

Remuneration Committee report

“On behalf of the Remuneration Committee, I am pleased to present Mpact’s Remuneration Report for the year ended 31 December 2022.”



SIBUSISO LUTHULI
REMUNERATION COMMITTEE CHAIRMAN

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

PART 1: CHAIRMAN’S NOTE

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 2023.

PART 3: THE IMPLEMENTATION REPORT

This section is backward-looking, focusing on executive remuneration and performance outcomes based on the remuneration policy for 2022.

Remuneration Committee report (continued)

PART 1: CHAIRMAN'S NOTE

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 Committee appointed annually by the Mpact Board of Directors.

	Remuneration Committee
Chairman	Sibusiso Luthuli
Members	Tim Ross, Maya Makanjee, Don Wilson and Anthony Phillips
Independence	All committee members are Independent Non-executive Directors
Role and function	The 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 Directors, prescribed officers and senior managers 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 awards 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.
Responsibilities	<ul style="list-style-type: none"> ▪ 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. ▪ 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. ▪ Determining, within the terms of the agreed policy, the total individual remuneration package of the Executive Directors, prescribed officers and senior managers and any other executive whose total remuneration is comparable to, or higher than, that of an Executive Committee member. ▪ 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. ▪ Approving the design of and determining targets for any performance-related pay schemes in which the Executive Directors, prescribed officers and senior managers and other members of the senior management population participate. ▪ 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. ▪ Reviewing the design of all executive and all employee share plans for approval by the Board and shareholders. ▪ Being responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee. ▪ 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.
Assurance	The committee is governed by formal Terms of Reference. The committee confirmed that they diligently exercised 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: CHAIRMAN'S NOTE (continued)

Activities undertaken by the committee during the year

The committee reviewed and approved:

- the remuneration packages and structure of Executive Directors, prescribed officers and senior management 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 Executive Committees' achievement against agreed key performance areas (KPA) and short-term incentive (STI) targets for 2021;
- the Executive Committees' KPA and STI targets for 2022, considering prevailing market conditions and the company's strategic objectives, among other factors;
- the 2022 long-term incentive (LTI) awards and related conditions for vesting in March 2025;
- the vesting of the conditional 2019 LTI awards which vested in qualifying participants on 31 March 2022;
- approval of the Malus and Clawback Policy and recommended the approval to the Board;
- mandates for wage negotiations and salary increases, taking the prevailing economic conditions and Group performance into consideration. Both mandates were recommended to and approved by the Board; and
- the Non-executive Directors' fees tabled for approval at the 2022 annual general meeting (AGM).

RemChannel benchmarked the Total Guaranteed Cost of Employment (TGCOE) packages in 2021 in respect of Mpac's Executive Directors, prescribed officers and senior management of Mpac. The conclusion of the exercise was that the Executive Directors, prescribed officers and senior management team of Mpac are positioned fairly, with a few exceptions due primarily to length of service.

BDO Corporate Finance Proprietary Limited verified that the correct number of shares vested in respect of the LTI awards granted in 2019 in terms of Mpac's Bonus Share Plan (BSP) and Performance Share Plan (PSP).

Other key activities undertaken during the year included:

- oversight of the activities of the Mpac Incentive Scheme Trust on behalf of the Board, including reviewing the financial aspects of the Trust to ensure Mpac governance standards were adhered to;
- reviewing the senior leadership development programme which aims to empower executives with management expertise and cross functional perspective to drive performance across domains, industries and borders;

- ensuring employees have opportunities to develop themselves through a combination of structured development centres, accredited management development programmes, access to study assistance as well as in-house and external training programs; and
- conducting a preliminary gender and pay parity review in preparation for a comprehensive review in 2023, considering reporting standards, current disclosure, and national and global best practice.

The remuneration policy and implementation report were tabled for separate non-binding advisory votes by shareholders at the Company's AGM held on 2 June 2022. More than 25% of Mpac's shareholders present at the AGM voted against the policy and the report ("dissenting shareholders"). The voting results are indicated in the table below:

Percentage of "Yes" votes	2 June 2022	3 June 2021
Non-binding advisory vote on remuneration policy	55.88%	40.98%
Non-binding vote on implementation of remuneration policy	55.95%	40.97%

Shareholder consultations

The Board invited shareholders to engage with the Board by forwarding their concerns/ questions on the remuneration policy and the implementation report. Shareholders, engagements were held as follows:

Shareholder	Method of engagement
Aeon Investment Management	Email communication
Bateleur Capital	Email communication
Caxton & CTP Publishers and Printers	Email communication

Recommendations from shareholders, including those received by the Board during the engagements subsequent to the AGM, were considered by the committee and reviewed and addressed by the Board at the recommendation of the committee.

Remuneration Committee report (continued)

PART 1: CHAIRMAN'S NOTE (continued)

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

Concerns raised	Response and action taken by Mpact
<p>1. With regards to the STI's "Other non-financial" KPA, how does the Remuneration Committee measure these indicators given their qualitative nature? What targets have been set for these indicators?</p>	<p>Other non-financial KPAs are set by Remuneration Committee at the beginning of each financial year, which takes into account prevailing market conditions and the company's strategic objectives, among other factors. Aspects covered include: safety; sustainable development (including ESG); people development; product innovation; customer focus and operational excellence. The targets comprise a combination of qualitative and quantitative measures. For example, safety targets include LTIFR, SIFR and leading indicator scores and are disclosed in the implementation report. Environmental targets include progress against the Group's five-year objectives for reduction in carbon emissions, water and energy usage. During the year, the Remuneration Committee reviews and assesses the achievement against these agreed key performance areas.</p>
<p>2. Are there any plans to incorporate ESG KPAs into one or more of the LTI plans in the future?</p>	<p>As noted above, ESG targets aligned with the Groups strategy have been included in the KPAs. More information on Mpact's human capital, environmental initiatives and CSI projects is available in our detailed Sustainability Report, which is available on the Company's website. New water, waste, energy and carbon emission plans have been developed and the Board has approved targets for 2027. Water savings per production tonne and energy CO₂e savings form part of managements 2022 key performance areas. Please refer to ④ page 50 of the Sustainability Report on our ⑤ website, www.mpact.co.za.</p>
<p>3. Is there a timeframe as to when Mpact will be disclosing their five-year historical Gender Pay Gap and Pay Ratio for all geographic segments?</p>	<p>Remuneration Committee will perform an internal evaluation of a number of different pay ratios and gaps and take corrective action where necessary. Once the Companies Amendments Bill is enacted, Mpact will comply with all required disclosure in this regard.</p>
<p>4. Performance in the short-term bonus ignores impairments. The effect of this is that shareholders have suffered a loss and balance sheet write down but management are not penalised and in fact benefit in subsequent years.</p>	<p>The impairments resulted from Mpact share price trading below its net asset value for a sustained period of time and deteriorating market conditions which resulted in impairment testing at an operating segment level, as opposed to a reportable segment level.</p> <p>Management was penalised in terms of incentive achievements. The deterioration of the share price resulted in 0% achieved in respect of the TSR component of the LTIs for shares vested in 2018, 2019 and 2020. In addition, the average achieved in respect of ROCE over the same period was approximately 54%.</p>
<p>5. The classification of Versapak as discontinued has an enhancing effect on incentives. The benefit is that this business is now accounted for below the line and has effectively been airbrushed out of the accounts for the purpose of calculating incentives and the vesting of the PSP.</p>	<p>The reclassification of Versapak has not had any enhancing effect on incentives. For the purpose of calculating the incentive bonuses based on 31 December 2021 financial performance, the actual results and achievements were done on a total operation basis, i.e including the discontinued operations, Mpact Versapak. Therefore, in terms of calculating the incentives, Mpact Versapak was not excluded. As disclosed in the 2022 Interim results, and on the back of strategic interventions, Mpact Versapak's profit has increased significantly.</p>

PART 1: CHAIRMAN'S NOTE (continued)

Concerns raised	Response and action taken by Mpact
<p>6. We are concerned there is no measurement of the interest cost and tax for the CEO and CFO, as these metrics are excluded for incentive calculations.</p>	<p>Mpact's debt cost is competitive and well managed with a mixture of short term and longer-term funding. As reflected in Mpact's 2022 interim presentation, Mpact total debt was once again refinanced at reduced margin, through the introduction of new lenders and including sustainability target achievements.</p> <p>For PSP awards made from beginning of 2020, 50% of the performance condition relates to HEPS growth which takes the cost of funding and taxation into account.</p>
<p>7. We are concerned that despite tight cash flows in the business, there is no incentive linked to cash flow.</p>	<p>Cash flow and working capital management has been and continues to be a key focus in our business. As disclosed on 🔗 page 120, CEO, CFO and prescribed officers STI performances are measured on EBITDA. In addition, the Managing Directors are also measured on trade working capital as a % of revenue.</p>
<p>8. We continue to believe that the hurdles for achievement of incentives are too low i.e., 10% as opposed to mid-teens percentages, and we are further concerned the hurdle is applied to pre-tax and pre-interest numbers, when these should be post tax.</p>	<p>The actual entry and maximum targets for LTI's and STI's are approved annually by the Board considering prevailing market conditions and the company's strategic objectives, among other factors. For example, in the case of ROCE, property acquisitions and large capital projects such as paper mill rebuilds generally decrease ROCE in the short-term, but deliver well above the WACC thereafter. The same could be argued about certain strategic market positioning decisions. As such, the ROCE and other targets for future awards are set accordingly.</p> <p>As reflected in the Integrated Report, the incentive ROCE target-range for the past number of years was set between 10% and 15%. However, the incentive ROCE target-range in the current year was revised upwards to between 12% and 18%.</p>

Key areas of focus for the coming year

The committee has identified the following areas of focus for the coming year:

- Succession planning for the Board, Executive Directors, prescribed officers and senior management;
- Pay parity review utilising appropriate metrics in order to identify unjustified pay differentials and propose corrective action;
- Remuneration packages and structure of Executive Directors, prescribed officers and senior management to ensure they are competitive in the relevant market and are aligned with shareholders' interest as well as with the Group's strategy; and
- Executive Committees' 2023 KPAs and STI targets as well as the performance conditions for new LTI awards considering prevailing market conditions and the company's strategic objectives, among other factors. KPAs will include specific reference to environmental, social and governance (ESG) matters.

Remuneration Committee report (continued)

PART 2: THE 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 is reviewed periodically by the committee considering, among other factors, the business strategy, latest trends, best practice and feedback from shareholders.

The remuneration policy will be subject to a non-binding advisory vote by shareholders at the AGM on 1 June 2023.

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 Directors, prescribed officers 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 [91](#).

Guaranteed pay

Mpac 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 Executive Directors, prescribed officers and senior management, 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.

A benchmarking exercise of the TGCOE packages of Mpac's Executive Directors, prescribed officers and senior management was conducted by RemChannel in 2021. The conclusion of the exercise was that the Executive Directors, prescribed officers and senior management of Mpac are positioned fairly, with a few exceptions due primarily to length of service.

Mpac had an average compa-ratio of 105.8% against the 50th percentile of the national all-industries market, and 98.3% against the manufacturing industry, when benchmarked against the RemChannel matched jobs in 2021.

PART 2: THE REMUNERATION POLICY (continued)

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 Mpack 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.

Each Executive Director and prescribed officer has a maximum potential award for the financial year in question where the award may not exceed this level for the year.

Level	Maximum STI award (% of TGCOE)
CEO	80%
CFO	80%
PO	80%

The determination of the award is based on assessment of various key performance indicators (KPIs).

2023 STI targets

For the 2023 financial year, these metrics and their relative weightings are indicated in the table below. Non-financial key performance areas include the following:

- Leadership competencies: grow the business; deliver results; build partnerships and self-management; and
- Other non-financial: safety; sustainable development (including environmental, social and governance); people development; product innovation; customer focus and operational excellence.

STI key performance indicator	Weighting (% of max)	
	CEO and CFO	PO
Financial	60%	60%
ROCE ¹	25%	5%
EBITDA ²	35%	35%
Trade working capital ³		20%
Non-financial key performance area	40%	40%
Safety	10%	10%
Leadership competencies	10%	10%
Other non-financial	20%	20%
Total	100%	100%

1. ROCE: Actual underlying EBIT plus actual share of profit from associated companies divided by average actual capital employed.

2. EBITDA: Actual for the year before special items.

3. Trade working capital: Actual as a percentage of revenue, measured in June and December.

Remuneration Committee report (continued)

PART 2: THE REMUNERATION POLICY (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, at Mpack's sole discretion, an incentive which comprises 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 2023 is set out below:

Plan	Description	Awards	Vesting period	Vesting criteria								
Bonus share plan (BSP)	<p>On an annual basis, Executive Directors, prescribed officers and senior managers 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.</p> <p>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>	<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.
Level	Maximum face value of award as a % TGCOE											
CEO	45%											
CFO	45%											
PO	45%											

PART 2: THE REMUNERATION POLICY (continued)

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' TGCOE. The committee determines the performance criteria for each award.	<table border="1"> <thead> <tr> <th>Level</th> <th>Expected value of awards as % of TGCOE</th> <th>Face value of awards as % of TGCOE</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 awards as % of TGCOE	Face value of awards as % of TGCOE	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 awards made from the beginning of 2023 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) must exceed the HEPS of the reference period (Reference HEPS) by a factor of CPI plus GDP growth</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>14%</td> <td>19%</td> </tr> </tbody> </table> <p>The 2022 ROCE target was 12% for threshold and 18% for maximum achievement.</p> <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>	Metric	Weight	Threshold 30% vesting	Maximum 100% vesting	HEPS growth	50%	Mpact HEPS for the final year of the performance period (Final HEPS) must exceed the HEPS of the reference period (Reference HEPS) by a factor of CPI plus GDP growth	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%	14%	19%
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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.																								

Remuneration Committee report (continued)

PART 2: THE REMUNERATION POLICY (continued)

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 ¹	20.0%	11.2%		31.2%
ROCE ²			66.5%	66.5%
HEPS growth ³			66.5%	66.5%
EBITDA ⁴	28.0%	15.8%		43.8%
Non-financial	32.0%	18.0%		50.0%
Safety	8.0%	4.0%		12.0%
Leadership competencies	8.0%	4.0%		12.0%
Other non-financial	16.0%	10.0%		26.0%
Total	80.0%	45.0%	133%	258%

1. ROCE: actual underlying EBIT plus actual share of profit from associated companies divided by average actual capital employed for the year.
2. ROCE: three-year actual average return on capital employed.
3. 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%.
4. EBITDA: actual for the year before special items.

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 ¹	20.0%	11.2%		31.2%
ROCE ²			50.0%	50.0%
HEPS growth ³			50.0%	50.0%
EBITDA ⁴	28.0%	15.8%		43.8%
Non-financial	32.0%	18.0%		50.0%
Safety	8.0%	4.0%		12.0%
Leadership competencies	8.0%	4.0%		12.0%
Other non-financial	16.0%	10.0%		26.0%
Total	80.0%	45.0%	100%	225%

1. ROCE: actual underlying EBIT plus actual share of profit from associated companies divided by average actual capital employed for the year.
2. ROCE: three-year actual average return on capital employed.
3. 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%.
4. EBITDA: actual for the year before special items.

PART 2: THE REMUNERATION POLICY (continued)

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 ¹	4.0%	2.2%		6.2%
ROCE ²			50.0%	50.0%
HEPS growth ³			50.0%	50.0%
Trade working capital % revenue	16.0%	9.0%		25%
EBITDA ⁴	28.0%	15.8%		43.8%
Non-financial	32.0%	18.0%		50.0%
Safety	8.0%	4.0%		12.0%
Leadership competencies	8.0%	4.0%		12.0%
Other non-financial	16.0%	10.0%		26.0%
Total	80.0%	45.0%	100%	225%

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

2. ROCE: three-year actual average return on capital employed.

3. 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%.

4. EBITDA: actual for the year before special items.

Pay mix

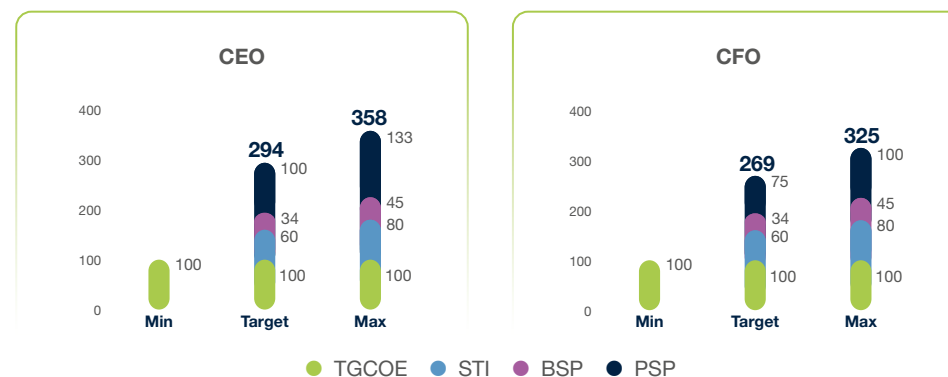
Using the components of total remuneration described previously the following graphs and tables illustrate the potential outcomes between minimum and maximum for the CEO, CFO and prescribed officers.

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 Mpac Limited for the 15 trading days following the release of Mpac'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 below 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.



Remuneration Committee report (continued)

PART 2: THE REMUNERATION POLICY (continued)

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 prescribed officers 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 currently in office 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 Mpac'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 designated as ineligible employees.

Malus and clawback

Malus and clawback provisions apply to both the cash and share-based elements of both short-term and long-term incentive awards, for a period of three years from the date of settlement of an award in the case of clawback and at any time prior to vesting or settlement, in the case of malus.

The malus provisions may be applied by the Board where any of the following trigger events have occurred: material misstatement of financial results; information or the assessment of any performance condition(s) used to determine an award was based on a materially erroneous or inaccurate or fraudulent information; misstatement of performance; serious reputational damage; censure of Mpac by a regulatory authority; gross or serious misconduct; or a material failure of risk management. The clawback provisions may be applied where any of the following trigger events have occurred: material misstatement of financial results; or where information or the assessment of any performance condition(s) used to determine an award was based on a materially erroneous or inaccurate or fraudulent information.

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.

Mpac engaged Deloitte Consulting (Pty) Ltd in the first quarter of 2022 to conduct a benchmarking exercise to inform a review of its Non-Executive Director's fees in 2022. The benchmarking was conducted by means of a peer group comparison, with 13 companies selected based on organisation size and nature

of operation (similarity of industry). The companies used to benchmark the Non-executive Director's fees were included in the Integrated Annual report in the prior year.

The benchmarking exercise indicated that Mpac's Non-executive Directors were fairly remunerated.

In support of the Company's response to COVID-19, Non-executive Director's fees were not increased for 2021 and a 4% increase on fees were recommended for approval at the AGM in 2022. The fees were set exclusive of VAT.

More than 25% of Mpac's shareholders present at the AGM voted against the Non-executive director fees. As a result, the Non-executive Directors could not be paid any fees for their service as an Mpac Limited Non-executive Director since 2 June 2022.

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 1 June 2023. Shareholders are requested to cast a non-binding advisory vote on Part 2 of this Remuneration report, as it appears above.

PART 3: THE IMPLEMENTATION REPORT

Guaranteed package approved

The approved annual TGCOE increase for the executive management was 4.5% effective 1 January 2022. This is to be compared to the mandated increase granted to other employees of 4.5% on average (2021: 2.5% on average). In 2021, the Remuneration committee delayed the increase of 2.5% in executive management's TGCOE from 1 January 2021 to 1 October 2021 due to COVID-19 uncertainty. Thus compared to 2021, the TGCOE for executive management increased by between 5.9% and 6.2% as reflected in the table below:

TGCOE approved	2022	2021	% increase
Executive Directors			
BW Strong	6,198,445	5,851,018	5.9%
BDV Clark	4,711,596	4,447,508	5.9%
Prescribed officers			
HM Thompson	5,090,044	4,804,744	5.9%
JW Hunt	3,764,393	3,544,875	6.2%
N Naidoo	4,004,239	3,770,735	6.2%
CM Botha	4,007,109	3,773,438	6.2%

Short-term incentive bonus achievements

For the year ended 31 December 2022, the annual bonus performance outcome for the Executive Directors was as follows:

	Weighting	Threshold at 25%	Maximum at 100%	Actual	% achieved	Weighting outcome
Financial	60%				100%	60.0
EBITDA	35%	R1,146m	R1,677m	R1,737m	100%	35.0
ROCE	25%	12.0%	18.0%	18.9%	100%	25.0
Non-financial						
Safety	10%				84%	6.7
LTIFR	2%	0.50	0.30	0.31	97%	1.9
SIFR	4%	0.75	0.55	0.42	100%	4.0
SIFR	4%				90%	
Leading safety indicators	Assessed and aggregated at each business					3.6
Fatality penalty	1 fatality occurred at an operation					(2.9)
Individual key performance areas	30%	Average actual outcome of 79.3%				23.8
Total	100%					90.5

Remuneration Committee report (continued)

PART 3: THE IMPLEMENTATION REPORT (continued)

Long-term incentives outcomes

Awards and grants made on 1 April 2020 vested on 31 March 2023. The vesting outcome applicable to both the BSP and the PSP is calculated as set out below:

Bonus share plan

Bonus shares granted in 2020 were released to participants still employed by Mpac at the vesting date which was 31 March 2023. There are no other performance conditions linked to the BSP.

Performance share plan

The level of achievement against the performance criteria for the performance shares awarded in 2020 and vested in March 2023, based on three years' financial performance to the year ended 31 December 2022, was 96% determined as follows:

	Weighting	0%	Threshold 30% vesting	Maximum 100% vesting	Actual	% achieved
ROCE%	50%	<10%	10%	15%	14.4%	91.7%
ROCE % calculation is based on an average three-year achievement for the financial years ended 31 December 2020, 2021 and 2022						
HEPS growth	50%	No vesting below 30%	Mpac HEPS for the final year of the performance period (Final HEPS) exceeds Reference HEPS by a factor of CPI plus GDP growth over the performance period	Mpac Final HEPS must be higher than the Reference HEPS by a factor of CPI plus GDP growth over the performance period plus 5%	For the performance period 1 January 2020 to 31 December 2022, Mpac's Final HEPS was 474.5 cents per share, compared to the Reference HEPS plus CPI and GDP growth plus 5% of 253.7 cents per share. Therefore 100% of the award based on HEPS growth will vest	100%

Executive Directors' five-year remuneration, STI and LTI

Year	CEO		CFO		% of face value of LTI awards realised at date of vesting		
	TGCOE	Actual STI score as % of maximum possible	TGCOE	Actual STI score as % of maximum possible	BSP	PSP	
2018	5,249,088	83%	3,989,965	83%	67%	21%	32% of the PSP shares awarded in 2015 vested. Share price depreciated from R42.43 per share at date of award to R28.38 at date of vesting.
2019	5,537,788	75%	4,209,413	77%	48%	11%	23% of the PSP shares awarded in 2016 vested. Share price depreciated from R48.25 per share at date of award to R23.11 at date of vesting.
2020	5,330,120	72%	4,346,219	71%	27%	7%	26% of the PSP shares awarded in 2017 vested. Share price depreciated from R29.69 per share at date of award to R8.08 at date of vesting.
2021	5,851,018	94%	4,447,508	93%	69%	44%	63% of the PSP shares awarded in 2018 vested. Share price depreciated from R28.89 per share at date of award to R20.03 at date of vesting.
2022	6,198,445	91%	4,711,596	90%	141%	116%	82% of the PSP shares awarded in 2019 vested. Share price appreciated from R23.45 per share at date of award to R33.00 at date of vesting.

PART 3: THE IMPLEMENTATION REPORT (continued)

Remuneration of Executive Directors and prescribed officers

Executive Directors and prescribed officers

31 December 2022

R's	Guaranteed package (TGCOE) ¹	Short-term incentive bonus ²	Other ³	Cash-based remuneration	Grant value of bonus shares awarded ⁴	Intrinsic value of performance shares vesting in March 2023 ⁵	Total remuneration
Executive Directors							
BW Strong	6,198,445	4,497,592	98,546	10,794,583	2,529,895	20,623,114	33,947,592
BDV Clark	4,711,596	3,403,657	73,434	8,188,687	1,914,557	11,757,411	21,860,655
Total	10,910,041	7,901,249	171,980	18,983,270	4,444,452	32,380,525	55,808,247
Prescribed officers							
HM Thompson	5,090,044	3,151,755	79,809	8,321,608	1,772,862	12,701,766	22,796,236
JW Hunt	3,764,393	2,234,544	54,456	6,053,393	1,256,931	9,371,216	16,681,540
N Naidoo	4,004,239	2,421,764	61,364	6,487,367	1,362,242	9,968,297	17,817,906
CM Botha	4,007,109	2,388,237	–	6,395,346	1,343,383	8,868,185	16,606,914
Total	16,865,785	10,196,300	195,629	27,257,714	5,735,418	40,909,464	73,902,596

1. Guaranteed package (TGCOE) paid for the 12 months of the financial year.

2. Short-term incentive (STI) earned on 2022 performance, paid in March 2023.

3. Other cash benefits include dividend equivalent bonus based on actual bonus shares that vested in March 2022 and other cash benefits.

4. Value of the bonus shares granted (56.25% of STI) on 1 April 2023 based on 2022 performance and vesting in March 2026.

5. Intrinsic value is calculated by taking the number of PSP shares awarded in April 2020 and expected to vest in March 2023 based on performance over the three-year period ended 31 December 2022, multiplied by the closing Mpac share price of R29.19 at 31 December 2022.

Remuneration Committee report (continued)

PART 3: THE IMPLEMENTATION REPORT (continued)

Executive Directors and prescribed officers

31 December 2021

R's	Guaranteed package (TGCOE) ¹	Short-term incentive bonus ²	Other ³	Cash-based remuneration	Grant value of bonus shares awarded ⁴	Intrinsic value of performance shares vesting in March 2022 ⁵	Total remuneration
Executive Directors							
BW Strong	5,851,018	4,395,285	42,225	10,288,528	2,472,348	9,068,566	21,829,442
BDV Clark	4,447,508	3,312,504	31,140	7,791,152	1,863,283	5,170,043	14,824,478
Total	10,298,526	7,707,789	73,365	18,079,680	4,335,631	14,238,609	36,653,920
Prescribed officers							
HM Thompson	4,804,774	3,624,699	32,767	8,462,210	2,038,893	5,585,323	16,086,426
JW Hunt	3,544,875	2,637,387	22,443	6,204,705	1,483,530	3,583,289	11,271,524
N Naidoo	3,770,735	1,945,699	24,687	5,741,121	1,094,456	4,383,339	11,218,916
C Botha ⁶	3,773,438	2,840,644	–	6,614,082	1,597,862	–	8,211,944
Total	15,893,792	11,048,429	79,897	27,022,118	6,214,741	13,551,951	46,788,810

1. Guaranteed package (TGCOE) paid for the 12 months of the financial year.

2. Short-term incentive (STI) earned on 2021 performance, paid in March 2022.

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

4. Value of the bonus shares granted (56.25% of STI) on 1 April 2022 based on 2021 performance and vesting in March 2022.

5. Intrinsic value is calculated by taking the number of PSP shares awarded in April 2020 and expected to vest in March 2022 based on performance over the three-year period ended 31 December 2021, multiplied by the closing Mpact share price of R35.03 at 31 December 2021.

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

PART 3: THE 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:

2022 – Executive Directors

BW Strong

Number of shares

Type of awards ^{1,2}	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 2022
BSP	Apr 19	Mar 22	83,806	–	83,806	–	–
PSP	Apr 19	Mar 22	314,862	–	258,880	55,982	–
BSP	Apr 20	Mar 23	178,609	–	–	–	178,609
PSP	Apr 20	Mar 23	736,949	–	–	30,436	706,513
BSP	Apr 21	Mar 24	84,031	–	–	–	84,031
PSP	Apr 21	Mar 24	379,342	–	–	18,967	360,375
BSP	Apr 22	Mar 25	–	77,352	–	–	77,352
PSP	Apr 22	Mar 25	–	259,171	–	25,917	233,254
Total number of shares			1,777,599	336,703	342,686	131,302	1,640,314

Value of shares (R's)

Type of awards ^{1,2}	Date of award/grant	Award/grant price (cents) ⁹	Face value of shares awarded/granted in prior years ³	Face value of shares awarded/granted during year ⁴	Cumulative effects of share price movement gain/(loss) ⁵	Value of shares vested during year ⁶	Value of shares lapsed or expected to lapse at vesting	Market value of shares at 31 December 2022 ⁷
BSP	Apr 19	2,345	1,965,251	–	800,347	2,765,598	–	–
PSP	Apr 19	2,345	7,383,514	–	3,006,932	8,543,040	1,847,406	–
BSP	Apr 20	1,052	1,878,967	–	3,334,630	–	–	5,213,597
PSP	Apr 20	1,052	7,752,703	–	13,758,838	–	888,427	20,623,114
BSP	Apr 21	2,044	1,717,594	–	735,271	–	–	2,452,865
PSP	Apr 21	2,044	7,753,750	–	3,319,243	–	553,650 ⁸	10,519,343
BSP	Apr 22	3,189	–	2,472,317	(209,158)	–	–	2,263,159
PSP	Apr 22	3,189	–	8,264,367	699,166)	–	756,520 ⁸	6,808,681
Total market value of shares			28,451,779	10,736,684	24,046,937	11,308,638	4,046,003	47,880,759

Remuneration Committee report (continued)

PART 3: THE IMPLEMENTATION REPORT (continued)

Executive Directors

BDV Clark

Number of shares

Type of awards ^{1,2}	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 2022
BSP	Apr 19	Mar 22	63,856	–	63,856	–	–
PSP	Apr 19	Mar 22	179,505	–	147,589	31,916	–
BSP	Apr 20	Mar 23	138,466	–	–	–	138,466
PSP	Apr 20	Mar 23	420,140	–	–	17,351	402,789
BSP	Apr 21	Mar 24	67,849	–	–	–	67,849
PSP	Apr 21	Mar 24	216,266	–	–	10,813	205,453
BSP	Apr 22	Mar 25	–	58,432	–	–	58,432
PSP	Apr 22	Mar 25	–	147,755	–	14,776	132,979
Total number of shares			1,086,082	206,187	211,445	74,856	1,005,968

Value of shares (R's)

Type of awards ^{1,2}	Date of award/grant	Award/grant price (cents) ⁹	Face value of shares awarded/granted in prior years ³	Face value of shares awarded/granted during year ⁴	Cumulative effects of share price movement gain/(loss) ⁵	Value of shares vested during year ⁶	Value of shares lapsed or expected to lapse at vesting	Market value of shares at 31 December 2022 ⁷
BSP	Apr 19	2,345	1,497,423	–	609,825	2,107,248	–	–
PSP	Apr 19	2,345	4,209,392	–	1,714,273	4,870,437	1,053,228	–
BSP	Apr 20	1,052	1,456,662	–	2,585,160	–	–	4,041,822
PSP	Apr 20	1,052	4,419,873	–	7,844,014	–	506,476	11,757,411
BSP	Apr 21	2,044	1,386,834	–	593,679	–	–	1,980,513
PSP	Apr 21	2,044	4,420,477	–	1,892,328	–	315,640 ⁸	5,997,165
BSP	Apr 22	3,189	–	1,863,262	(157,632)	–	–	1,705,630
PSP	Apr 22	3,189	–	4,711,567	(398,599)	–	431,297 ⁸	3,881,671
Total market value of shares			17,390,661	6,574,829	14,683,048	6,977,685	2,306,641	29,364,212

PART 3: THE IMPLEMENTATION REPORT (continued)

2022 – Prescribed officers

HM Thompson

Number of shares

Type of awards ^{1,2}	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 2022
BSP	Apr 19	Mar 22	69,399	–	69,399	–	–
PSP	Apr 19	Mar 22	193,924	–	159,444	34,480	–
BSP	Apr 20	Mar 23	148,226	–	–	–	148,226
PSP	Apr 20	Mar 23	453,887	–	–	18,746	435,141
BSP	Apr 21	Mar 24	78,158	–	–	–	78,158
PSP	Apr 21	Mar 24	233,637	–	–	11,682	221,955
BSP	Apr 22	Mar 25	–	63,939	–	–	63,939
PSP	Apr 22	Mar 25	–	159,623	–	15,962	143,661
Total number of shares			1,177,231	223,562	228,843	80,870	1,091,080

Value of shares (R's)

Type of awards ^{1,2}	Date of award/grant	Award/grant price (cents) ⁹	Face value of shares awarded/granted in prior years ³	Face value of shares awarded/granted during year ⁴	Cumulative effects of share price movement gain/(loss) ⁵	Value of shares vested during year ⁶	Value of shares lapsed or expected to lapse at vesting	Market value of shares at 31 December 2022 ⁷
BSP	Apr 19	2,345	1,627,407	–	662,760	2,290,167	–	–
PSP	Apr 19	2,345	4,547,518	–	1,851,974	5,261,652	1,137,840	–
BSP	Apr 20	1,052	1,559,338	–	2,767,379	–	–	4,326,717
PSP	Apr 20	1,052	4,774,891	–	8,474,070	–	547,196	12,701,765
BSP	Apr 21	2,044	1,597,550	–	683,883	–	–	2,281,433
PSP	Apr 21	2,044	4,775,540	–	2,044,324	–	340,993 ⁸	6,478,871
BSP	Apr 22	3,189	–	2,038,868	(172,488)	–	–	1,866,380
PSP	Apr 22	3,189	–	5,090,010	(430,615)	–	465,940 ⁸	4,193,455
Total market value of shares			18,882,244	7,128,878	15,881,287	7,551,819	2,491,969	31,848,621

Remuneration Committee report (continued)

PART 3: THE IMPLEMENTATION REPORT (continued)

JW Hunt

Number of shares

Type of awards ^{1,2}	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 2022
BSP	Apr 19	Mar 22	43,992	–	43,992	–	–
PSP	Apr 19	Mar 22	124,412	–	102,292	22,120	–
BSP	Apr 20	Mar 23	101,154	–	–	–	101,154
PSP	Apr 20	Mar 23	334,872	–	–	13,830	321,042
BSP	Apr 21	Mar 24	54,811	–	–	–	54,811
PSP	Apr 21	Mar 24	172,374	–	–	8,619	163,755
BSP	Apr 22	Mar 25	–	46,523	–	–	46,523
PSP	Apr 22	Mar 25	–	118,051	–	11,805	106,246
Total number of shares			831,615	164,574	146,284	56,374	793,531

Value of shares (R's)

Type of awards ^{1,2}	Date of award/grant	Award/grant price (cents) ⁹	Face value of shares awarded/granted in prior years ³	Face value of shares awarded/granted during year ⁴	Cumulative effects of share price movement gain/(loss) ⁵	Value of shares vested during year ⁶	Value of shares lapsed or expected to lapse at vesting	Market value of shares at 31 December 2022 ⁷
BSP	Apr 19	2,345	1,031,612	–	420,124	1,451,736	–	–
PSP	Apr 19	2,345	2,917,461	–	1,188,135	3,375,636	729,960	–
BSP	Apr 20	1,052	1,064,140	–	1,888,545	–	–	2,952,685
PSP	Apr 20	1,052	3,522,853	–	6,252,060	–	403,698	9,371,215
BSP	Apr 21	2,044	1,120,337	–	479,596	–	–	1,599,933
PSP	Apr 21	2,044	3,523,325	–	1,508,273	–	251,580 ⁸	4,780,018
BSP	Apr 22	3,189	–	1,483,511	(125,505)	–	–	1,358,006
PSP	Apr 22	3,189	–	3,764,375	(318,466)	–	344,591 ⁸	3,101,318
Total market value of shares			13,179,728	5,247,886	11,292,762	4,827,372	1,729,829	23,163,175

PART 3: THE IMPLEMENTATION REPORT (continued)

N Naidoo Number of shares

Type of awards ^{1,2}	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 2022
BSP	Apr 19	Mar 22	53,360	–	53,360	–	–
PSP	Apr 19	Mar 22	152,190	–	125,131	27,059	–
BSP	Apr 20	Mar 23	111,442	–	–	–	111,442
PSP	Apr 20	Mar 23	356,208	–	–	14,711	341,497
BSP	Apr 21	Mar 24	51,358	–	–	–	51,358
PSP	Apr 21	Mar 24	183,357	–	–	9,168	174,189
BSP	Apr 22	Mar 25	–	34,322	–	–	34,322
PSP	Apr 22	Mar 25	–	125,572	–	12,557	113,015
Total number of shares			907,915	159,894	178,491	63,495	825,823

Value of shares (R's)

Type of awards ^{1,2}	Date of award/grant	Award/grant price (cents) ⁹	Face value of shares awarded/granted in prior years ³	Face value of shares awarded/granted during year ⁴	Cumulative effects of share price movement gain/(loss) ⁵	Value of shares vested during year ⁶	Value of shares lapsed or expected to lapse at vesting	Market value of shares at 31 December 2022 ⁷
BSP	Apr 19	2,345	1,251,292	–	509,588	1,760,880	–	–
PSP	Apr 19	2,345	3,568,856	–	1,453,415	4,129,323	892,948	–
BSP	Apr 20	1,052	1,172,370	–	2,080,622	–	–	3,252,992
PSP	Apr 20	1,052	3,747,308	–	6,650,403	–	429,414	9,968,297
BSP	Apr 21	2,044	1,049,758	–	449,383	–	–	1,499,141
PSP	Apr 21	2,044	3,747,817	–	1,604,374	–	267,610 ⁸	5,084,581
BSP	Apr 22	3,189	–	1,094,450	(92,590)	–	–	1,001,860
PSP	Apr 22	3,189	–	4,004,202	(338,756)	–	366,545 ⁸	3,298,901
Total market value of shares			14,537,401	5,098,652	12,316,439	5,890,203	1,956,517	24,105,772

Remuneration Committee report (continued)

PART 3: THE IMPLEMENTATION REPORT (continued)

CM Botha

Number of shares

Type of awards ^{1,2}	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 2022
PSP	Apr 20	Mar 23	316,896	–	–	13,087	303,809
BSP	Apr 21	Mar 24	39,072	–	–	–	39,072
PSP	Apr 21	Mar 24	183,488	–	–	9,174	174,314
BSP	Apr 22	Mar 25	–	50,108	–	–	50,108
PSP	Apr 22	Mar 25	–	125,662	–	12,566	113,096
Total number of shares			539,456	175,770	–	34,827	680,399

Value of shares (R's)

Type of awards ^{1,2}	Date of award/grant	Award/grant price (cents) ⁹	Face value of shares awarded/granted in prior years ³	Face value of shares awarded/granted during year ⁴	Cumulative effects of share price movement gain/(loss) ⁵	Value of shares vested during year ⁶	Value of shares lapsed or expected to lapse at vesting	Market value of shares at 31 December 2022 ⁷
PSP	Apr 20	1,052	3,333,746	–	5,916,448	–	382,010	8,868,184
BSP	Apr 21	2,044	798,632	–	341,880	–	–	1,140,512
PSP	Apr 21	2,044	3,750,495	–	1,605,520	–	267,801 ⁸	5,088,214
BSP	Apr 22	3,189	–	1,597,829	(135,176)	–	–	1,462,653
PSP	Apr 21	3,189	–	4,007,072	(338,998)	–	366,807 ⁸	3,301,267
Total market value of shares			7,882,873	5,604,901	7,389,674	–	1,016,618	19,860,830

1. Bonus share plan (BSP).

2. Performance share plan (PSP).

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

4. During the year, share grants and awards were made at R31.89 per share.

5. 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 2022.

6. During the year, shares vested at a price of R33.00 per share.

7. The closing share price at 31 December 2022 was R29.19 per share.

8. Assumed a 95% achievement of PSP awarded in 2021, and 90% for awards made in 2022.

9. Award/grant price is the VWAP of Mpact Limited for the 15 days following the release of Mpact's year-end results.

PART 3: THE IMPLEMENTATION REPORT (continued)

Non-executive Director's fees¹

R's	Paid by Mpact Limited ²			Paid by Mpact Operations (Proprietary) Limited ³	Total paid by Group	Paid by Mpact Limited		
	2022			2021				
	Fees paid as non-executive director ¹	Fees paid as Trustee to the Mpact Foundation Trust ¹	Total	Fees paid as non-executive director ¹	Total	Fees paid as non-executive director ¹	Fees paid as Trustee to the Mpact Foundation Trust ¹	Total
Non-executive directors' remuneration								
AJ Phillips	553,594	–	553,594	265,965	819,559	1,107,187	–	1,107,187
ABA Conrad	–	25,319	25,319	151,796	177,115	–	–	–
NP Dongwana	336,723	151,363	488,086	183,129	671,215	606,191	151,363	757,554
NB Langa-Royds	479,898	–	479,898	–	479,898	774,648	75,958	850,606
PCS Luthuli	362,042	–	362,042	246,267	608,309	606,191	–	606,191
M Makanjee	345,730	75,958	421,688	220,867	642,555	573,568	75,958	649,526
TDA Ross	429,850	–	429,850	234,085	663,935	741,807	–	741,807
AM Thompson	–	–	–	–	–	606,191	–	606,191
DG Wilson	286,084	–	286,084	202,351	488,435	–	–	–
Total	2,793,921	252,640	3,046,561	1,504,460	4,551,021	5,015,783	303,279	5,319,062

1. The above amounts exclude VAT.

2. The above amounts were paid prior to the June 2022 AGM.

3. The Company's main operating subsidiary is Mpact Operations Proprietary Limited, which conducts the vast majority of the business and affairs of the broader Mpact group. The NEDs were therefore appointed to the Board of Mpact Operations with effect from 23 September 2022 in which capacity they will continue to attend to the governance of Mpact Operations and its subsidiaries. In their capacity as NEDs of Mpact Operations Proprietary Limited, they will be remunerated for services rendered to Mpact Operations Proprietary Limited.

* Excludes VAT.

Remuneration Committee report (continued)

PART 3: THE IMPLEMENTATION REPORT (continued)

Directors' interest in shares

	2022 Direct Number of shares	2022 Indirect Number of shares	2021 Direct Number of shares	2021 Indirect Number of shares
Executive director				
BW Strong	767,816	–	767,816	–
BDV Clark	–	310,344	–	310,344
Non-executive director				
AJ Phillips	8,914	1,516	8,914	1,516
Prescribed officers				
JW Hunt	347,967	–	291,963	–
N Naidoo	172,668	–	74,945	–
HM Thompson	500,877	–	448,582	–
Total	1,798,242	311,860	1,592,220	311,860

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 1 June 2023.

Sibusiso Luthuli

Remuneration Committee Chairman

28 April 2023