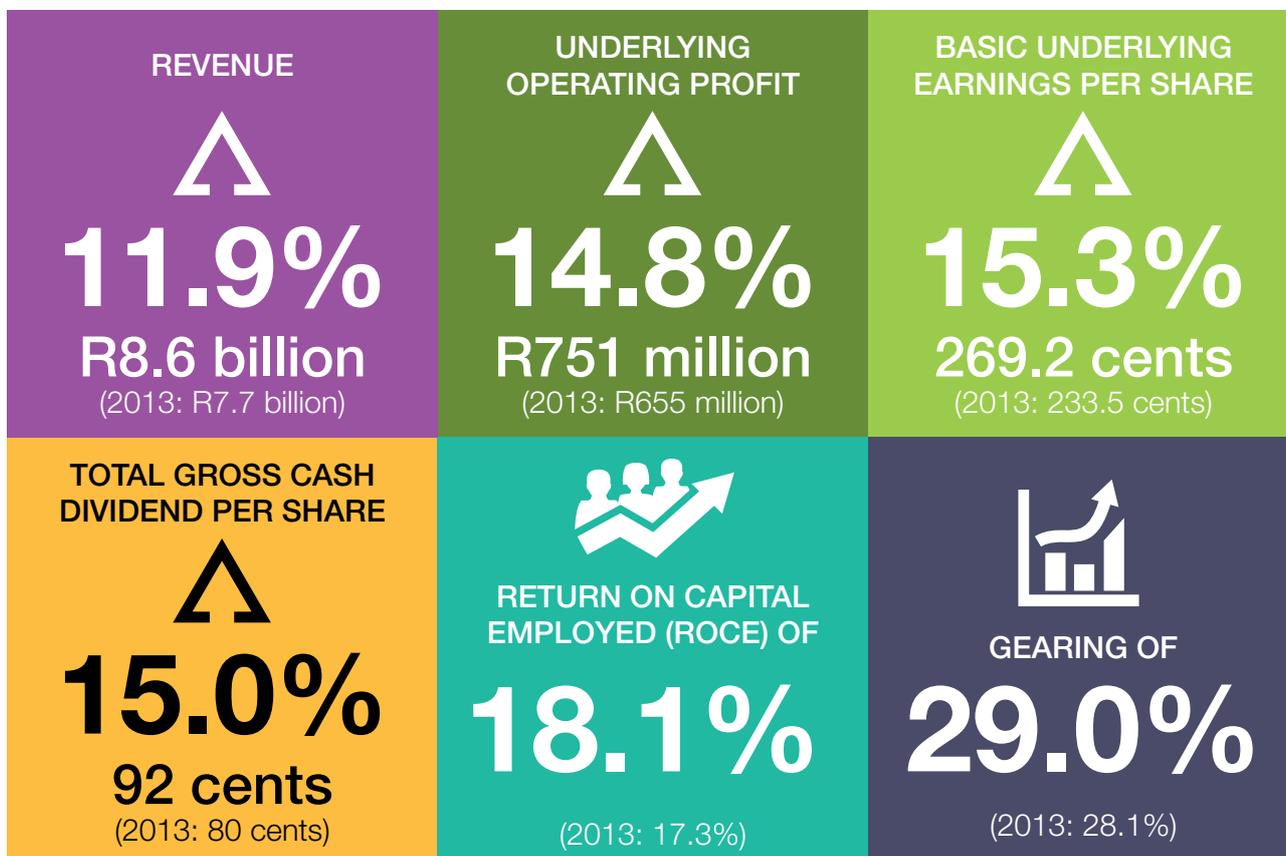


OVERVIEW OF MPACT

SECTION HIGHLIGHTS

• 2014 at a Glance	4
• Corporate Profile	5
• Vision and Values	8
• Investment Proposition	9
• Five-Year Financial Performance History	10
• Strategy and Objectives	11
• Approach to Sustainability at a Glance	12
• Stakeholder Engagement	14
• Value-Added Statement	16
• Material Issues and Opportunities	17
• Leadership	20

2014 at a Glance



OUR MAJOR CAPITAL PROJECTS

- Upgrade of the Felixton Mill, in two phases over a four-year period, for a total budgeted amount of R765 million
- New rPET plant being commissioned in the second half of 2015 for an investment amount of about R350 million, in partnership with the IDC

OUR PEOPLE

- Number of employees as at 31 December 2014 was 4,126 people (2013: 3,998 people)
- Board comprises 71% males and 29% females (2013: 71% males and 29% females)
- 38% (2013: 38%) of Exco consists of PDIs

OUR GOVERNANCE AND RISKS

- Compliance with King III
- GRI 4-Index available on the company's website

OUR RELATIONSHIPS AND SOCIAL INVESTMENT

- Procurement spent with companies with:
 - at least 50% black ownership – R1,648 million (2013: R670 million)

- at least 30% black women ownership – R195 million (2013: R139 million)
- Emerging Micro Enterprises and Qualifying Small Enterprises – R668 million (2013: R389 million)
- CSI expenditure for 2014 was allocated as follows:
 - 33.5% (2013: 35.9%) to Education
 - 22.8% (2013: 25.7%) to Sport
 - 33.7% (2013: 14.7%) to Health Care
 - 9.9% (2013: 23.7%) to Other (Cultural, Environmental, etc.)
- Social and economic development spend for 2014 was R4.6 million (2013: R5.6 million)

OUR IMPACT ON THE ENVIRONMENT

- Mpac is one of South Africa's largest collectors of recovered paper for recycling. The Group recovered 450,277 tonnes (2013: 451,000 tonnes) of waste paper in 2014
- Upgrades to plant and equipment to reduce air emissions and improve energy performance were progressed during the year
- Approved investment in new rPET plant set to use 29,000 tonnes of PET waste per annum to produce about 21,000 tonnes of recycled PET per annum, scheduled for completion in 2015
- ISO certification in place for all plants

Corporate Profile

Listed in July 2011, Mpact is one of the largest paper and plastics packaging businesses in southern Africa, and is listed on the JSE's Main Board in the Industrial – Paper and Packaging sector. The Group maintains leading market positions in southern Africa in recovered paper collection, corrugated packaging, recycled-based cartonboard and containerboard, PET preforms, styrene trays as well as plastic jumbo bins.

Mpact has 32 (2013: 32) operating sites in South Africa, Namibia, Mozambique, Botswana and Zimbabwe of which 22 (2013: 22) are manufacturing operations. The Group's entry into Botswana follows the acquisition of Pyramid Holdings (Pyramid), effective 31 December 2014. Pyramid produces paper bags and sacks.

Approximately 91% (2013: 91%) of Mpact's sales were to locally-based customers for the current financial year.

As at 31 December 2014, Mpact employed 4,126 people (2013: 3,998 employees).

Mpact's B-BBEE status remains unchanged at Level 5 B-BBEE Contributor, as determined by Symphony Investor Communications. Mpact is committed to improving its B-BBEE status to maintain a competitive rating that is in line with Government regulations and requirements. As such, the Group is in the process of implementing the Mpact Foundation Trust, the objectives of which are to pursue true empowerment of previously disadvantaged stakeholders with a focus on broad-based groupings; create a sustainable funding structure; and complement existing B-BBEE initiatives whilst

preserving existing value for current shareholders and materially improving Mpact's B-BBEE ownership credentials.

The Trust beneficiaries will include Mpact employees and their families; emerging entrepreneurs, suppliers and customers directly or indirectly involved in the packaging and/or recycling sectors; primary, secondary and tertiary education initiatives; other individuals, groups of people or entities that operate within the communities in which the Mpact Operations Group operates or are identified by the trustees from time to time.

Mpact expects to conclude this transaction by the end of June 2015.

During the year Mpact Polymers (Pty) Ltd (Mpact Polymers), a new company, was registered. It is 79% owned by Mpact and 21% owned by the IDC. Mpact Polymers will operate and own a new PET recycling plant. It will form part of the Plastics business, but will use the Mpact Recycling infrastructure and network for the collection of used PET.

The Group has Centres of Excellence for human resources, and safety and health and environmental functions, and enjoys the benefits of shared services for finance, human resources administration and information communication and technology (ICT).

R&D activity covers innovation centres for structural and graphic design, value-added services and a plastics design studio where new designs are created and prototype forms for the development of new plastic containers are made. The Stellenbosch-based R&D centre provides production and technical support for sales teams and collaborates with customers on paper product developments.

The decentralised customer-focused operating structure focuses on providing innovative solutions to customers. This structure includes operations managers who are responsible for customer relationship management as well as financial performance.

The Group maintains close customer relationships, adapting quickly to customer needs, and developing products tailored to specific requirements. Mpact's national footprint, and therefore proximity to its customers, contributes to faster response times and reduced transport costs.



PAPER BUSINESS

Mpact is one of the largest paper recyclers in South Africa. Recovered paper sources include pre- and post-consumer material sourced through a multitude of paper pickup programmes.

The paper manufacturing operations produce high-performance, recycled-based packaging and industrial paper grades such as cartonboard and containerboard.

The corrugated and converted paper products business manufactures and sells a comprehensive range of premium quality printed and unprinted converted corrugated products, including board, which Mpact uses to manufacture corrugated packaging, corrugated boxes, die-cut cases, folded glued cases, trays and point-of-sale displays.

Mpact has a 51% interest in Detpak South Africa, a niche manufacturer of paper and board packaging for the QSR sector, purchased 51% of Pyramid in December 2014.



PLASTICS BUSINESS

The Plastics business manufactures a range of world-class plastic packaging products for the food, beverage, personal care, homecare, pharmaceutical, agricultural and retail markets, primarily in South Africa.

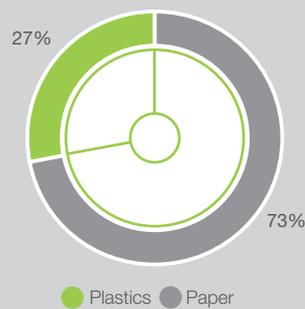
Manufactured products include:

- PET pre-forms, bottles and jars;
- closures for carbonated soft drinks and water;
- plastic jumbo bins, environmental wheelie bins and plastic pallets and crates;
- plastic FMCG containers such as bottles, jars and closures, with in-mould labelling; and
- styrene and PET trays, fast food containers and clear plastic films.

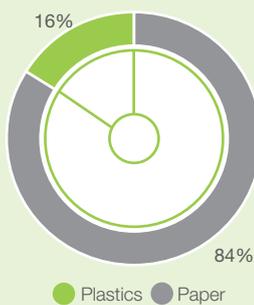
Mpact stated in its Integrated Report for 2013 that it was investigating the recycling of plastic products and to have a solution by 2015. Since then the Group has established Mpact Polymers and will be commissioning a plastics recycling plant focusing on PET in the second half of the 2015 financial year.

While Mpact Polymers will form part of the Plastics business, the existing recycling facilities and operations will be leveraged to collect used PET products.

Revenue – 31 December 2014



Underlying operating profit – 31 December 2014



Mpact geographic footprint

KEY

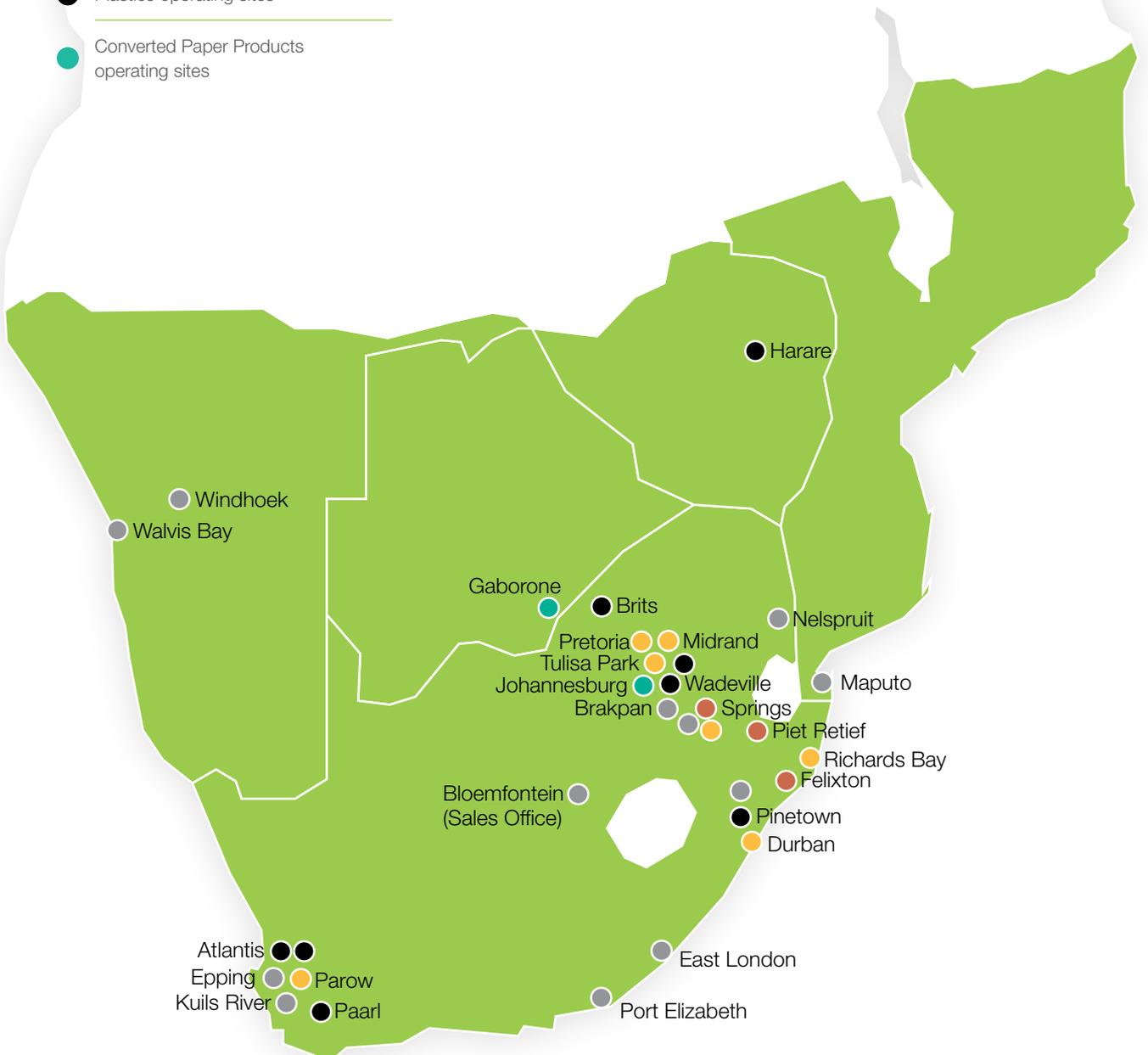
- Recycling

- Corrugated operating sites

- Manufacturing Paper Mill

- Plastics operating sites

- Converted Paper Products operating sites



Vision and Values

VISION

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

VALUES

Mpact is differentiated by its people who are resolute, trustworthy and responsible.

For the Group's values in full, please visit www.mpact.co.za

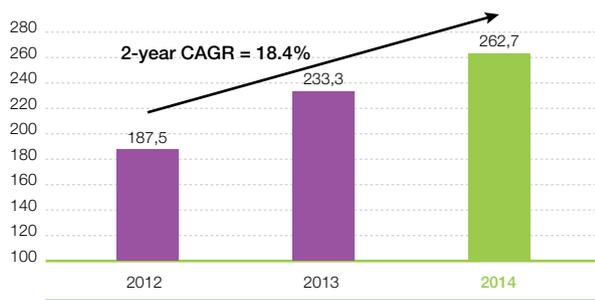
AS ONE OF SOUTHERN AFRICA'S LEADING PAPER AND PACKAGING PRODUCERS, MPACT IS COMMITTED TO:

- meeting and exceeding customer's requirements for product and service quality, innovation as well as cost competitiveness;
- providing a safe and secure working environment in which employees can fulfil their ambitions and aspire to continually improve their circumstances;
- acting as a responsible employer and citizen in the communities where we operate, and managing natural resources with care, sensitivity and expertise; and
- achieving sustainable, profitable growth through a focus on business excellence and strategic expansion in chosen markets.

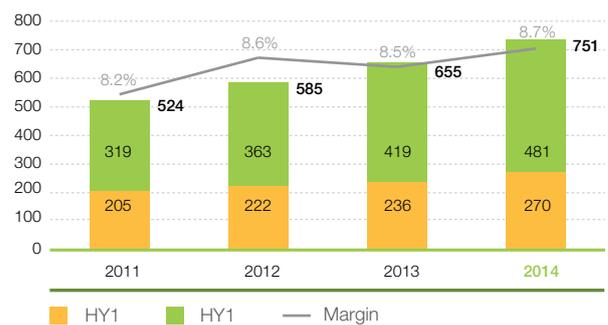
Investment Proposition

<p>Leading paper and plastics packaging manufacturer in southern Africa an integrated paper packaging value chain</p>	<p>Strong financial position to exploit growth opportunities</p>
<p>Proven track record of profitable growth with an experienced management team</p>	<p>Customer-focused operating structure, with the ability to identify and implement organic growth projects and acquisitions</p>

HEPS 2-year CAGR cents



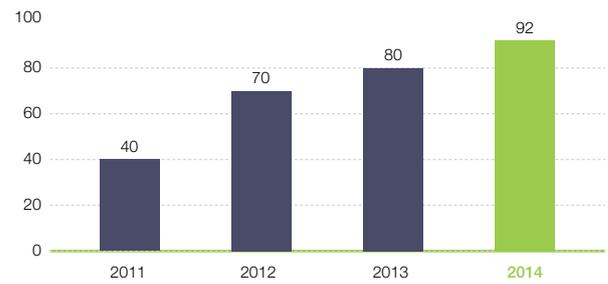
Underlying Operating Profit (R'million)



ROCE



Dividend Cents per Share



Five-Year Financial Performance History

31 December		2014	2013	2012	2011	2010
Profit performance						
Revenue	R'm	8,617	7,698	6,821	6,281	6,259
Underlying operating profit	R'm	751	655	585	517	485
Underlying profit before tax	R'm	646	550	466	263	102
Underlying earnings	R'm	440	382	313	169	40
Financial position						
Total assets	R'm	7,063	6,207	5,837	5,605	5,257
Total equity	R'm	3,206	2,884	2,642	2,412	181
Total liabilities	R'm	3,857	3,323	3,194	3,193	5,076
Total operating assets	R'm	6,299	5,571	5,224	5,005	4,773
Cash flow information						
Net cash from operations before working capital	R'm	1,146	1,028	914	765	812
Working capital movements	R'm	(157)	(221)	(48)	48	(133)
Capital expenditure	R'm	701	387	363	337	269
Ratio and statistics						
Underlying operating profit margin	%	8.7	8.5	8.6	8.2	7.8
Basic EPS	cents	259.1	232.5	188.5	54.9	– ¹
Underlying EPS	cents	269.2	233.5	191.1	102.9	– ¹
Basic HEPS	cents	262.7	233.3	187.5	54.3	– ¹
Total dividend per share	cents	92.0	80.0	70.0	40.0	– ¹
Net asset value per share	cents	1,953.7	1,762.9	1,615.4	1,470.3	– ¹
ROCE	%	18.1	17.3	16.0	13.8	13.1
Current ratio	times	1.3	1.6	1.5	1.3	1.6
Interest cover (underlying EBIT)	times	6.2	5.7	4.6	1.6	1.2
Gearing	%	29.0	28.1	28.6	35.3	95.7
Stock Exchange statistics²						
Market value per share						–
– At year-end	cents	3,675	2,690	1,989	1,499	–
– Highest (year to 31 December)	cents	3,999	2,819	2,010	1,542	–
– Lowest (year to 31 December)	cents	2,352	1,800	1,400	1,216	–
Closing PE ratio	times	14.0	11.5	10.6	27.6	–
Market capitalisation – close	R'm	6,031	4,400	3,254	2,459	–
Volume traded (year to 31 December)	'000	63,736	96,225	107,254	102,462	–
Weighted number of shares	'000	163,269	163,510	163,825	164,046	–
Issued shares at 31 December	'000	164,101	163,576	163,576	164,046	–

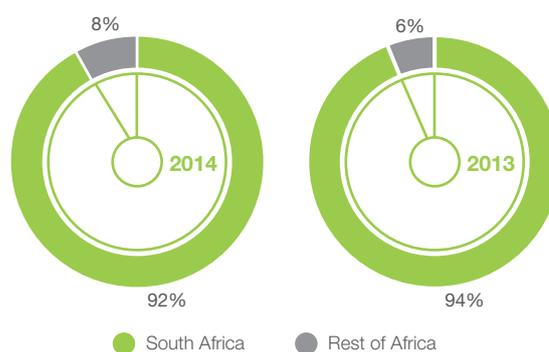
Note 1: Not calculated, Mpack listed on the JSE on 11 July 2011.

Note 2: The Stock Exchange statistics for the year ended 31 December 2011 contains the JSE information from 11 July 2011 the date of Mpack's listing on the JSE.

Revenue per geography



Employees per geography



Strategy and Objectives

Below are the Group's strategy and objectives laid out according to the three strategic pillars:



<p>Scale</p> <ul style="list-style-type: none"> Maintain leading market positions in chosen geographies with scale to enable competitiveness at a decentralised level May consider entry below leading market position but always considering sectors where there is potential to lead in future 	<p>Decentralised structure</p> <ul style="list-style-type: none"> Customer-centric Responsive Accountable Flexible Leverage parenting advantage wherever possible Effectively execute differing strategies or even hybrids across business units 	<p>Financial returns</p> <ul style="list-style-type: none"> ROCE and profitable growth Disciplined capital allocation and spending Reinvestment and capital allocation based on track record Stringent and continuous cost management Long-term view of investments Effective risk management and governance
<p>Capability</p> <ul style="list-style-type: none"> Invest in sectors where Mpact has sustainable competitive advantages or at least has the prospect of developing them 	<p>Innovation and capability</p> <ul style="list-style-type: none"> Applied to products and processes – internal and external Use of own R&D capabilities where feasible Investing to meet new and emerging demands of customers with good returns 	<p>Skilled and motivated people</p> <ul style="list-style-type: none"> Invest behind management with track record Reward performance and results and appreciate effort Commit resources to proactive training and development of staff
<p>Products and geographies</p> <ul style="list-style-type: none"> Rigid plastics and paper-based packaging in sub-Saharan Africa 	<p>Intimate understanding of the value chain</p> <ul style="list-style-type: none"> Engage customers and other stakeholders to improve supply chain efficiency and anticipate changing requirements Product specification bodies, marketing and branding people, key distribution networks Make partnerships work 	<p>Smart simplicity</p> <ul style="list-style-type: none"> Simplify through intimate understanding of Mpact's industry/business Understand underlying requirements and address key elements to avoid superfluous volume and structures Maintain lean corporate and divisional structures

Specific strategic goals have been developed for the Plastics and Paper businesses and these are set out in detail in the respective Operational Reviews.

Approach to Sustainability at a Glance

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 <IR> 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).

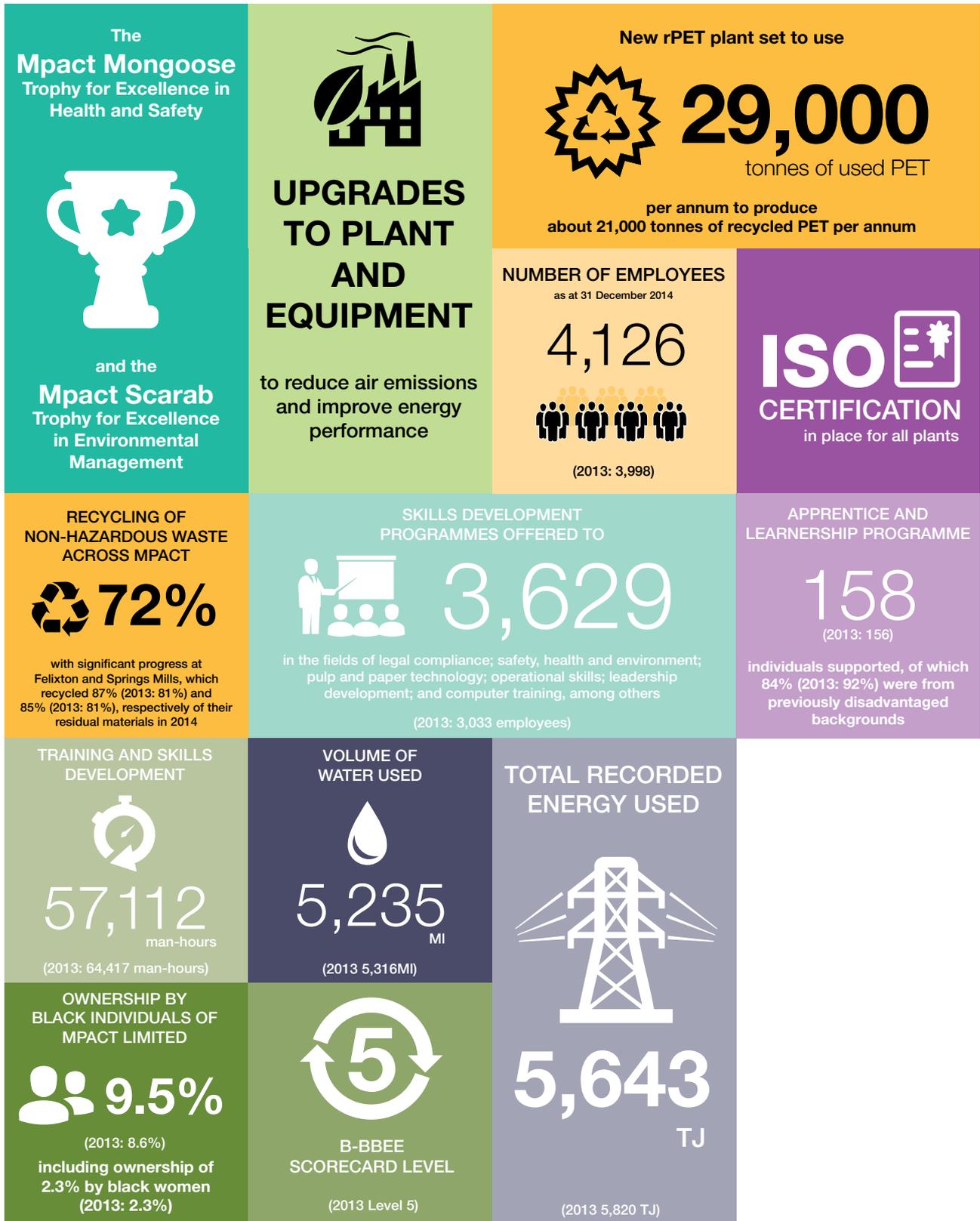
The Group's endeavours to uphold the principles of sustainability, corporate governance and social responsibility have been recognised by the inclusion of Mpact on the JSE SRI Index since November 2013. Mpact has also made efforts to improve sustainability reporting this year in line with recommendations 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*.

Mpact remains committed to sustainable development in each of its businesses by adopting leading industry health and safety standards; obtaining responsibly-sourced raw materials collected; and ensuring the business constantly seeks to reduce its environmental impact. Specific strategic goals have been developed for the Plastics and Paper businesses and these are set out in the respective Operational Reviews.

For the comprehensive Sustainability Review please refer to www.mpact.co.za



How Mpack contributes to the environment, the economy and the society as a whole



Stakeholder Engagement

INTRODUCTION

Mpact supports the ethos of transparent and open communication with its stakeholders as encouraged by King III and the Companies Act and views this as critical to its long-term success.

Mpact's list of primary stakeholders is developed through a comprehensive process and is reviewed annually by the Social and Ethics Committee to ensure it reflects the key groupings that Mpact interacts with. The Group's Stakeholder Engagement Policy is also reviewed annually.

The main stakeholders identified by Mpact are:

- Employees
- Customers
- Shareholders and the investment community
- Financial institutions and banks
- Suppliers
- Government institutions and regulatory authorities
- Community organisations
- Trade unions
- Industry associations

During the year, a comprehensive report is tabled at Social and Ethics Committee meetings providing an update on stakeholder activities. This report outlines various communications relating to investor relations, media relations, employees, advertising and branding and other stakeholders e.g. customers, communities and trade unions.

 <p>EMPLOYEES</p> <p>Type of engagement</p> <ul style="list-style-type: none"> • Newsletters and notices • Intranet • Staff conferences 	<ul style="list-style-type: none"> • Website • Results presentations • Mpact Tip-Offs* • Engagement with relevant trade unions • Imbizos • Meetings • Appraisals • Mpact Awards <p>Reasons for engaging</p> <ul style="list-style-type: none"> • Skills development • Safe working practices • Transformation • Succession • Business developments and performance • General updates • The reporting of fraud and other related issues • Remuneration and performance appraisals • Recognition of work done 	 <p>INDUSTRY ASSOCIATIONS</p> <p>Type of engagement</p> <ul style="list-style-type: none"> • Committee meetings of various industry associations <p>Reasons for engaging</p> <ul style="list-style-type: none"> • To promote industry-wide issues on a regional and national basis
 <p>CUSTOMERS</p> <p>Type of engagement</p> <ul style="list-style-type: none"> • Customer calls • Marketing materials • Website • Integrated Report • One-on-one meetings • Trade shows • Access to the R&D/Innovation Centres • Customer satisfaction surveys <p>Reasons for engaging</p> <ul style="list-style-type: none"> • Price negotiations • Quality and service reviews • Product development • Market trends • General updates 	 <p>SHAREHOLDERS AND THE INVESTMENT COMMUNITY</p> <p>Type of engagement</p> <ul style="list-style-type: none"> • Annual and interim results • Annual General Meeting 	<ul style="list-style-type: none"> • Media releases (including SENS) • Website • Integrated Report • Road shows • One-on-one meetings • Site visits <p>Reasons for engaging</p> <ul style="list-style-type: none"> • Communication of Group and segmental financial performance, growth prospects and other pertinent information

* Mpact Tip-offs is a confidential reporting line available to employees. It is managed by Deloitte & Touche and is therefore independent of the company. For more information, please see the 2014 Sustainability Review available on the company's website, www.mpact.co.za.



GOVERNMENT INSTITUTIONS AND REGULATORY AUTHORITIES

Type of engagement

- Meetings
- Site inspections
- Direct responses to information requests
- Integrated tax audits (SARS)
- Operating licence applications

Reasons for engaging

- Water licence applications
- Environmental matters such as air emissions, waste management, electricity usage, etc.
- Additional tax information and reconciliation requests
- Ensure understanding of industry issues
- Funding and tax incentives



COMMUNITY ORGANISATIONS

Type of engagement

- Public forums
- Meetings with specific community groups and associations
- CSI initiatives

Reasons for engaging

- Local community developmental projects
- Education and training
- Other matters of concern to communities
- Support from the communities



SUPPLIERS

Type of engagement

- Supplier review meetings
- Supplier audits
- Conferences
- Site visits
- Award functions
- Trade shows

Reasons for engaging

- Pricing, product quality, service and product specifications
- Product development
- Stockholding and security of supply
- Safe working practices
- General updates



TRADE UNIONS

Type of engagement

- Bargaining Council meetings
- Other regular meetings as agreed in recognition and operational agreements
- Consultations when required

Reasons for engaging

- Transformation
- Wage negotiations
- Health and safety practices
- Skills development



FINANCIAL INSTITUTIONS AND BANKS

Type of engagement

- Meetings and conferences on economic outlook and forecasts
- Annual and interim results
- Integrated Report

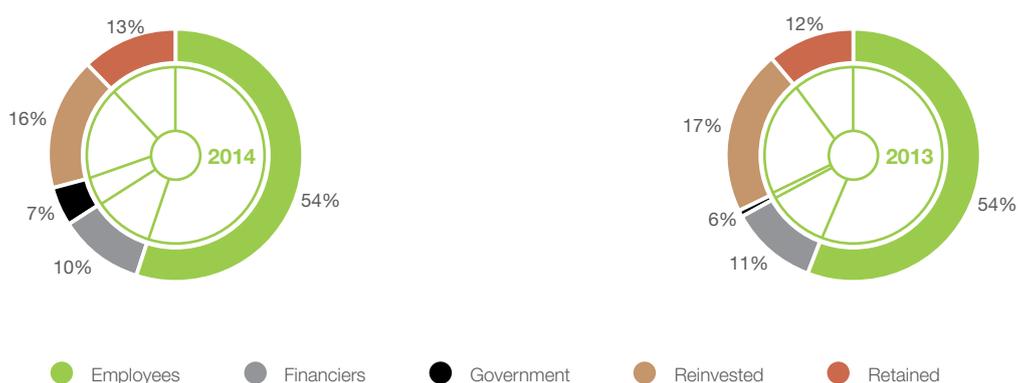
Reasons for engaging

- Economic forecasts and funding of improvements
- To increase confidence and trust between Mpack and its key financial institutions
- To reduce the cost of funding and extend debt maturity profile
- Refinancing of borrowing facilities

Value-Added Statement

	2014 R'm	2013 R'm
Value created		
Value created by operating activities	2,485.9	2,246.9
Revenue	8,617.2	7,697.8
Expenses	(6,131.3)	(5,450.9)
Finance income	9.7	6.9
Share of associate profit	15.6	9.8
	2,511.2	2,263.6
Value distributed	(1,778.5)	(1,600.3)
Employee salaries, wages and other benefits	(1,351.6)	(1,236.7)
Payments to providers of finance		
Finance costs	(130.7)	(121.1)
Dividends	(119.1)	(117.7)
Payments to Government		
Taxes	(177.1)	(124.8)
Value reinvested	(405.6)	(383.4)
Depreciation, amortisation and impairment	(405.8)	(357.8)
Deferred tax	0.2	(25.6)
Value retained		
Retained profits	(327.1)	(279.9)
	(2,511.2)	(2,263.6)

Value-Added Statement



Material Issues and Opportunities

MATERIAL ISSUES

In line with the Group’s approach to improving upon and managing a sustainable business, Mpact appointed a Risk and Sustainability Manager, Neil Hunt. He has overall responsibility for overseeing the risk management process. The risk assessment process follows a “bottom-up” approach, with the input by each operation assessed by the Risk Management Committee, and then in turn by the Audit and Risk Committee.

In this way, the most critical underlying material risks that the Group faces are identified, and the mitigating actions to reduce these risks are assessed.

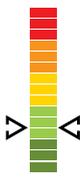
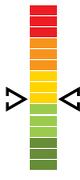
The full Risk Management Review for the year ended 31 December 2014 is set out in detail on the company’s website, www.mpact.co.za.

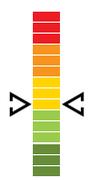
At the Audit and Risk Committee meeting held on 11 November 2014, the committee approved the table below, which is an extract of the major risks as defined in the Group’s risk register.

Underlying risks and their potential impacts	Mitigation actions taken to limit impacts	Status
Prolonged shortages of key raw materials, such as containerboard, polymers and fibre, could lead to loss of production, alteration of product offerings, or higher costs.	<ul style="list-style-type: none"> Long-term supply agreements; multiple suppliers; utilisation of alternative raw materials and collection of recyclables from a variety of sources are all strategies used where possible by Mpact. 	
Unreliable supply and higher cost of energy and water could lead to loss of production and increased costs.	<ul style="list-style-type: none"> Energy efficiency projects and demand planning strategies have been implemented where feasible across the Group. Reduction in water consumption is a key performance indicator and investment driver, particularly in the paper mills. 	
Major failure/breakdown of critical equipment could cause prolonged loss of production and increased costs.	<ul style="list-style-type: none"> Operations have formal planned maintenance programmes, which include regular equipment inspections, condition monitoring, statutory inspections and proactive maintenance programmes. Capital is allocated annually to proactively replace or upgrade plant and equipment. The Group also has machinery breakdown insurance cover on critical items of plant. 	

Risk barometer	
UNSATISFACTORY	GOOD
WEAK	VERY GOOD
SATISFACTORY	

Material Issues and Opportunities (continued)

Underlying risks and their potential impacts	Mitigation actions taken to limit impacts	Status
<p>Labour-related matters such as strikes, unrest, loss of key skills and cost increases above inflation, could lead to loss of productivity and the ability to produce quality products competitively.</p>	<ul style="list-style-type: none"> The business upholds fair labour practices which go beyond minimum requirements. All businesses participate in industry collective bargaining forums, and have regular interactions with employees through formal channels such as transformation committees to resolve labour-related matters. Apprentices, production trainees and engineering graduates are regularly recruited and trained in the business to provide a sustainable supply of skilled personnel. Bursaries and other study opportunities are also offered to employees and school leavers. The Group has allowances and other incentives in place to retain scarce skills and has an established succession planning process. Adherence to health and safety standards are supported by several programmes applied across the Group. 	
<p>Mpact operates in an uncertain and competitive trading environment in which dependence on major customers, excess capacity, competitively priced imports and subdued growth across the sector could result in reduced sales volumes or selling prices and lead to a loss of profits.</p>	<ul style="list-style-type: none"> Annual supply agreements are sought with volume incentives and competitive pricing. Mpact places an emphasis on product quality with manufacturing sites being certificated to the ISO 9001 standard. The Group continuously develops alternative domestic and export markets to maintain economies of scale. Continued development of a diversified product offering of both paper and plastic packaging to various market sectors. Investment in R&D and other innovation through the design centres and the Stellenbosch University research facility. Benchmarking of product performance, cost and quality across sectors. 	
<p>More stringent and changing legislation has the potential to increase costs of compliance and risk of fines and penalties. Legislation includes, but is not limited to, environmental, tax, competition, labour, occupational health and safety, employment equity, black economic empowerment, land claims and industry-specific requirements.</p>	<ul style="list-style-type: none"> Full-time legal and tax specialists are employed within the Group and relevant experts are engaged where required. A comprehensive programme has been implemented throughout the business to ensure vigilance and adherence to laws and company standards relating to health and safety. The Group has compiled a regulatory universe to prioritise and monitor legal compliance. This includes a management booklet on relevant laws and safety, health and environmental legal registers. Training of employees is also provided where required. Internal and external audits are conducted periodically, as well as statutory inspections by competent authorities where applicable. The Group engages with the authorities through the relevant industry bodies and other forums to provide meaningful inputs into development of relevant legislation. All the larger manufacturing sites are certificated to the ISO 14001 Environmental Management Standard which requires environmental legal compliance as a minimum standard. 	

Underlying risks and their potential impacts	Mitigation actions taken to limit impacts	Status
<p>Catastrophic systems failure, fires, floods and breaches of ICT security could lead to prolonged production and distribution interruptions, as well as increased costs of working and capital replacement costs.</p>	<ul style="list-style-type: none"> The Mpact Risk Control Standards include fire risk management standards that are applied at all operations to prevent fires and ensure quick reaction in the event of fire. Operations are audited against these standards. Business Continuity Plans have been developed at various levels in the business to ensure business disruption is minimised in the event of a catastrophe. The Group has a comprehensive insurance programme which covers catastrophic loss. The ICT system is designed with redundancy to mitigate the risk of complete system failure; system back-ups are made on a scheduled basis and a disaster recovery plan forms part of ICT's business continuity planning. Continuous improvement in own manufacturing facilities to optimise costs and improve product performance. 	

Responding to the potential Carbon Tax implementation

Government is contemplating implementation of a Carbon Tax as part of its mix of measures to drive carbon emission reductions in line with its international commitments. The details of how the Carbon Tax will work are still uncertain as Government is working to develop carbon budgets for industries that meet its "Peak", "Plateau" and "Decline" projections and the Desired Emission Reduction Outcomes are being developed for each sector of the economy. The process is complex and time consuming but it is still anticipated that the first five-year Carbon Tax strategy may only come into effect in 2016.

Mpact has responded to this by actively engaging with Government through industry associations to understand and give input to the process. Mpact is also taking a close look at its energy and carbon footprint and working to reduce these. Significant progress has been made already through various interventions and investments. Mpact is also looking in the longer term at cogeneration and green energy options to further reduce its carbon emissions. Mpact launched the Energy Centre of Excellence in 2014 that draws energy experts from across the business, as well as external energy specialists together to drive energy reductions and green energy generation options.

OPPORTUNITIES

The Group continuously identifies and pursues growth and expansion opportunities in order to unlock and create value for its stakeholders.

Various opportunities were identified during the year. The Group acquired a 51% interest Pyramid, a paper bag and sack manufacturer located in Gaborone, Botswana during the year. Although the acquisition is relatively small, it will enhance and diversify the Group's product offering as well as broaden its geographical footprint in Africa.

Mpact also remains open to investment opportunities in South Africa and further afield in Africa, provided they meet with the Group's risk assessment processes.

The R765 million-upgrade of Mpact's Felixton Mill, situated near Empangeni in KwaZulu-Natal, to enhance its product offering and cost competitiveness in line with global trends and to increase capacity, is well underway. Improvements in energy efficiency and the mill's environmental footprint will also be realised. The first phase, is expected to be completed on time and within budget during the first half of 2015, with the last phase to be completed in 2017.

Mpact established Mpact Polymers during the year, and with the IDC as 21% shareholder in this business, will be commissioning a PET recycling plant in the second half of the 2015 financial year. As Mpact is one of the leading waste paper collectors in South Africa, the same facilities and operations will be leveraged to collect waste PET products. Mpact will require 29,000 tonnes of waste PET to produce 21,000 tonnes of rPET annually, which will contribute to job creation in the recycling industry, reduce raw material costs to some degree and improve Mpact's, its customers' and the community's waste PET impact on the environment.

Mpact's Stellenbosch-based R&D centre ensures that innovative product opportunities are continuously being explored and tested for corrugated board and cartonboard packaging, which is manufactured with a particular emphasis on consumer safety.

Regular refurbishment of machinery and ongoing investment in the paper mills and manufacturing plants is undertaken in order to improve efficiencies, enhance global cost competitiveness, expand output capacity as well as comply with environmental legislation.

Despite the many challenges being faced in the South African economy as well as market place, Mpact has a strong market position and with the motivated Mpact team believes that there are many good opportunities to continue to grow the business and unlock stakeholder value.

Leadership

Mpact has an experienced and representative Board that is committed to transformation and a well-balanced management team with many years of industry experience and the necessary strategic skills.



INDEPENDENT NON-EXECUTIVE DIRECTORS

1 Anthony John Phillips (Tony) (68)
CHAIRMAN*BSc (Eng) (University of KwaZulu-Natal)*

Tony joined Mpact as an Independent Non-executive Director in April 2011. He is the Chairman of the Board, Chairman of the Nomination Committee and a member of the Remuneration Committee. Tony was appointed Managing Director of Barlows Equipment Co in 1988, and Managing Director of Finanzauto SA, Spain in 1992. He was appointed a Director of Barloworld Limited in 1996 and was CEO from 1998 until 2006. From 2005 until 2007 Tony was the Chairman of PPC Limited. Tony is currently a Director of Austro Group Limited, Wasteman Holdings (Pty) Ltd (Chairman), Newman Lowther and Associates (Chairman), Eqstra Holdings Limited, Auxilium Africa Consulting and Investments (Pty) Ltd, 3 – Cities Mozambique, S.A. (Chairman) and Kansai Plascon Africa (Pty) Ltd (Vice Chairman).

2 Neo Phakama Dongwana (42)*BCom, Post-graduate Diploma in Accounting, BCom (Hons) (University of Cape Town), CA(SA)*

Neo joined Mpact as an Independent Non-executive Director in April 2011. She is a member of the Audit and Risk Committee, and of the Social and Ethics Committee. Neo was the first black female to be placed in the Top 10 of the Part II Qualifying Examination for Chartered Accountants in 1998. She was a Partner at Deloitte & Touche for nine years and before that spent time as an equities analyst at Gensec Asset Management. She is a Director of AVI Limited, Barloworld Limited, Mutual and Federal, South African Breweries (Pty) Ltd and SABSA Holdings (Pty) Ltd. She is a member of the Education Committee of the Independent Regulatory Board of Auditors (IRBA) and also serves as a member of the Financial Services Board's (FSB) Appeal Board.

3 Nomalizo Beryl Langa-Royds (Ntombi) (53)*BA (Law), LLB (National University of Lesotho)*

Ntombi joined Mpact as an Independent Non-executive Director in April 2011. She is the Chair of the Social and Ethics Committee and the Chair of the Remuneration Committee. She is also the Trustee of Mpact Share Incentive Scheme. She has more than 26 years of experience in human resources. Ntombi is a Director of African Bank Investments Limited and Murray and Roberts Holdings Limited.

4 Timothy Dacre Aird Ross (Tim) (70)*CTA (University of KwaZulu-Natal), CA(SA)*

Tim joined Mpact as an Independent Non-executive Director in April 2011. He is the Chairman of the Audit and Risk Committee and a member of the Remuneration and Nomination Committees. Tim is also a Trustee of the Mpact Share Incentive Scheme. He previously (for 37 years) was a Partner at Deloitte & Touche, and was the Head of Johannesburg Audit, Head of Client Services and a member of the Deloitte & Touche Executive Committee and Board. He is a Non-executive Director of Liberty Holdings Limited, Liberty Group Limited, Eqstra Holdings Limited, Adcorp Holdings Limited, CIDA Empowerment (Pty) Ltd and PPC Limited.

5 Andrew Murray Thompson (57)*BSc (Eng) (University of the Witwatersrand), MBA (Finance) (University of Pennsylvania, Wharton)*

Andrew joined Mpact as Non-executive Director in October 2004. He is a member of the Audit and Risk Committee and of the Social and Ethics Committee. He was, until recently, a Non-executive Director of Adcock Ingram Holdings Limited and previously served as the CEO of Mondi Limited. He was also an Executive Director of Anglo American South Africa Limited.

EXECUTIVE DIRECTORS

6 Bruce William Strong (46)
CEO*BSc (Eng) (Summa cum laude) (University of KwaZulu-Natal), BCom (Hons) (University of South Africa)*

Bruce joined Mpact as CEO in March 2009. Prior to this, he was the General Manager of the Paper Manufacturing division of Mpact. He has more than 20 years of experience in the paper and packaging industry, both locally and in Europe.

7 Brett David Vaughan Clark (50)
CFO*BCom, Post-graduate Diploma in Accounting (University of Port Elizabeth), CA(SA), CIMA*

Brett joined Mpact as the CFO in June 2012. He is a Qualified Chartered Accountant and was previously a Principal at Absa Capital Private Equity, an Executive Director of Brait Private Equity and CFO of Clover Industries Limited and Unihod Limited, respectively. Brett has also worked for Nampak Limited in various positions in South Africa and the United Kingdom.



MANAGEMENT

1 John William Hunt (51)

BSc (Eng), MSc (Eng) (University of KwaZulu-Natal)

John has held the position of Managing Director of the Recycling division since May 2011. His previous role was as the Business Manager for Technology Optimisation in the Group. He has served as the Executive Director of the Paper Manufacturers Association of South Africa and has more than 21 years' experience in the paper industry.

2 Mohlomi Motobi (48)

BSc (Chemistry) (National University of Lesotho), BSc (Chem. Eng.) (University of Pretoria), MBA (University of Wales)

Mohlomi is the General Manager: Business Development of Mpact. He joined the Group in February 2012 from Tetra Pak where he worked for 11 years as the Projects and Engineering Manager for sub-Saharan Africa. Mohlomi's main focus is developing business opportunities for Mpact beyond the regions in which the Group currently operates.

3 Hugh Michael Thompson (49)

BCom, CTA (University of South Africa), CA(SA)

Hugh has been the Managing Director of the Paper Manufacturing division since October 2009. He fulfilled the role of CFO of Mpact until March 2007 and then the role of Managing Director of the Plastics division until September 2009. He has more than 10 years' experience in the packaging sector. He was previously Senior Vice President (Corporate Finance) for Anglo American South Africa Limited.

4 Ralph Peter von Veh (63)

Ralph is the Managing Director of the Corrugated and Paper Converting division. He has been in this position since 1999, prior to which he was the Regional Director of Kohler Corrugated. He has more than 35 years' experience in the paper and packaging industry. Ralph was elected as President of the Packaging Council of South Africa effective 29 November 2012.

5 Neelin Naidoo (51)

MBA (Herriot Watt University, United Kingdom), FCIS, FCMA

Neelin is the Managing Director of the Plastics division, having joined the Group on 1 November 2013. Neelin was the CEO of MCG Industries and has over 30 years' experience in the packaging industry. He is a Director of POLYCO and past-President of the Packaging Council of South Africa.

COMPANY SECRETARY

6 Noriah Sepuru (43)

FCIBM, ACIS

Noriah was appointed Group Company Secretary at Mpact on 1 December 2011. Prior to this, Noriah was Company Secretary at Jasco Electronics Holdings Limited and spent four years at Barloworld Limited in various company secretarial positions. Noriah is a member of Institute of Directors South Africa, an Associate Member of the Chartered Institute of Secretaries and a Fellow Member of the Chartered Institute of Business Management.