of shares awarded/granted in prior years <sup>3</sup>	Face value of shares awarded/granted during year <sup>4</sup>	Cumulative effects of share price movement gain/(loss) <sup>5</sup>	Value of shares vested during year <sup>6</sup>	Value of shares lapsed or expected to lapse at vesting	Market value of shares at 31 December 2020 <sup>7</sup>
PSP	Apr 20	1,052	–	3,333,746	1,055,264	–	438,901	3,950,109
<b>Total market value of shares</b>			–	<b>3,333,746</b>	<b>1,055,264</b>	–	<b>438,901</b>	<b>3,950,109</b>

<sup>1</sup> Bonus share plan (BSP).

<sup>2</sup> Performance share plan (PSP).

<sup>3</sup> Face value at award/grant date is the number of shares awarded /granted at the award/grant price.

<sup>4</sup> During the year, share grants and awards were made at R10.52 per share.

<sup>5</sup> Cumulative effects of share price gains and losses represent the difference between the face value at the award/grant date and the sum of the value at vesting, the value lapsed or expected to lapse and the market value at 31 December 2020.

<sup>6</sup> During the year, shares vested at a price of R8.08 per share.

<sup>7</sup> The closing share price at 31 December 2020 was R13.85 per share.

<sup>8</sup> Assumed a 51% achievement of PSP awarded in 2019, and 90% for awards made in 2020.

<sup>9</sup> Award/grant price is the VWAP of Mpact Limited for the fifteen days following the release of Mpact's year end results.



**NON-EXECUTIVE DIRECTORS' FEES<sup>1</sup>**

At the AGM held on 4 June 2020, Mpact Limited shareholders approved an increase of 5% in Non-executive Directors' fees with effect from 1 July 2020. However, in support of the Company's response to Covid-19, Non-executive Directors agreed to voluntary fee reductions amounting to R183,886 during the year. The table below reflects fees for 2020 net of voluntary reductions.

	2020		2019	
	Fees paid as Non-executive Director	Fees paid as Trustee to the Mpact Foundation Trust	Fees paid as Non-executive Director	Fees paid as Trustee to the Mpact Foundation Trust
AJ Philips	1,080,826	–	1,027,452	–
AM Thompson	551,014	–	533,444	–
M Makanjee	549,457	71,135	501,660	48,227
NP Dongwana	593,359	147,091	563,801	142,166
NB Langa-Royds	702,808	65,589	689,537	71,084
S Luthuli	484,703	–	469,861	–
TDA Ross	672,745	–	721,881	–
<b>Total</b>	<b>4,634,282</b>	<b>283,815</b>	<b>4,507,636</b>	<b>261,477</b>

<sup>1</sup> Excludes VAT.



## DIRECTORS' INTEREST IN SHARES

	2020		2019	
	Direct No. of shares	Indirect No. of shares	Direct No. of shares	Indirect No. of shares
<b>Executive Director</b>				
BW Strong	671,045	–	578,208	–
BDV Clark	–	252,521	–	153,883
<b>Non-executive Directors</b>				
AJ Phillips	8,914	1,516	8,914	1,516
<b>Prescribed officers</b>				
HM Thompson	416,395	–	382,408	–
JW Hunt	252,791	–	231,604	–
N Naidoo	26,474	–	–	–
<b>Total</b>	<b>1,375,619</b>	<b>254,037</b>	<b>1,201,134</b>	<b>155,399</b>

There are no associate interests for the above Directors and prescribed officers.

The implementation report will be subject to a non-binding advisory vote by shareholders at the AGM on 3 June 2021.