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KEY METRICS



Revenue of
R11.1bn*
(2019: R11.1 billion)*



Underlying operating profit of
R631m*
(2019: R724 million)*



Return on capital employed (ROCE) of
11.4%*
(2019: 11.8%)*



Share buy back returned
R345m
to shareholders
(by end of Jan 2021)



Mpsact Operations B-BBEE
Level 1
(2019: Level 1)



Scope 1 and 2 greenhouse gas emissions
0.893 tCO₂e/t[#]
(2019: 0.883 tCO₂e/t[#])



Energy consumption
6.3GJ/t[#]
(2019: 6.2GJ/t[#])



Recovered recyclables
523kt
(2019: 624kt)



Water consumption
5.3kℓ/t[#]
(2019: 4.9kℓ/t)



Solar PV installed to date
2.87 MWp



CSI spend
R3.7m
(2019: R3 million)



Serious injury frequency rate
0.26
per 200,000 man-hours
(2019: 0.44)



Donated
25,000
face shields to the Gauteng
Department of Health and
6,000
to waste reclaimers



Training and skill
49,983
man-hours
(2019: 65,207 man-hours)



37
fully-funded university bursaries awarded through the Mpsact Foundation Trust since inception
(2019: 29)

* Continuing operations # Per production tonne

INNOVATION

Mpact's customer-focused strategy is built around creating innovative packaging solutions for our customers through premium quality products. Our deep understanding of our customers' businesses allows us to match their specific requirements with the latest technology and materials to create game-changing packaging solutions and new product classes.

Added value packaging not only builds long-term strategic relationships with our customers that help us to grow our business with them, but also secures business by providing products that are not easy to replicate.

Our comprehensive product innovation capabilities include the Stellenbosch R&D team, Plastics innovation hub, Plastic Containers design team and the paper converting (Corrugated and Detpak) design teams.

The structural and graphic design capabilities at these facilities provide advanced development functions to our customers, particularly those who do not have their own internal development capability for packaging, to create bespoke, high performing, quick-to-market solutions.

Our design process focuses on developing and producing high quality, environmentally responsible, lightweight packaging solutions that reduce total cost of ownership for our clients and improve sustainability.

The intellectual capital in these teams has created food-safe paper products that substitute for single-use plastics (such as shopping bags and single-use cups) as well as packaging and logistic solutions that have redefined the way fruit and other products are packaged, shipped and displayed nationally and internationally. These designs incorporate circular economy

principles to continually improve recyclability, recycling collection and recycled content in our products to keep our customers on the forefront with sustainable packaging.

High-graphic printing capabilities at our facilities have been instrumental in developing Retail Ready Packaging (RRP) that carries customers' marketing, communication and branding from the factory to the shop floor. Well-designed RRP can be accommodated on automated packing lines without requiring modification and is easy to identify in warehouses with the artwork clearly displaying the contents and purpose of the product. Improved pack strength allows increased stacking of pallets in transit and ensures durability, reducing customers' losses due to product damaged in the logistics chain. Printed illustrated instructions and perforations, pull tabs and slide-off lids make it easy and safe for retailers to open, assemble, decant and shelve products, while lifelike graphics and full colour printing simplify product identification for consumers and support customer marketing and branding initiatives.



Detpak has traditionally focused on supplying paper bags for use in restaurants and other food-related industries, but has identified many non-food industries that are interested in moving away from plastic bags as a check-out packaging option, including florists, high-end jewellery stores, book stores and gift stores. The Detpak Grace Bag was developed for the non-food, luxury market with a sophisticated, beautiful and stylish generic paper bag option with a delicate, one colour floral design to fit any environment.

Detpak launched their online sales portal in August 2019 to attract and service the end market directly for micro-businesses that do not require the volumes supported through our existing distributor model. Customer interest has been strong and sales have grown well since launch.

INNOVATION AWARDS



AWARDS

Mpact received six awards and three Covid-19 Special Awards for design excellence at the annual IPSA Gold Pack Awards in October 2020. The IPSA Gold Pack Awards honour excellence and innovation across the packaging industry, benchmarking the local industry and helping it keep pace with global technological developments. They recognise outstanding design, including construction, graphics, convenience, product protection and ecological impact.

Mpact Paper Converting received two Silver awards and one Bronze award while Mpact Plastics received one Silver, one Bronze and two Covid-19 Judges Special Awards. Detpak took one Bronze award and one Covid-19 Special Award.

GOLD PACK AWARDS

Lactalis Collection Bin

Silver Award – Best in Paper Packaging – Paper Substrate Category



Costco Dried Fruit Export Display

Silver Award – Transit and Secondary Packaging Category

Fitch & Leedes Pursue Excellence Display Carton

Bronze Award – Transit and Secondary Packaging Category



Clere Body Lotion and Hand Sanitiser

Bronze Award – Health, Beauty, Medical and Pharmaceutical Packaging Category

Southern Classique Paper Grape Bag

Bronze Award – Food Packaging Category



Vital Vitamin Container and Closure

Silver Award – Health, Beauty, Medical and Pharmaceutical Packaging Category

2021 PETCO AWARDS

Award: Design for Circularity Category

Mpact Versapak's thermoformed punnet is South Africa's first food-approved punnet to be formulated completely from 100% post-consumer recycled PET (rPET)



Covid-19 JUDGES SPECIAL AWARDS



Clere Hand Sanitiser



Detpak Closure Bag



Versapak Face Shield

CORPORATE PROFILE

Mpact is the largest paper and plastics packaging and recycling business in Southern Africa. Our integrated business model is uniquely focused on closing the loop in plastic and paper packaging through recycling and beneficiation of recyclables. Our strategy is to use our close relationships with our customers, deep understanding of their industries and commitment to innovation to create structural and graphic solutions, and value-added services that anticipate those customers' needs. Mpact's footprint of 39 operating sites in South Africa, Namibia and Mozambique, leading market positions and proximity to customers contribute to faster response times, reduce transport costs and create economies of scale.

We are South Africa's largest collector of recyclable packaging and in 2020, we collected over 500,000 tonnes of paper and plastic recyclables from pre- and post-consumer sources. In closing the loop on paper and plastic, we reduce the amount of material going to landfill, promote local beneficiation of raw materials and support the development of more than 50 small businesses.

Our liquid packaging recycling plant can recycle 24,000 tonnes of used liquid cartons a year, saving 65,240m³ of landfill space.

In 2020, we had 5,053 employees and generated revenue of R11.1 billion.

PAPER DIVISION

Recycling

Collects recyclable paper, plastics and liquid cartons to recycle these to provide feedstock for the paper division, and for sale to external customers.

Paper manufacturing

Makes recycled-based packaging, industrial paper grades (such as containerboard and cartonboard), and other converted paper products. These are used in the paper converting business and sold to external customers.

Customers

Packaging converters (containerboard and cartonboard), agricultural producers, FMCG companies, quick service restaurants, other consumer and industrial packaging companies.

Paper converting

Makes printed and unprinted converted corrugated products, including board used to manufacture corrugated packaging, corrugated boxes, cases, trays, point-of-sale displays, cups, lids, bags and trays.

📖 See page 32 for more information on our Paper Business.

PLASTICS DIVISION

Plastic converting

Makes rigid plastic packaging, including polyethylene terephthalate (PET) preforms, trays and film, and plastic jumbo bins and crates. Also recycles used bins and crates.

Customers

Companies in the food, beverage, personal care, home care, pharmaceutical, agricultural and retail markets.

📖 See page 36 for more information on our Plastics Business.



MPACT'S FOOTPRINT

Mpact's footprint in the three Southern African countries and proximity to its customers contributes to faster response times and reduced transport costs.

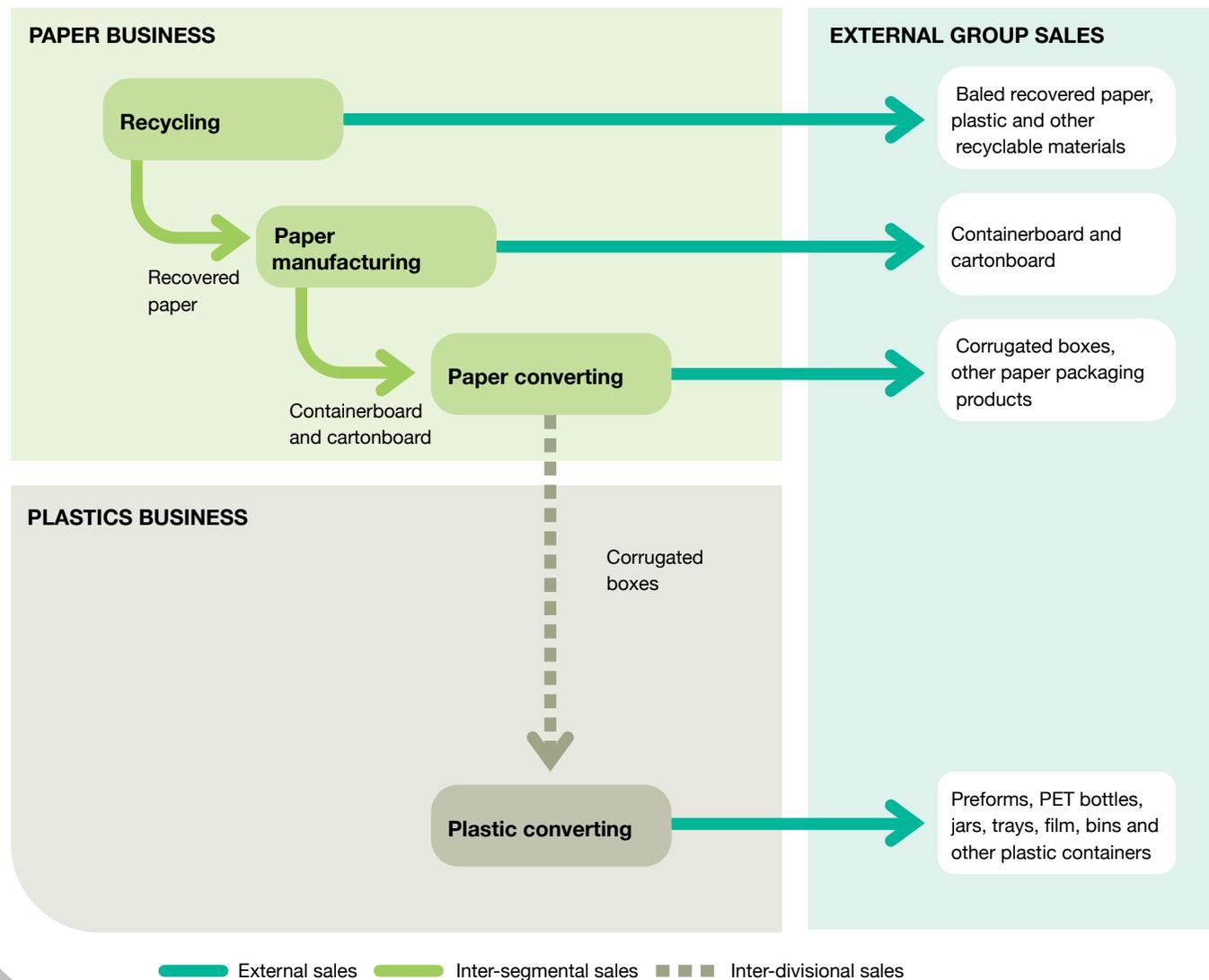
5,053
employees

39
operating sites

Level 1
B-BBEE

3
countries

MPACT GROUP



OUR VISION AND VALUES

VISION

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

BUILDING A SUSTAINABLE BUSINESS AND CONTRIBUTING TO SOCIETY THROUGH INNOVATION

Mpact is committed to:

- Acting as a **responsible employer** and **corporate citizen** and managing natural resources with care, sensitivity and expertise.
- Meeting and exceeding customers' 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.
- Achieving **sustainable, profitable growth** through a focus on **business excellence** and **strategic expansion** in chosen markets.

OUR VALUES

At Mpact we are differentiated by our people who are:

TRUSTWORTHY

- Ethical
- Transparent
- Honouring commitments

RESOLUTE

- Setting and achieving challenging targets
- Continuously identifying innovative ways to do things
- Accountable, especially in the face of adversity

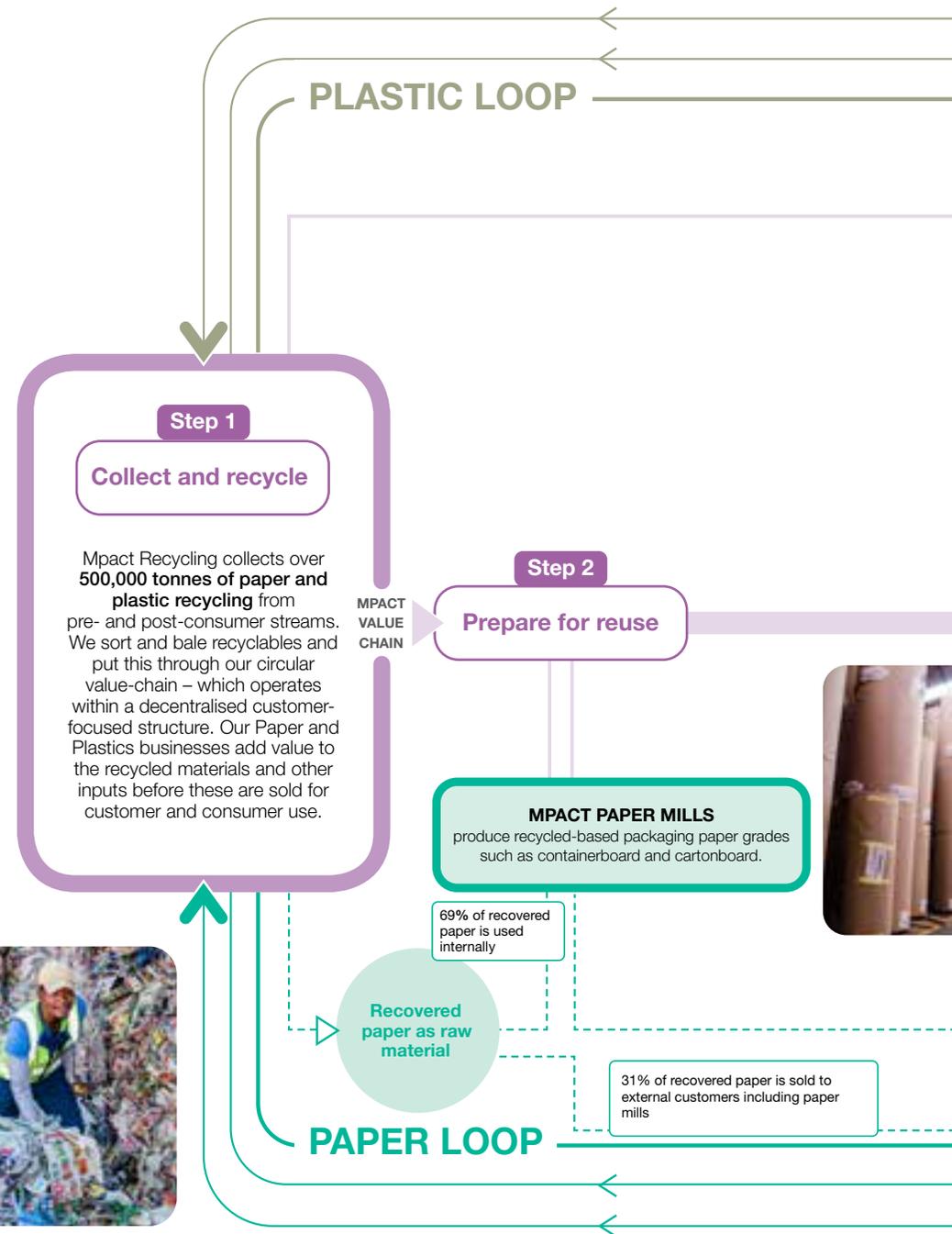
RESPONSIBLE

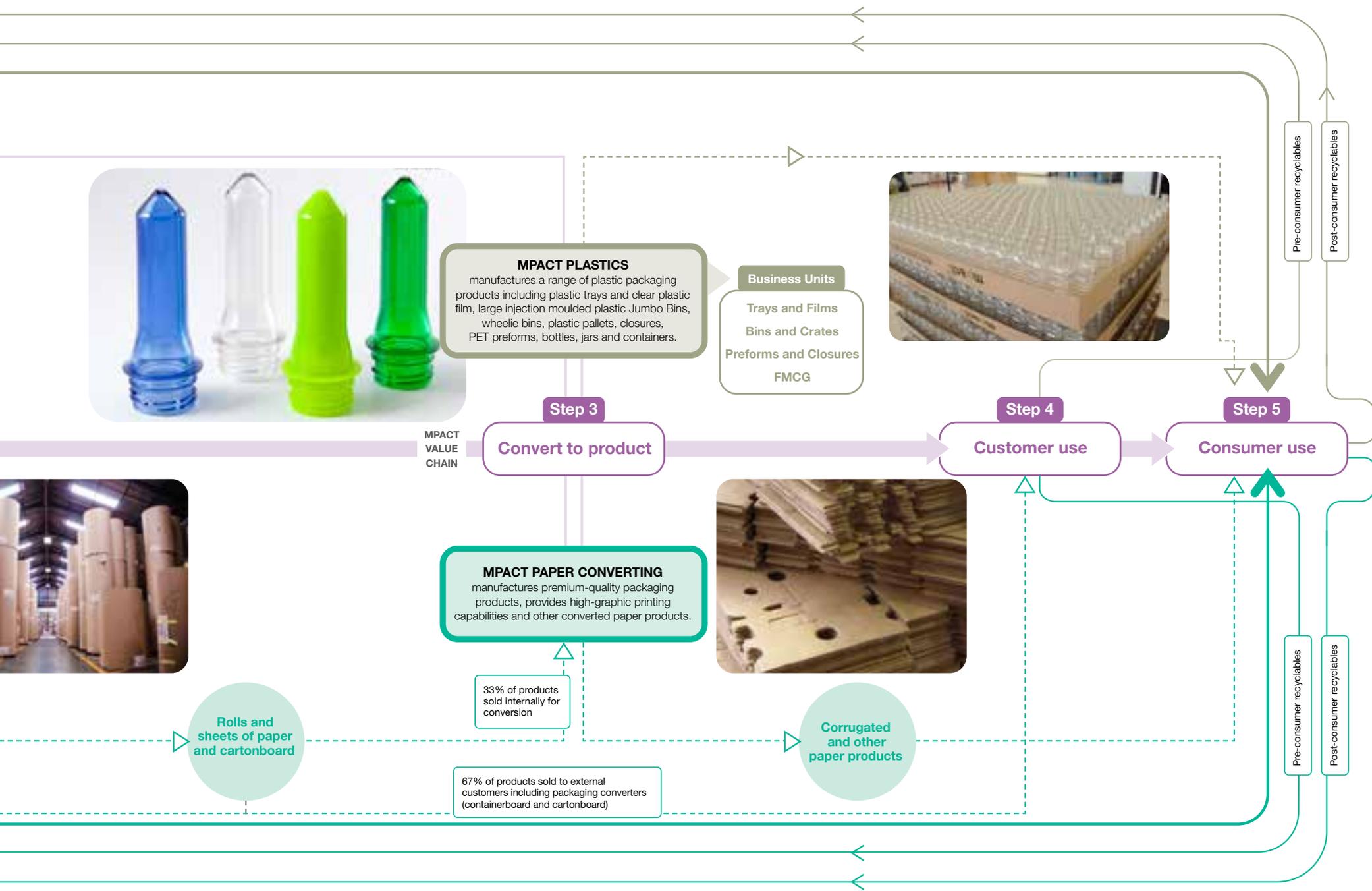
- Taking care of their safety, health and personal development as well as that of their colleagues
- Striving to meet or exceed our customers' requirements (internal and external) for product quality, excellent service and cost competitiveness
- Treating our natural resources with care and sensitivity
- Doing what it takes to ethically deliver competitive sustainable returns to our shareholders

OUR OPERATING MODEL

As the leading paper and plastics recycler in South Africa, Mpact gives effect to a true circular economy and hope for future generations. Through state-of-the-art investments in recycling and packaging technologies, Mpact converts pre- and post-consumer recyclable materials into innovative plastic and paper packaging products.

**DECENTRALISED
CUSTOMER-
FOCUSED
STRUCTURE**





BUSINESS MODEL

INPUTS



Financial capital

Funds available to the business, including in the form of retained earnings, debt and cash generated from operations.



Manufactured capital

39 operating sites across South Africa, Mozambique and Namibia including manufacturing facilities, offices, machinery and equipment.



Human capital

5 053 employees.
49,983 man-hours invested in training.
91% PDI learners and apprentices.



Intellectual capital

The experience and in-depth understanding of the packaging industry built up in our management team and employees.

Research and development centre and creative assets create innovative customer-focused product offerings.



Social and relationship capital

Our strong relationships with our customers and other key stakeholders, and commitment to community development.



Natural capital

Pulp, eucalyptus logs, pine chips, water 6.3GJ/tonnes of energy consumed. 5.3kl/tonnes of water used.

CAPITAL TRADE-OFFS DURING 2020

Mpact postponed payment of the 2019 final dividend from March to September 2020 and no dividend was declared at interim due to the ongoing uncertainty regarding the duration and impact of the Covid-19 pandemic. This trade-off helped to conserve cash and bolster the Group's liquidity. Once there was more certainty regarding the outlook for the Group and its liquidity position, the Board approved a share repurchase scheme to return capital to shareholders. The share repurchase programme concluded on 27 January 2021, having returned R345 million to shareholders.

As part of the Covid-19-related cash conservation measures, Executive Committee members agreed to salary reductions that helped Mpact to trade through the crisis so that no jobs were lost. This preservation of financial capital came at the cost to our employees.

The Covid-19 pandemic had a severe impact on waste pickers and the recycled fibre supply chain. Mpact Recycling provided direct support to waste pickers in the form of food, vouchers and face masks. Mpact took a strategic decision to produce rolled pulp at our Felixton Mill that was sold into the export market during the second quarter at low margins, but which created demand for recycled fibre and supported the supply chain through the worst of the crisis.

Mpact Recycling's initiatives to improve wastepaper collection, increase awareness about recycling and the Mpact brand, build social and relationship capital, while reducing the impact of waste on the environment.

Mpact's ongoing programme to install rooftop solar PV electricity generation continued during the year with a further installation at our Brits operation. To date, the Group has installed 2.87 MWp of rooftop solar PV and has plans for a further 11.57 MWp. This investment of financial capital reduces our reliance on electricity from fossil fuel and decreases our environmental footprint.

Mpact's empowerment partnership with Dalisu is developing intellectual capital around the conversion of a by-product from the paper manufacturing business into saleable products. This can be sold to increase financial capital, while reducing our environmental impact by improving effluent quality and supporting social and relationship capital through the partnership's transformation aspect.

ACTIVITIES

- Collecting, sorting and baling of recyclable materials.
- Manufacturing industrial paper grades, other converted paper products, printed and unprinted converted corrugated products, and a range of plastic products.
- Recycling liquid packaging and bins and crates.
- Research and development regarding the latest manufacturing and packaging developments.
- Designing innovative packaging solutions.

OUTPUTS

- 420,730 tonnes of paper.
- 406 million m² of saleable corrugated packaging.
- 90,711 tonnes of plastics converted.
- 0,893 tCO₂e/t of Scope 1 and Scope 2 carbon emissions.
- 89,000 tonnes of waste generated.

OUTCOMES



Financial capital

Group revenue of R11.1 billion.
Underlying operating profit of R631 million.
ROCE of 11.4%.
R72 million distributed to shareholders as dividends and R88 million through the share buyback programme in 31 December 2020.



Manufactured capital

Capital expenditure of R518 million invested to improve manufacturing equipment and acquire properties.
R444 million depreciation as a proxy for the decrease in value of tangible and intangible assets.



Human capital

R1,876 million distributed to employees as remuneration and benefits.
R16.5 million invested in skills development.
Serious injury frequency rate (SIFR) improved to 0.26.



Intellectual capital

Increased skills and know-how.
R28.2 million invested in research and development.
Six Gold Pack awards, three Covid-19 Judges Special awards and one PETCO award.



Social and relationship capital

R3.7 million invested in communities through the CSI programme.
R78 million paid to government as taxes.
Level 1 B-BBEE (Mpact Operations).



Natural capital

29,697 tonnes of plastic waste diverted from landfill for recycling.
347,541 tonnes of waste paper recycled.

CASE STUDY

WOMEN EMPOWERMENT THROUGH FRESHPACT PAPER TRAYS



THE GOAL

To prove that the Freshpact range of glued and stamped trays is a viable alternative.

THE SOLUTION

Mpact Overboard developed a range of glued and stamped trays for the Woolworths Exotic tomato range. Woolworths partnered with Mpact to implement these smarter and more sustainable paper-based solutions to replace plastic-based packaging.

The new product ranges required sophisticated new tray erectors and stamping machines and the management team at Overboard decided to use the new product range as an initiative to empower women and provide them with skills and training so they could handle all of the production requirements.

THE RESULTS

The national Woolworths implementation of 14 new product lines to all packhouses took place on time and to plan. Mpact Overboard had a very successful first grape season in 2019. The annual Woolworths volume target was reached a month before the expected date and the Freshpact tray range has grown to reach new customers such as Detpak and ZZ2.

After only a few weeks of training in technical processes, production timing and crisis management, the all-women production team works unsupervised, implementing more shifts in times of peak demand.

Using production-flow design and efficient ergonomics principles we were able to design a machine-person layout to facilitate economical operations. This design meant that a smaller number of people were able to produce larger quantities of product.

Though the learning curves were steep, the team took on the routine of orders, production planning, managing internal due dates, directly communicating with the farms packing for

Woolworths and being personally involved with the Woolworths account. The objective now is to produce ten times the volume within the next three years.

The current and expected growth in volumes is proof that Freshpact punnets are innovative, economically viable, job-creating alternative to single-use plastics.

