

GOVERNANCE AND SUSTAINABILITY

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Corporate Governance Report



COMMITMENT AND APPROACH TO CORPORATE GOVERNANCE

The Board endorses and accepts full responsibility for the application of corporate governance principles within the Group. In discharging this responsibility, the Board ensures that effective corporate governance is practised consistently throughout the Group by complying with the requirements of King III, the JSE Listings Requirements and the Companies Act, in both letter and spirit.

The Audit and Risk Committee, the Remuneration and Nomination Committees as well as the Social and Ethics Committee also fulfil key roles in ensuring good corporate governance is practised throughout the Group.

The International Integrated Reporting <IR> Framework, released on 8 April 2014 by the International Integrated Reporting Council, has been taken into consideration when preparing this Integrated Report. This framework has been adopted across the world and focuses on companies providing relevant, reliable, comparable and comprehensive information pertaining to their business operations and capital employed.

INTEGRATED REPORTING

Mpact has followed integrated reporting standards in line with the recommendations of King III and the JSE Listings Requirements, as well as the International Integrated Reporting Framework as mentioned above. The content of this Integrated Report is, where relevant and possible, written according to the G4 Guidelines, which is available on Mpact's website, www.mpact.co.za.

KING III, COMPANIES ACT AND JSE LISTINGS REQUIREMENTS

In terms of paragraph 8.63(a) of the JSE Listings Requirements, the Group has published its application of King III on its website. There are no material changes to the content of this report compared to the 2013 Integrated Report, other than a greater emphasis on providing supplementary information on the Group's strategic direction, risk and sustainability initiatives. This includes supplying additional environmental information.

Snapshot of King III application

The snapshot of the Group's application of King III reflecting the Group's governance implementation and compliance status can be found on the following page.

The remainder of the report provides more detail regarding the Group's application of good governance principles in accordance with the JSE Listings Requirements and application is outlined in the Mpact King III Application Register, available on www.mpact.co.za.

Summary report (current review)



Registration number: 2004/025229/06
Run Time: 4/3/2013 10:22

- AAA – Highest application
- AA – High application
- BB – Notable application
- B – Moderate application
- C – Application to be improved
- L – Low application

OVERALL SCORE



COMPLETENESS METER

100%

APPLICATION METER

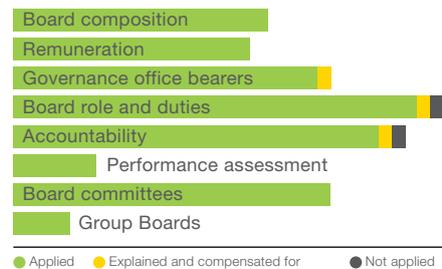
Status category

- Board composition
- Remuneration
- Governance office bearers
- Board role and duties
- Accountability
- Performance assessment
- Board committees
- Group Boards

SCORE

- AAA

WEIGHTING GRAPHIC



Source: Governance Assessment Instrument (GAI) – Institute of Directors

ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP

Ethical leadership

The Group has a set of defined values, ratified by the Board, which it adheres to. These values are incorporated into its Code of Ethics. The Code of Ethics is reviewed and endorsed by the Board and management on an annual basis to ensure that the company remains differentiated by people who are resolute, trustworthy and responsible.

Mpact’s standards of integrity and ethics in dealing with suppliers, customers, business partners, stakeholders, Government and society at large is outlined in the Code of Ethics, as well as in the Mpact Supplier Code of Conduct, the latter being formalised during 2014. Every employee is expected to subscribe to the Code of Ethics.

Stakeholders

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

The details pertaining to stakeholder engagement are set out on pages 14 and 15 of this report.

Environment

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

Managing a sustainable business requires the integration of the Six Capitals, as set out in the International Framework. Mpact’s business model, together with the inputs and outputs of each of the Six Capitals, are illustrated on pages 32 and 33 of this Integrated Report.

Mpact’s CSI strategy is aligned with the Group’s strategy (as discussed on page 11), taking into account potential risks (refer to pages 17 to 19) and considering the requirements and needs of its stakeholders (Mpact’s stakeholder engagement is set out on pages 14 and 15). The Group’s endeavours to uphold the principles of sustainability, corporate governance and social responsibility have been recognised by the inclusion of Mpact on the JSE SRI Index since November 2013. Mpact has also made efforts to improve sustainability reporting this year in line with recommendations made by the Integrated Reporting and Assurance Services (IRAS) in its Sustainability Data Transparency Index (SDTI): *A 2014 Review of Environmental, Social and Governance Reporting in South Africa*.

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

The full details are set out in the Sustainability Review which is on the Mpact website (www.mpact.co.za).

Fraud and illegal acts

The Group does not tolerate fraudulent behaviour and illegal acts. A whistle-blowing facility is in place and incidents are reported to and monitored by the Audit and Risk Committee. The Code of Ethics, as well as the Supplier Code of Conduct, outline company norms and expected behaviours when dealing with fraud and illegal acts.

BOARD OF DIRECTORS

Board practices

The Board is ultimately responsible for the Group's business, approval of the strategy and key policies and is the focal point and custodian of corporate governance at Mpact. It is also responsible for approving the Group's financial objectives and targets.

The roles of the Chairman and CEO are separate. The Board is led by the Chairman, who is elected by the Board annually, while operational management of the Group is the responsibility of the CEO. No business of the Group is or will be managed by a third party.

The Board recognises the necessity for directors to occasionally seek independent professional advice at the Group's expense and there is an agreed procedure for this.

A minimum of four Board meetings are scheduled per financial year, while additional meetings may be convened when necessary. Well-structured Board agendas and comprehensive papers are circulated electronically to Board members on a timely basis, ensuring that they are well informed and that debate and decisions are constructive and robust.

Composition of the Board

The Board comprises seven directors, two of whom are executive directors, the CEO and CFO. The remaining five directors, two of whom are women, are all independent non-executive directors, including the Board Chairman.

The Nomination Committee reviewed the composition of the Board and committees of the Board in accordance with King III recommendations and it considered the number of directors, the collective knowledge, skills and experience required for conducting the business of the Board. The Board has confirmed its satisfaction with the composition of the Board and the committees.

Role and function of the Board

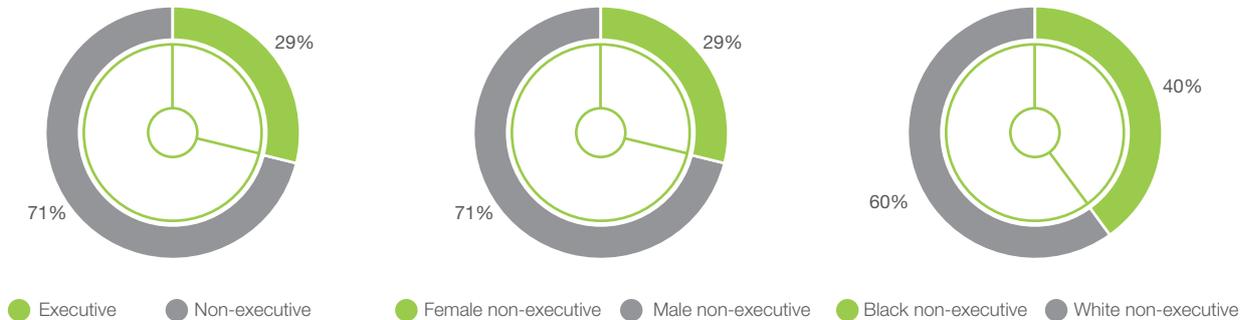
The Board is a unitary body that is effective in leading and controlling the Group. Its mission is to ensure Mpact's continued success and sustainability by collectively directing the company's affairs with effective and responsible leadership within the industries and markets in which Mpact operates,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

Responsibilities of the Board

The Board charter is in line with King III and the Companies Act. The purpose of this charter is to set out the mission, duties and responsibilities of the Board, as well as the requirements for its composition and meeting procedures. A summary of the duties of the Board as outlined in the Board charter are:

- Provides leadership based on an ethical foundation and ensures that the Group's ethics are effectively managed.
- Appreciates that strategy, risk, performance and sustainability are inseparable.
- Acts as the focal point for, and custodian of, corporate governance.
- Has a responsibility to all stakeholders, which include present and potential beneficiaries of the Group's products and services, clients and employees, to achieve continuing prosperity for the Group.
- Reviews and approves financial objectives, plans and actions, including cost allocations and expenditures.

Composition of the Board



- Ensures that the Group is a responsible citizen by having regard to not only the financial aspects of the business, but also the impact that the business operations may have socially and environmentally.
- Ensures that the Group complies with applicable laws and considers adherence to non-binding rules and standards.
- Is responsible for the governance of risk, including information technology.

Appointments to the Board

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

Non-executive directors bring an independent view to the Board's decision-making. As a group, they enjoy significant influence at meetings of the Board, ensuring an appropriate balance of power. This also ensures that no one director has unfettered decision-making powers. Generally, directors have been and will be nominated based on their calibre, knowledge, experience and the impact they are expected to have, as well as the time and attention they can devote to their roles. New directors are taken through a formal induction programme and are provided with all the necessary background and information to familiarise them with issues affecting the Board.

There were no changes to the Board during the 2014 financial year.

Succession planning

Succession for the CEO, Chairman and senior management is reviewed annually by the Nomination Committee. Recommendations are made to the Board as required.

Rotation of directors

In terms of the MOI, one third of the directors (other than the executive directors) retire by rotation and, if eligible, their names are submitted for re-election at the Annual General Meeting, accompanied by appropriate biographical details set out in the report to shareholders. Amongst other matters, the Board considers the performance of each director due for re-election at the Annual General Meeting and makes an appropriate recommendation to shareholders in this regard.

Independent directors

The Board applies the principles contained in King III and the Companies Act guidelines to determine independence of directors. The Remuneration and Nomination Committees reviewed the independence of all non-executive directors using the guidelines recommended by King III, JSE Listing Requirements and the Companies Act.

The independence of Mr AM Thompson was rigorously reviewed by the Board. The Board acknowledged that Mr AM Thompson's initial date of appointment recorded with CIPC is 21 October 2004 as the Director of Mondi Packaging Proprietary Limited ("Mondi Packaging"), a subsidiary company of Mondi Limited. His statutory appointment was made before Mondi Packaging was demerged from Mondi Limited. The entity was then converted from a private to a public company and the name changed to Mpact Limited.

Mpact's initial Board, including AM Thompson, was only appointed with effect from 21 April 2011 in line with the non-executive directors' letter of appointment signed by all directors.

The Board confirms the assessment results of Mr AM Thompson's review, and also affirms that there are no relationships or circumstances likely to affect, or appear to affect, his judgement. The Board is also satisfied that AM Thompson's independence of character and judgement is not in any way affected or impaired by the length of service.

Board and Committee performance evaluation

Mpact undertakes an annual Board evaluation, as recommended by King III. The Board adopted a policy to have an external service provider assess its performance after every three years for good practice. During the year under review, the evaluation process was conducted by Honey Lane Strategic Advisors. The performance evaluation process comprised an organisational, Board, committee, peer and Chairman review.

The results of the assessments were presented to the Board as a whole and the performance assessment indicated that the Board and the Board Committees were performing their duties and responsibilities effectively.

The Nomination Committee reviewed the efficiency of the Chairman of the Board and Chairs of the sub-committees and recommended to the Board the re-appointment of Tony Phillips as the Chairman of the Board for his leadership skills, experience and sound knowledge of the organisation's strategy and governance expertise.

Strategic planning

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

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

Conflict of interest

The Board, subsidiary directors and prescribed officers are required to disclose their personal financial interest and interests in contracts in terms of section 75(4) of the Companies Act. The Group ensures that directors and prescribed officers are free of any conflicts between the obligations they have to the company and their private interests. Directors are required to disclose any potential conflict at quarterly meetings and as and when necessary to the Company Secretary.

Directors do not vote on any matter in which they have an interest and they are recused from any meeting when such matters are discussed.

Share dealings

The Group has adopted a share dealing policy requiring all directors, management and the Company Secretary to obtain prior written clearance from either the Chairman or the Company Secretary to deal in the company's shares. The Chairman of the Board will in turn require prior written clearance from the Chairman

of the Audit and Risk Committee. Closed periods (as defined in the JSE Listings Requirements) are observed as required. During these periods, the directors, management and employees are not permitted to deal in the company's securities. Additional closed periods are enforced when the Group commences with a corporate activity and where a cautionary announcement (as defined in the JSE Listings Requirements) is published.

Legal compliance

The Board does not deem it necessary to appoint a Chief Compliance Officer. The Company Secretary, together with the Internal Audit function, the legal advisor and the risk management function, assist the Board in ensuring that there is an appropriate process in place with respect to legal compliance. Compliance with laws and regulations is reported to the Audit and Risk Committee.

Company Secretary

Noriah Sepuru is the Company Secretary, duly appointed by the Board in accordance with the Companies Act. She plays a vital role in the corporate governance of the Group and has a holistic view of the governance framework. The Company Secretary has a key role to play in ensuring that Board procedures are both followed and regularly reviewed. The Chairman and the Board look to the Company Secretary for guidance on what their responsibilities are under the rules and regulations to which they are subject, and on how these responsibilities should be discharged. All directors have access to the advice and services of the Company Secretary.

The Company Secretary is also a central source of information and advice to the Board and the company on matters of ethics and good corporate governance. The Company Secretary ensures that, in accordance with pertinent laws, the proceedings and affairs of the Board and its members, the company itself and, where appropriate, the owners of securities in the company are properly administered.

During the year under review, the Board conducted an evaluation of the Company Secretary's effectiveness, qualification and experience. Noriah has held a position of Company Secretary for ten years (three of which have been at Mpact) and has the requisite knowledge and experience to fulfil her duties and responsibilities. Details of her qualification are set out on page 23 of this Integrated Report. Noriah maintains an arms-length relationship with the Board as she acts independently from it. The appointment and removal of the Company Secretary is a matter for the Board as a whole.

The Company Secretary's Certificate is set out on page 64 of the Integrated Report.

Meeting attendance register

The table below indicates the attendance of Board members at scheduled meetings during the period March 2014 to March 2015.

Director	Board	Audit and Risk Committee	Remuneration and Nomination Committees	Social and Ethics Committee
AJ Phillips*	4/4 [#]	4/4 (invitee)	4/4 [#]	4/4 (invitee)
BW Strong	4/4	4/4 (invitee)	4/4 (invitee)	4/4 (invitee)
BDV Clark	4/4	4/4 (invitee)	N/A	N/A
NP Dongwana*	3/4 ^A	4/4	N/A	4/4
NB Langa-Royds*	4/4	N/A	4/4 [#]	4/4 [#]
TDA Ross*	4/4	4/4 [#]	4/4	N/A
AM Thompson*	4/4	4/4	N/A	4/4

* Independent Non-executive Directors

Chairperson

^{N/A} Not a member of the committee

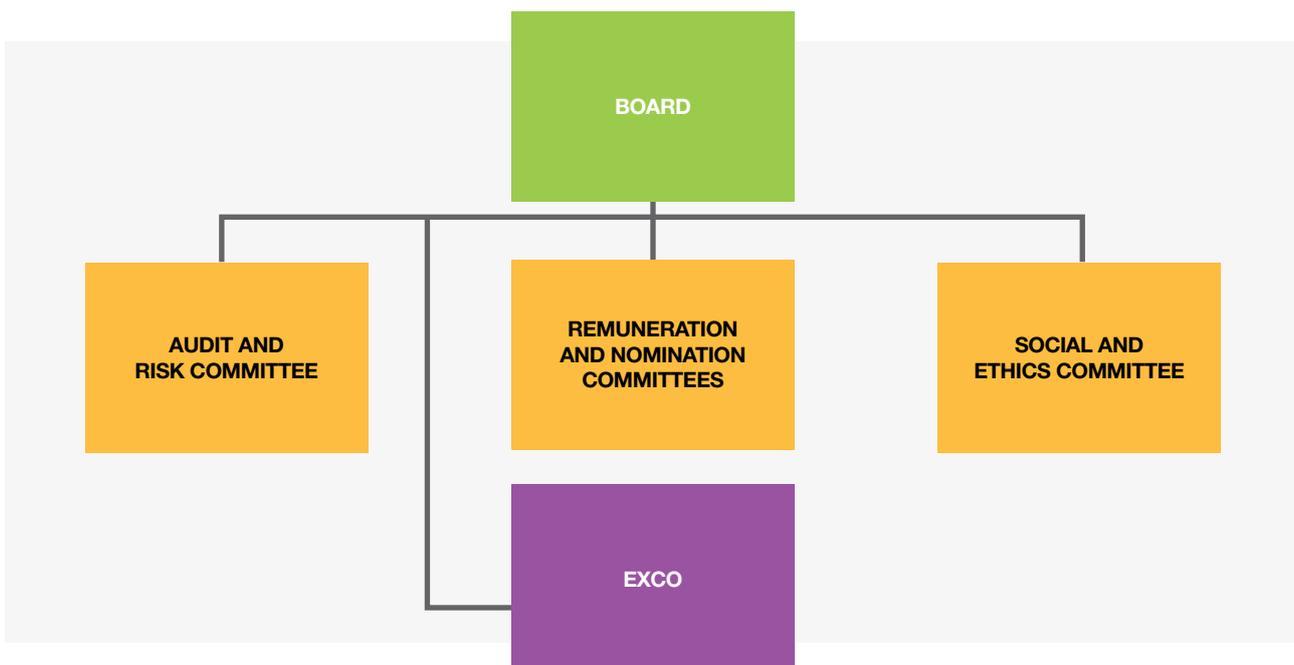
^A Apologies

Delegation of authority

The power and authority to lead, control, manage and conduct business, including the power and authority to delegate, is vested with the Board to ensure that Mpact remains a sustainable and viable business. This responsibility is facilitated by a well-developed governance structure. The committees assist the Board in discharging its responsibilities. This assistance is rendered in the form of recommendations and reports submitted to the Board meetings, ensuring transparency and full disclosure of committees' activities. Each committee operates within the ambit of its defined terms of reference, which set out the composition, roles, responsibilities and delegated authority.

BOARD COMMITTEES

The Board has several committees in which non-executive directors play a pivotal role. The responsibilities delegated to the committees of the Board are formally documented in the terms of reference for each committee, which have been approved by the Board and are updated from time-to-time to keep abreast of developments in law and best practice in governance. There is transparency and full disclosure from Board committees to the Board. The committees' Chairs provide the Board with a verbal report on recent committee activities and the minutes of committee meetings are available to the Board. The committees meet at least four times a year.



AUDIT AND RISK COMMITTEE

Composition

The Audit and Risk Committee comprises three non-executive directors, all of whom are independent. Tim Ross is the Chairman and Neo Dongwana and Andrew Thompson are the current members. The CEO, the CFO, the Head of ICT, the Group Risk and Sustainability Manager, a representative of KPMG, the independent Internal Auditor, and a representative of Deloitte & Touche, the independent External Auditor, all attend meetings by invitation.

Role and function of the Audit and Risk Committee

The Audit and Risk Committee provides the Board with additional assurance regarding the quality and reliability of financial information used by the Board and the financial statements for the Group. In addition, it considers and confirms to the shareholders of the appropriateness of the expertise and experience of the CFO. Furthermore, the committee reviews the composition, experience and resources of the finance function. In addition, the Audit and Risk Committee reviews the internal control systems, the financial control systems, the accounting systems, reporting on the Internal Audit function and sets the Group's policy on non-audit services provided by the Internal and External Auditors. It also liaises with the External Auditor, monitors compliance with legal requirements, ensures management addresses any identified internal control weakness, assesses the performance of financial management, approves internal and external audit fees, budgets, plans and performance, and conducts an annual review and assessment of the business risks the Group faces.

The approval of the Integrated Report is also the responsibility of the Audit and Risk Committee. The committee members are appointed annually by the shareholders at the Annual General Meeting.

Responsibilities of the Audit and Risk Committee

The committee's role and responsibilities include its statutory duties and further responsibilities assigned to it by the Board. The responsibilities of the Audit and Risk Committee are to:

- assist the Board with discharging its duties relating to the safeguarding of assets, the operation of adequate systems and controls, overseeing integrated reporting, reviewing of financial information and the preparation of interim and Annual Financial Statements in compliance with all applicable legal requirements and accounting standards.
- facilitate and promote communication and liaison between the Board and the Group's management in respect of the matters referred to above.
- recommend the introduction of measures which the committee believes may enhance the credibility and objectivity of financial statements and reports concerning the affairs of the Group.
- perform its statutory functions under section 4(7) of the Companies Act; and
- advise on any matter referred to the committee by the Board.

Assurance

The Audit and Risk Committee confirmed that they were prudent in exercising their duties of care and skill and they have taken reasonable steps to ensure that they performed their duties in accordance with the mandate. The Audit and Risk Committee Report can be found on pages 50 to 52 of the Integrated Report.

SOCIAL AND ETHICS COMMITTEE

Composition

The Social and Ethics Committee comprises Ntombi Langa-Royds (Chairperson), Neo Dongwana and Andrew Thompson as the members. All the members are independent non-executive directors.

Role and function of the Social and Ethics Committee

This committee monitors Mpact's activities in respect of sustainability issues and ethical conduct. It considers relevant legislation and best practices in terms of social and economic development (including B-BBEE), good corporate citizenship, the environment, safety and health, labour and employment. The committee is also responsible for the Group's stakeholder engagement. Further detail is available on pages 14 and 15.

Assurance

The Mpact Dashboard System has improved the capture of all relevant sustainability data and the Social and Ethics Committee is satisfied that the disclosure is adequate and the information accurate. Various external assurances have been obtained and these are listed in detail in the Sustainability Review. Mpact has not obtained an independent overall assurance for its Sustainability Review.

The Social and Ethics Committee Report can be found on pages 53 and 54. The social involvement of the Group is set out in the Sustainability Review, available on Mpact's website, www.mpact.co.za.

REMUNERATION AND NOMINATION COMMITTEES

Composition

Ntombi Langa-Royds is the Chairperson of the Remuneration Committee and Tony Phillips is the Chairman of the Nomination Committee in accordance with King III and the JSE Listings Requirements. The third member of both the Remuneration and Nomination Committees is Tim Ross. All of the committee members are independent non-executive directors.

Role and function of the Remuneration Committee

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 directors 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.

Responsibilities of the Remuneration Committee

The responsibility for the remuneration policy rests with the Remuneration Committee, which is appointed annually by the Board. The committee comprises of at least three members, all of whom are independent non-executive directors, and is governed by formal Terms of Reference.

With respect to remuneration matters, the committee is charged with:

- 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 CEO and, in consultation with the CEO, the other members of Exco and any other executive whose total remuneration is comparable to, or higher than, that of an Exco 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 management 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 that contractual terms on termination of the CEO and Exco, and any payments made, are fair to the individual and Mpact.

Role and function of the Nomination 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.

Responsibilities of the Nomination Committee

With regard to the nomination matters, the committee is charged with:

- Regularly reviewing of the structure, size, skills, knowledge, experience and diversity required of the Board and make recommendations to the Board with regard to any changes that are appropriate.
- 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.
- Giving full consideration to succession planning and management development for the Board and Exco, taking into account the challenges and opportunities facing Mpact and the skills and expertise needed by Mpact in the future.

- 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,

Assurance

The Remuneration and Nomination Committees confirmed that they were prudent in exercising their duties of care and skill and they have taken reasonable steps to ensure that they performed their duties in accordance with the committee's mandate. The Remuneration Report can be found on pages 55 to 62 of the Integrated Report.

EXECUTIVE COMMITTEE (EXCO)

Composition

The Exco comprises Bruce Strong (Chairman), Brett Clark (CFO), Ralph von Veh, Hugh Thompson, John Hunt and Neelin Naidoo as the members. Other senior managers attend meetings by invitation.

Role and function of the Exco

The Exco, under the CEO's leadership, is responsible for the execution of the Board-approved strategy and the day-to-day running of the business, and is accountable to the Board in this regard.

This committee, which meets six times a year, is responsible for the Group's operational activities, developing strategy and policy proposals for consideration by the Board and implementing the Board's directives. The committee has a properly constituted mandate and terms of reference. Other responsibilities include:

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

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

INTERNAL CONTROL SYSTEMS

To meet Mpact's responsibility to provide reliable financial information, the Group maintains financial and operational systems of internal control. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority, that the assets are adequately protected against material losses, unauthorised acquisitions, use or disposals, and that all transactions are properly recorded.

The systems include a documented organisational structure and division of responsibilities, established policies and procedures which are communicated throughout the Group, and the careful selection, training and development of people.

The Internal Audit function is set out in the Audit and Risk Committee Report, on pages 51 and 52 of this Integrated Report.

There are inherent limitations on the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, only an effective internal control system can provide reasonable assurance with respect to financial statement preparation and the safeguarding of assets.

IT governance

The Board has an IT governance policy and ensures adherence to King III's IT governance principles. The Board measures the implementation of the recommended principles against the detailed King III Application Register. The ICT Steering Committee assists the Board with IT governance-related matters. The committee is governed by an effective charter which gives guidance to the ICT management team and ensures effective and efficient management of all IT resources.

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

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

Board statement of effectiveness of controls

Based on the formal review and the report on Internal Audit covering the Group's system of internal controls and risk management and considering the information responses and explanations given by management, together with discussions with the External Auditor on the results of their audit, nothing has come to the attention of the Board that caused it to believe that the Group's system of internal control and risk management is not effective, or that the internal financial controls do not form a sound basis for the preparation of reliable financial statements. The Board's opinion is supported by the Audit and Risk Committee.

ANNUAL GENERAL MEETING

All the necessary information and facilities are made available to shareholders to enable them to attend the Annual General Meeting, submit Forms of Proxy and receive announcements and circulars in accordance with the JSE Listings Requirements. The Chairman of the Board, Chairs of the committees and the External Auditor are available to answer questions at the Annual General Meeting.



Audit and Risk Committee Report



INTRODUCTION

The Audit and Risk Committee has pleasure in submitting its report for the year ended 31 December 2014 in compliance with section 4(7) of the Companies Act.

The Audit and Risk Committee acts for the company and all its subsidiaries, and is an independent entity accountable to the Board. It operates within a documented charter and complies with all relevant legislation, regulation and governance codes and executes its duties in terms of the requirements of King III.

The committee's terms of reference were approved by the Board and are reviewed annually.

COMPOSITION

The composition of the Audit and Risk Committee is set out on page 46. Biographical details of the committee members are provided on page 21 and the fees paid to the committee members are outlined on page 59.

COMMITTEE MEETINGS

The committee held four meetings during the year under review. Attendance has been set out on page 45 of the Corporate Governance Report.

COMMITTEE ACTIVITIES

The Audit and Risk Committee attended to the following during the year:

External Auditors

The committee reviewed the independence of Deloitte & Touche as the Group's External Auditor with Mark Holme as the independent individual registered auditor who will undertake the Group's audit for the ensuing year. Before recommending to the Board the re-election of Deloitte & Touche and being proposed to shareholders, the committee is satisfied that Deloitte & Touche is independent.

Ordinary resolution number 4, as set out in the Notice of Annual General Meeting on page 94, proposes the re-appointment of Deloitte & Touche as External Auditor and Mark Holme as the independent individual registered auditor and shareholders of the company are requested to vote.

Independence of External Auditors

This assessment was made after considering the following:

- Confirmation from the External Auditors that they, or their immediate family, do not hold any significant direct or indirect financial interest or have any material business relationship with Mpact. The External Auditors also confirmed that they have internal monitoring procedures to ensure their independence.
- The auditors do not, other than in their capacity as External Auditors or rendering permitted non-audit services, receive any remuneration or other benefits from Mpact.

- The auditor's independence was not impaired by the non-audit work performed having regard to the quantum of audit fees relative to the total fee based and the nature of the non-audit work undertaken.
- The auditor's independence was not prejudiced as a result of any previous appointment as auditor. In addition, an audit partner rotation process is in place in accordance with the relevant legal and regulatory requirements.
- The criteria specified for independence by the Independent Regulatory Board for Auditors.
- The audit firm and the designated auditor are accredited with the JSE.

The committee confirms that the External Auditor has functioned in accordance with its terms of reference for the 2014 financial year.

External Auditors' fees

The committee:

- Approved, in consultation with management, the audit fee and engagement terms for the External Auditors for the 2014 financial year.
- Reviewed and approved the non-audit services fees for the year under review and ensured that the fees were within limit and in line with the non-audit service policy.
- Determined the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services.

External Auditor's performance

- Reviewed and approved the External Audit plan, ensuring that material risk areas were included and that coverage of the significant business processes was acceptable.
- Reviewed the External Audit reports and management's response, considered their effect on the financial statements and internal financial control.

Financial statements

The committee reviewed the interim results and year-end financial statements, including the public announcements of the Group's financial results, and made recommendations to the Board for their approval. In the course of its review, the committee:

- took appropriate steps to ensure that the financial statements were prepared in accordance with IFRS;
- considered the appropriateness of accounting policies and disclosures made; and
- completed a detailed review of the going concern assumption, confirming that it was appropriate in the preparation of the financial statement.

The committee was not required to deal with any complaints relating to accounting practices or Internal Audit, nor to the content or audit of the financial statements, nor internal financial controls and related matters.

Internal Audit

- Reviewed and approved the existing Internal Audit charter, which ensures that the Group's Internal Audit function is independent and has the necessary resources, standing and authority within the organisation to enable it to discharge its duties.
- Satisfied itself of the credibility, independence and objectivity of the Internal Audit function.
- Ensured that Internal Audit had direct access to the committee, primarily through the committee's Chairman.
- Reviewed and approved the annual Internal Audit plan, ensuring that material risk areas were included and that the coverage of significant business processes was acceptable.
- Reviewed the quarterly Internal Audit reports, covering the effectiveness of internal control, material fraud incidents and material non-compliance with Mpact's policies and procedures. The committee is advised of all internal control developments and advised of any material losses, with none being reported during the year.
- Considered and reviewed with management and Internal Auditors, any significant findings and management responses thereto in relation to reliable financial reporting, corporate governance and effective internal control to ensure appropriate action is taken.
- The Internal Audit function provided a written assessment of the effectiveness of the company's system of internal controls and confirmed that based on their results of work undertaken, they provided reasonable assurance regarding adequacy and effectiveness of systems of internal control.

The committee has reviewed the independence of KPMG as the Group's Internal Auditor and is satisfied that KPMG is independent.

Internal financial control and compliance

- Reviewed and approved the existing treasury policy and reviewed the quarterly treasury reports prepared by management.
- Reviewed the quarterly legal and regulatory reports setting out the latest legislative and regulatory developments impacting the Group.
- Reviewed the quarterly report on taxation.
- Reviewed IT reports.
- Considered and, where appropriate, made recommendations on internal financial control.
- Monitored the outsourced Internal Audit service provided by KPMG Internal Audit, Risk and Compliance Services.

KPMG performed the Internal Audit for the year ended 31 December 2014 and provided a written assessment of the effectiveness of Mpact's system of internal controls. A combined assurance model and risk management processes are a work in progress; risk management will be assessed as the function matures. The Audit and Risk Committee considered the comments in the audit reports issued by KPMG on the audits conducted, and together with other information available from management and the year-end External Audit reports, and determined that there were no material weaknesses in internal control and risk management. On this basis, the Audit and Risk Committee has made a recommendation to the Board on the effectiveness of the system of internal controls for inclusion in the directors' responsibility statement.

Risk management

Management is continuously developing and enhancing the Group's risk and control procedures to improve the mechanisms for identifying, assessing and monitoring risks given that effective risk management is integral to the Group's objective of consistently adding value to the business. The Board approves strategies and budgets and monitors progress against the budget. It also considers the identified business risks.

Risk management is addressed in the areas of physical and operational risks, human resource risks, technology risks, business continuity and disaster recovery risks, credit and market risks and compliance risks.

The Group has implemented several policies and procedures to manage its governance, operations and information systems with regard to the:

- reliability and integrity of financial and operational information;
- effectiveness and efficiency of operations;
- safeguarding of assets; and
- compliance with laws, regulations and contracts.

Risks are periodically reviewed and updated on a regular basis. The risks are outlined in detail on pages 17 to 19 of this Integrated Report. The Risk Management Review is available on the website, www.mpact.co.za.

Integrated Report

The committee fulfils an oversight role regarding our report and the reporting process. Accordingly, it has:

- Considered the Integrated Report and has assessed the consistency with operational, financial and other information known to the Audit and Risk Committee members, and for consistency with the Annual Financial Statements. The committee is satisfied that the Integrated Report is materially accurate, complete and reliable and consistent with the Annual Financial Statements.
- The committee has, at its meeting held on 27 February 2015, recommended the Integrated Report for the year ended 31 December 2014 for approval by the Board.

Governance

The Board has assigned oversight of the risk management function to the committee, which has an oversight role with respect to financial reporting risks arising from internal financial controls, fraud and IT risks.

In line with the terms of the JSE Listings Requirements, the committee is satisfied that Brett Clark has the appropriate expertise and experience to meet the responsibilities of his appointed position as CFO as required by the JSE.

The committee is satisfied:

- that the resources within the finance function are adequate to provide the necessary support to the CFO; and
- with the expertise and experience of the Group Financial Manager.

In making these assessments, the committee has obtained feedback from the External and Internal Auditors.

Based on the processes and assurances obtained, the committee believes that the accounting practices are effective.

On behalf of the Audit and Risk Committee:



Tim Ross
Audit and Risk Committee Chairman

3 March 2015

Social and Ethics Committee Report



INTRODUCTION

The Social and Ethics Committee regularly reviews and updates the terms of reference, where necessary. The terms of reference are set out in the committee charter and ensure that the committee performs its duties in terms of the Companies Act. The committee executes its duties in accordance with these terms.

A summary of Mpact's approach to sustainability is set out on page 12 of this Integrated Report. For the detailed Sustainability Review, please visit Mpact's website, www.mpact.co.za.

COMPOSITION

The composition of the Social and Ethics Committee is set out on page 46. Biographical details of the committee members are provided on page 21.

MEETINGS

The Social and Ethics Committee held four meetings during the year. Members attended all meetings of the committee during the year, as per page 45 of this report.

POLICY REVIEW

The committee is responsible for developing and reviewing the Group's policies with regard to the commitment, governance and reporting of the Group's sustainable development performance. These policies are recommended to the Board for approval.

MATERIAL SUSTAINABILITY ISSUES

The committee is responsible for annually revising or determining, in conjunction with senior management, the Group's material sustainability issues. The material issues have been reported on and are set out in the Sustainability Review available on the company's website, www.mpact.co.za.

STATUTORY DUTIES

This committee has a broad mandate in terms of the Companies Act. It is tasked with monitoring the Group's activities in respect of sustainability issues. It considers relevant legislation and best practices in terms of social and economic development (including B-BBEE), good corporate citizenship, the environment, safety and health, labour and employment.

The committee is also responsible for the Group's stakeholder engagement and further detail is available on pages 14 and 15 of this Integrated Report.

In execution of its statutory duties, the Social and Ethics Committee endeavours to:

- execute its statutory duties in terms of the requirements of the Companies Act;
- monitor the company's activities around good corporate citizenship, including the promotion of equality, prevention of unfair discrimination, reduction of corruption, contribution to the development of the communities in which its activities are predominantly conducted or in which its products or services are predominantly marketed and record its sponsorship, donations and charitable giving;

Social and Ethics Committee Report (continued)

- create a reporting structure for the Group's businesses in respect of the committee's requirements;
- monitor the Group's compliance with the United Nations Global Compact 10 Principles on Human Rights, Environment, Labour and Anti-Corruption;
- monitor the Group's CSI; and
- monitor the Group's achievements against its EE plan.

The committee is satisfied with the Group's progress in the different areas and with the social and ethics plan for the 2015 financial year. The Mpact Foundation Trust is part of this plan. The committee is aware its function will continue to evolve as it addresses all the responsibilities within its mandate.

Economic and social sustainability of Mpact is important to the Group and a detailed Sustainability Review has been created, which reports in more detail on its employees, environmental and CSI. These issues are of significant importance to the Group in terms of its obligations to all its stakeholders. The Sustainability Review can be found on the Group's website, www.mpact.co.za.

On behalf of the Social and Ethics Committee:



Ntombi Langa-Royds

Social and Ethics Committee Chairperson

3 March 2015

Remuneration Report

REMUNERATION POLICY

Objective

The objective of the remuneration policy is to enable the business to:

- retain competent employees who enhance business performance;
- reward, recognise and confer appreciation for superior performance;
- direct employees' energies and activities towards key business goals;
- recruit high-performing, skilled individuals from a shrinking pool of talent; and
- achieve the most effective returns (employee productivity) for total employee spend.

To achieve this, Mpac rewards its executives and managers 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.

Key principles

The remuneration policy has been set with the objective of attracting, motivating and retaining experienced 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 executive directors and other senior managers 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 directors and other senior executives 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 and other senior executives should be set taking appropriate account of remuneration and employment conditions elsewhere in the Group.

PAY MIX

Pay mix is defined as the balance targeted between the major components of remuneration, namely:

- guaranteed pay based on total guaranteed cost of employment (TGCOE); and
- variable pay for performance comprising:
 - short-term incentives; and
 - long-term incentives.

The targeted pay mix aims to align the incentives of employees with the interests of shareholders.

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.

Salaries are reviewed annually, normally with effect from 1 January. Mpact undertakes annual market pricing exercises against top management reward surveys conducted by reputable consultancies. The benchmark used is the median TGCOE for similar positions in South African listed companies which are of a similar size, complexity and scope to the Group.

The committee also takes into account business performance, salary practices prevailing for other employees in the Group and, when setting individual salaries, the individual's performance and experience in their role.

Variable pay

Short-term incentives

Annual incentives are aimed at rewarding a combination of both business and individual performance:

- business performance is assessed in terms of one or more performance indicators, covering both financial and non-financial elements (such as safety); and
- individual performance is assessed from a weighted (balanced) scorecard of key performance areas or value drivers. The selection of these is informed by the performance management framework.

Long-term incentives

Mpact share plan

In order to attract, retain, motivate and reward executives and managers who are able to influence the performance of the Group on a basis which aligns their interests with those of shareholders, the company has the Mpact share plan.

The plan provides for the inclusion of a number of performance conditions, designed to align the interests of participants with those of shareholders, and to reward organisational and individual performance, more so than merely the performance of the economy or the sector in which the Group operates.

In terms of this plan, executives and selected managers as well as those of subsidiaries may be offered annually a weighted combination of:

- awards of performance shares;
- grants of bonus shares;
- allocations of share appreciation rights; and
- deferred cash bonus.

The combined, weighted implementation of the above share plan elements allows Mpact to be competitive in annual and share-based incentives and reward long-term sustainable company performance. This also acts as a retention tool, and ensures that executives share a significant level of personal risk with shareholders.

Performance share method

Annual conditional awards of performance shares may be made to executives. Performance shares will vest on the third anniversary of their award, to the extent that Mpact has met specified performance criteria over the intervening period.

The committee will dictate the performance criteria for each award. There are two performance criteria, Total Shareholder Return (TSR) and ROCE.

For the 2014 awards, the performance criteria are as follows:

• **TSR (50% of award)**

To satisfy this condition in full, Mpact's TSR over the performance period must be at least 1.2 times the average TSR, calculated excluding Mpact, of the companies included in the JSE Packaging Index (TSR_{avg}). For clarity, TSR_{avg} will be calculated as the sum of the TSR's of each individual company included in the Index divided by the number of companies, excluding Mpact.

If Mpact's TSR equals TSR_{avg} then 62.5% of this half of the award will vest. No vesting will occur if Mpact's TSR is less than 0.8 times TSR_{avg} . If Mpact ranks in between the above thresholds then the proportion vesting will be determined on the basis of a straight-line interpolation.

• **ROCE (50% of award)**

This half of the Performance Share Method will vest in full if 15% or better is achieved. If 10% is achieved, 30% of the part of the Performance Share Method will vest. No vesting will occur below this level of performance. Between the 10% (threshold) and 15% (maximum) performance levels vesting will be based on straight-line interpolation.

Any performance shares which do not vest at the end of the three-year period will lapse.

The performance share method closely aligns the interests of shareholders and executives by rewarding superior shareholder and financial performance in the future.

Bonus share method

On an annual basis, executives and selected senior managers may receive a grant of bonus shares, the value of which matches, according to a specific ratio, the annual cash incentive accruing to the executive.

The 2014 grant of bonus shares will vest after three years conditional only on continued employment.

Participants on the bonus share method do not receive dividends declared by the company, however a single cash payment is made after the three years vesting period referred to as Dividend Equivalent Bonus. The Dividend Equivalent Bonus is calculated on the dividend payment forfeited during the holding period based on the number of bonus shares granted.

The bonus share method provides for share-based retention to those executives who through their previous loyalty and/or their performance on an annual basis have demonstrated their value to the organisation.

Share appreciation right method

Annual allocations of share appreciation rights may be made to executives and selected employees. They will 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.

Notwithstanding the above time frame(s), vesting will only occur, and exercise and settlement will only be permissible, as and when the performance targets that may have been set are met. On settlement, the value accruing to participants will be the appreciation of the share price from date of allocation to date of exercise.

The Board will dictate the performance targets for each allocation.

No share appreciation rights were allocated in 2014

Mpact cash plan (deferred cash bonus)

In order to retain, motivate and reward other key personnel, such as those with scarce skills who are vital to success, the company operates the Mpact cash plan.

On an annual basis, identified employees may be granted a deferred cash bonus, the value of which matches, according to a specified ratio, the annual cash incentive accruing to the employee. The deferred cash bonus vests after three years conditional only on continued employment. Interest accrues monthly at the Johannesburg Interbank Agreed Rate (JIBAR) rate and is paid out with the cash bonus at the time of vesting.

POLICY ON EMPLOYMENT CONTRACTS

Executive directors and Prescribed Officers

Executive directors' service contracts should provide for a maximum of six months' notice by either party, except where a longer notice period is appropriate as a transitional measure, in which case the notice period would reduce automatically to six months within a reasonable period of time.

In the event of early termination of service contracts, the policy is to act fairly in all circumstances.

The service contracts for Prescribed Officers should contain pay in lieu of notice provisions which may be invoked at the discretion of the committee if the company terminates the service contract. The payment in lieu of notice would comprise the TGCOE for the notice period and an amount in respect of the bonus for that part of the financial year worked, at the discretion of the committee.

Given that existing contracts may have been entered into in prior years, current notice periods and termination clauses for executive directors and senior managers may differ.

Non-executive directors

Non-executive directors' fees are benchmarked against similar sized companies listed on the JSE. The level of complexity of the underlying business is also taken into consideration when benchmarking.

The appointment of a non-executive director may be terminated without compensation if that director is not re-elected by shareholders or otherwise in accordance with the MOI.

INCENTIVE BONUS PARAMETERS AND ACHIEVEMENT FOR THE YEAR UNDER REVIEW

For the year under review, the maximum potential incentive bonus for executive directors and prescribed officers was 117% (2013: 117%) of TGCOE as reflected in the table below.

The annual incentive bonus is paid against the achievement of financial, safety and individual performance targets.

For the year under review, financial performance had a weighting of 60% (2013: 60%), safety 10% (2013: 10%) and individual performance 30% (2013: 30%) for all executive directors and prescribed officers. The financial targets were based on EBITDA, underlying EBIT and ROCE.

For the year under review, the executive directors and prescribed officers achieved 100% (2013: 100%) for financial performance, 50% (2013: between 0% and 50%) for safety and differing levels for individual performance.

Maximum potential annual incentive bonus for the year under review

	CEO BW Strong	CFO BV Clark	Other prescribed officers
Annual cash bonus – maximum potential as % of TGCOE (A)	72%	72%	72%
Conditional bonus shares – as % of annual cash bonus earned (B)	62.5%	62.5%	62.5%
Maximum potential incentive bonus as % of TGCOE (C) where C = A + (AxB)	117%	117%	117%

EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' REMUNERATION

Prescribed officers are defined as having general executive control over and management of a significant portion of the company or regularly participate therein to a material degree, and are not directors of the company. Prescribed officers include the highest paid non-directors.

Remuneration Report (continued)

The remuneration of the executive directors and prescribed officers, all of whom are paid by Mpact, who served during the year under review was as follows:

Rands	Year	Salary	Incentive bonus ¹	Retirement funding contribution ²	Other cash benefits ³	Total remuneration
EXECUTIVE DIRECTORS						
BW Strong	2014	3,224,349	2,432,756	825,518	258,697	6,741,320
	2013	3,023,191	2,353,824	778,790	155,829	6,311,634
BDV Clark	2014	2,726,239	1,848,601	214,943	219,738	5,009,521
	2013	2,561,532	1,093,680	202,776	217,692	4,075,680
Total	2014	5,950,588	4,281,357	1,040,461	478,435	11,750,841
	2013	5,584,723	3,447,504	981,566	373,521	10,387,314
PRESCRIBED OFFICERS						
PO1	2014	2,933,486	1,821,477	263,024	385,293	5,403,280
	2013	2,525,873	1,864,836	241,692	541,552	5,173,953
PO2	2014	3,054,877	1,915,449	253,309	258,625	5,482,260
	2013	2,880,851	1,975,086	238,971	144,406	5,239,314
PO3	2014	1,524,171	1,243,385	442,251	257,673	3,467,480
	2013	1,418,712	1,278,936	417,218	210,157	3,325,023
PO4	2014	–	–	–	–	–
	2013 ⁵	715,932	10,971,081	–	435,875	12,122,888
PO6	2014	2,254,100	253,500	180,200	215,700	2,903,500
	2013 ⁴	352,773	–	28,333	35,560	416,666
Total	2014	9,766,634	5,233,811	1,138,784	1,117,291	17,256,520
	2013	7,894,141	16,089,939	926,214	1,367,550	26,277,844

Notes

1. Paid in March each year based on prior year performance.
2. Employer contribution towards a defined contribution retirement fund.
3. Other cash benefits include car allowances, employer contribution to medical aid schemes, dividend equivalent bonus and other benefits.
4. Employed at Mpact effective 1 November 2013.
5. A special bonus was paid in the prior year which was in terms of a consultancy agreement entered into with effect from 2009. The agreement terminated on 31 March 2013.

Non-executive director's remuneration

The fees paid to the non-executive directors for the years ended 31 December 2014 and 2013, were as follows:

Rands	Fees	
	2014	2013
AJ Phillips	764,260	721,000
AM Thompson	372,304	351,230
NP Dongwana	348,427	351,230
NB Langa-Royds	489,126	445,440
TDA Ross	465,106	438,780
Total	2,439,223	2,307,980

Share awards and vestings

The grant value of bonus shares awarded and vesting of 2011 shares awards to the executive directors and prescribed officers, who served during the year under review was as follows:

Rands	Year	Grant value of bonus shares awarded ¹	Value of 2011 performance shares vested		Value of 2011 share appreciation rights exercised		Value of 2011 transitional shares vested	
			Value at grant date ²	Share price gain on vesting ³	Value at grant date ²	Share price gain on vesting ⁴	Value at grant date ²	Share price gain on vesting ⁵
EXECUTIVE DIRECTORS								
BW Strong	2014	1,520,473	2,677,494	2,735,481	797,640	844,0365	–	–
	2013	1,471,140	–	–	–	–	809,803	621,393
BDV Clark	2014	1,155,376	–	–	–	–	–	–
	2013	683,550	–	–	–	–	–	–
Total	2014	2,675,849	2,677,494	2,735,481	797,640	844,036	–	–
	2013	2,154,690	–	–	–	–	809,803	621,393
PRESCRIBED OFFICERS								
PO1	2014	1,138,423	1,203,494	1,229,544	597,550	610,477	–	–
	2013	1,165,522	–	–	–	–	–	–
PO2	2014	1,197,156	883,746	902,889	438,789	448,290	–	–
	2013	1,234,429	–	–	–	–	589,142	452,071
PO3	2014	777,116	550,802	562,722	–	–	–	–
	2013	799,335	–	–	–	–	–	–
PO6	2014	158,438	–	–	–	–	–	–
	2013	–	–	–	–	–	–	–
Total	2014	3,271,133	2,638,042	2,695,155	1,036,339	1,058,767	–	–
	2013	3,199,286	–	–	–	–	589,142	452,071

Notes

- Value of grant date of conditional awards based on prior year performance vesting in three (3) years
- Value of the award made at grant date, based on the number of shares vested.
- Value of the share price gain between date of grant and date of vesting. The value of Mpact share price increased from R13.41 to R27.11 during the share award holding period.
- Share price gains on the share appreciation rights plan, where the value of the Mpact share price increased from R13.41 to R27.60 during the share award holding period. Vesting was subject to the compound annual growth rate in EBITDA over the vesting period being greater than or equal to the growth in CPI plus two percentage points over the same period.
- Transitional share awards vested in March 2013, where the value of Mpact share price increased from R13.41 to R23.70 during the share award holding period.

Share awards granted to executive directors and prescribed officers

The following tables set out the share awards granted to the executive directors and prescribed officers:

Mpact 2014

	Type of award ^{1,2,3}	Awards held at beginning of year or on appointment to the Board	Awards granted during year	Awards exercised during year	Shares lapsed	Awards held as at 31 December 2014	Award price basis (ZAR cents)	Date of award	Release date	
Executive director										
BW Strong	BSP	85,817	–	(85,817)	–	–	1,341	Sep 11	Mar 14	
	PSP	234,899	–	(199,664)	(35,235)	–	1,341	Sep 11	Mar 14	
	SARP	352,349	–	(59,481)	(57,969)	234,899	1,341	Sep 11	Mar 14	
										Mar 15
										Mar 16
	BSP	83,527	–	–	–	83,527	1,579	Apr 12	Mar 15	
	PSP	127,073	–	–	–	127,073	1,579	Apr 12	Mar 15	
	BSP	66,230	–	–	–	66,230	2,221	Apr 13	Mar 16	
	PSP	96,184	–	–	–	96,184	2,221	Apr 13	Mar 16	
	BSP	–	56,649	–	–	56,649	2,684	Jun 14	Mar 17	
	PSP	–	84,377	–	–	84,377	2,684	Jun 14	Mar 17	
	BDV Clark	PSP	37,246	–	–	–	37,246	1,579	Apr 12	Mar 15
BSP		30,773	–	–	–	30,773	2,221	Apr 13	Mar 16	
PSP		72,494	–	–	–	72,494	2,221	Apr 13	Mar 16	
BSP		–	43,047	–	–	43,047	2,684	Jun 14	Mar 17	
PSP		–	63,595	–	–	63,595	2,684	Jun 14	Mar 17	
Prescribed officers										
PO1	BSP	70,039	–	(70,039)	–	–	1,341	Sep 11	Mar 14	
	PSP	105,583	–	(89,746)	(15,837)	–	1,341	Sep 11	Mar 14	
	SARP	263,957	–	(44,560)	(43,426)	175,971	1,341	Sep 11	Mar 14	
										Mar 15
										Mar 16
	BSP	69,432	–	–	–	69,432	1,579	Apr 12	Mar 15	
	PSP	95,262	–	–	–	95,262	1,579	Apr 12	Mar 15	
	BSP	52,471	–	–	–	52,471	2,221	Apr 13	Mar 16	
	PSP	72,783	–	–	–	72,783	2,221	Apr 13	Mar 16	
	BSP	–	42,415	–	–	42,415	2,684	Jun 14	Mar 17	
	PSP	–	68,926	–	–	68,926	2,684	Jun 14	Mar 17	
	PO2	BSP	80,855	–	(80,855)	–	–	1,341	Sep 11	Mar 14
PSP		77,532	–	(65,902)	(11,630)	–	1,341	Sep 11	Mar 14	
SARP		193,829	–	(32,721)	(31,889)	129,219	1,341	Sep 11	Mar 14	
										Mar 15
										Mar 16
BSP		70,715	–	–	–	70,715	1,579	Apr 12	Mar 15	
PSP		69,893	–	–	–	69,893	1,579	Apr 12	Mar 15	
BSP		55,573	–	–	–	55,573	2,221	Apr 13	Mar 16	
PSP		52,903	–	–	–	52,903	2,221	Apr 13	Mar 16	
BSP		–	44,603	–	–	44,603	2,684	Jun 14	Mar 17	
PSP		–	58,012	–	–	58,012	2,684	Jun 14	Mar 17	
PO3		BSP	39,316	–	(39,316)	–	–	1,341	Sep 11	Mar 14
	PSP	48,322	–	(41,074)	(7,248)	–	1,341	Sep 11	Mar 14	
	SARP	120,805	–	–	(19,874)	100,931	1,341	Sep 11	Mar 14	
										Mar 15
										Mar 16
	BSP	44,487	–	–	–	44,487	1,579	Apr 12	Mar 15	
	PSP	43,555	–	–	–	43,555	1,579	Apr 12	Mar 15	
	BSP	35,986	–	–	–	35,986	2,221	Apr 13	Mar 16	
	PSP	33,122	–	–	–	33,122	2,221	Apr 13	Mar 16	
	BSP	–	28,954	–	–	28,954	2,684	Jun 14	Mar 17	
	PSP	–	36,321	–	–	36,321	2,684	Jun 14	Mar 17	
	PO6	BSP	–	5,903	–	–	5,903	2,684	Jun 14	Mar 17
PSP		–	44,430	–	–	44,430	2,684	Jun 14	Mar 17	

Notes

1. Bonus share plan (BSP)
2. Performance share plan (PSP)
3. Share appreciation right plan (SARP)

Mpact 2013

	Type of award <small>1,2,3,4</small>	Awards held at beginning of year or on appointment to the Board	Awards granted during year	Awards exercised during year	Shares lapsed	Awards held as of 31 December 2013	Award price basis (ZAR cents)	Date of award	Release date
Executive director									
BW Strong	BSP	85,817	–	–	–	85,817	1,341	Sep 11	Mar 14
	PSP	234,899	–	–	–	234,899	1,341	Sep 11	Mar 14
	TSP ⁵	76,286	–	(60,388)	(15,898)	–	1,341	Sep 11	Mar 13
	SARP	352,349	–	–	–	352,349	1,341	Sep 11	Mar 14
									Mar 15
									Mar 16
	BSP	83,527	–	–	–	83,527	1,579	Apr 12	Mar 15
	PSP	127,073	–	–	–	127,073	1,579	Apr 12	Mar 15
BDV Clark	BSP	–	66,230	–	–	66,230	2,221	Apr 13	Mar 16
	PSP	–	96,184	–	–	96,184	2,221	Apr 13	Mar 16
	PSP	37,246	–	–	–	37,246	1,579	Apr 12	Mar 15
	BSP	–	30,773	–	–	30,773	2,221	Apr 13	Mar 16
PSP	–	72,494	–	–	72,494	2,221	Apr 13	Mar 16	
Prescribed officers									
PO 1	BSP	70,039	–	–	–	70,039	1,341	Sep 11	Mar 14
	PSP	105,583	–	–	–	105,583	1,341	Sep 11	Mar 14
	SARP	263,957	–	–	–	263,957	1,341	Sep 11	Mar 14
									Mar 15
									Mar 16
	BSP	69,432	–	–	–	69,432	1,579	Apr 12	Mar 15
	PSP	95,262	–	–	–	95,262	1,579	Apr 12	Mar 15
	BSP	–	52,471	–	–	52,471	2,221	Apr 13	Mar 16
PSP	–	72,783	–	–	72,783	2,221	Apr 13	Mar 16	
PO 2	BSP	80,855	–	–	–	80,855	1,341	Sep 11	Mar 14
	PSP	77,532	–	–	–	77,532	1,341	Sep 11	Mar 14
	TSP ⁵	55,499	–	(43,933)	(11,566)	–	1,341	Sep 11	Mar 13
	SARP	193,829	–	–	–	193,829	1,341	Sep 11	Mar 14
									Mar 15
									Mar 16
	BSP	70,715	–	–	–	70,715	1,579	Apr 12	Mar 15
	PSP	69,893	–	–	–	69,893	1,579	Apr 12	Mar 15
	BSP	–	55,573	–	–	55,573	2,221	Apr 13	Mar 16
	PSP	–	52,903	–	–	52,903	2,221	Apr 13	Mar 16
PO 3	BSP	39,316	–	–	–	39,316	1,341	Sep 11	Mar 14
	PSP	48,322	–	–	–	48,322	1,341	Sep 11	Mar 14
	SARP	120,805	–	–	–	120,805	1,341	Sep 11	Mar 14
									Mar 15
									Mar 16
	BSP	44,487	–	–	–	44,487	1,579	Apr 12	Mar 15
	PSP	43,555	–	–	–	43,555	1,579	Apr 12	Mar 15
	BSP	–	35,986	–	–	35,986	2,221	Apr 13	Mar 16
PSP	–	33,122	–	–	33,122	2,221	Apr 13	Mar 16	

Notes

- Bonus share plan (BSP)
- Performance share plan (PSP)
- Transitional share plan (TSP)
- Share appreciation right plan (SARP)
- In addition to the PSP, BSP and SARP, BW Strong and PO2 have been granted a once-off transitional award of conditional performance shares in compensation for value lost under the 2010 Mondi Limited LTIP as a result of the time-based pro rating of awards. These share awards vested during the current year.

Interests of directors and prescribed officers in Mpack's share capital

The aggregate beneficial holdings as at 31 December 2014 and 2013 of the directors and prescribed officers of the company and their immediate families in the issued ordinary shares of the company are detailed below. There have been no material changes in these shareholdings between 31 December 2014 and 3 March 2015, the date of approval.

Directors and prescribed officers	Number of shares held			
	31 December 2014		31 December 2013	
	Direct	Indirect	Direct	Indirect
Executive director				
BW Strong	250,143	–	40,394	–
Non-executive director				
AM Thompson	–	–	4,208	–
Prescribed officers				
PO 1	111,122	–	14,819	–
PO 2	135,025	–	26,776	–
PO 3	52,814	–	4,387	–
Total	549,104	–	90,584	–

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