



**mpact**

smarter, sustainable solutions

**INTEGRATED  
REPORT**  
FOR THE YEAR ENDED 31 DECEMBER  
**2020**

CIRCULAR THINKING IN ANY SHAPE



**Mpact's integrated business model focuses on closing the loop on plastic and paper packaging through recycling and beneficiation.**

Production



**mpact**  
Smarter,  
sustainable  
solutions

Consumption



**Mpact Recycling** collects over 500,000 tonnes of recyclable paper, plastic, cans and glass every year from pre- and post-consumer streams, redirecting this material from landfill and providing an opportunity to earn a living to collectors who sell recyclable waste to Mpact's buyback centres.

**Paper, fibre** can be recycled up to seven times before it degrades. Each tonne of recovered paper saves 3m<sup>3</sup> of landfill space. Around two-thirds of the cardboard and paper recovered by Mpact Recycling is used at Mpact Paper Mills to produce paper and board. The rest is sold to external customers.

**Mpact Plastics** uses recycled PET and other recycled material as required by customers, and the Bins and Crates division recycles the high-density polyethylene in its products at the end of their useful lives. Recyclable plastics collected by Mpact Recycling are sold to external customers for recycling.

Mpact promotes recycling through the 'Ronnie Recycler' schools programme that has reached over 500,000 children since 2013. More than 1,900 Mpact Paper Banks are in place at schools and communities across South Africa to make recycling easy and convenient.



# CONTENTS

## INTRODUCTION

Mpact – Closing the loop	
About this report	

## COMPANY OVERVIEW

Key metrics	4
Innovation	5
Corporate profile	8
Our vision and values	10
Our operating model	12
Business model	14
Case study: Women empowerment through Freshpact paper trays	16

## STRATEGIC OVERVIEW

Strategy and objectives	18
Five-year performance history	20
Material matters summary	21
Chairman's report	22
Case study: Innovative packaging	24

## OPERATIONAL REVIEW

Chief Executive Officer's report	26
Management	30
Paper business	32
Plastics business	36
Case study: Mpact's Covid-19 response	40

## SUSTAINABILITY

IFC	Abridged sustainability review	42
2	Social and Ethics Committee report	46
	Material matters	50
	Mpact's contribution to society	52
	Value added statement	53
	Mpact Foundation Trust report	54

## GOVERNANCE

Board of Directors	58
Corporate governance report	60
Risk management	68
Remuneration report	74

## FINANCIAL STATEMENTS

Chief Financial Officer's report	102
Audit and Risk Committee report	104
Directors' Responsibility Statement and Basis of Preparation	108
Certificate by the Company Secretary	108
Report of the Directors	109
Independent Auditor's report	112
Financial Statements and Notes	113

## ADMINISTRATION

Shareholders' diary	127
Shareholders' analysis	127
Glossary of terms	130
Corporate information	131

## NAVIGATION

### MATERIAL MATTERS

	Being a responsible employer
	Sustaining profitable growth
	Being a responsible corporate citizen
	Cost competitiveness and anticipating and meeting customer needs

### STRATEGIC PILLARS

	Leading market positions
	Customer-focused
	Focus on performance

### REFERENCE

	Refer to page
	Available online on the Company's website: <a href="http://www.mpact.co.za">www.mpact.co.za</a>
	Mpact's 2020 reporting suite includes:
	• Integrated report
	• Sustainability Review
	• GRI Index
	• Annual Financial Statements
	• Notice of Annual General Meeting
	• Mpact King IV register

# ABOUT THIS REPORT

This Integrated Annual Report provides an overview of the context, strategy, activities, performance and outlook for the Mpact Group for the financial year to 31 December 2020.

**Queries regarding this Integrated Report or its contents should be addressed to:**

Donna Maree Dickson  
Group Company Secretary

ddickson@mpact.co.za

Tel: +27 11 994 5551

**Investor Relations queries should be addressed to:**

Marlize Keyter

Investor Relations Consultant  
Keyter Rech Investor Solutions CC

mkeyter@kris.co.za

Tel: +27 87 351 3810

While it is prepared primarily to address the information needs of long-term investors and providers of capital, this report includes information about our environmental and social performance, as well as our governance framework and actions, that are of interest to our broader stakeholder groupings. Material developments after financial year-end are included up to the date of the report's approval by the Board. The annual financial statements include financial information for all subsidiaries, associates and joint ventures, in line with IFRS. Non-financial information is included for all entities over which we have direct control. There have been no material restatements of comparative information disclosed in prior periods.

The information included in this report is determined by our most material matters, which include both financial and non-financial factors. Material matters are those that could have the biggest potential impact on the Group's ability to create value in the short-, medium- and long-term, and have been agreed on and approved by the Board and the Executive Committee. Mpact's most material matters and how these were derived are discussed in more detail on page 21.

Mpact's main activities and the role the Group plays in closing the loop on the circular economy are shown in our operating model on page 12. The strategic overview section that starts on page 18 discusses our approach to creating sustainable value for our stakeholders and the business model on page 14 analyses our inputs, activities, outputs, outcomes and the trade-offs between the six capitals that arise from our activities. Mpact's key stakeholders and significant engagements during the year are discussed on page 44.

## GUIDELINES AND FRAMEWORKS

This report has been prepared in accordance with IFRS, the requirements of the Companies Act, the JSE Listings Requirements, the principles of the King Code of Governance Principles for South Africa (King IV™) and the International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework, as these apply to the Group. The sustainability information in Mpact's Sustainability Review is disclosed in accordance with the GRI Standards: Core option.

## ASSURANCE

Mpact's combined assurance map provides oversight of the extent of coverage achieved by each assurance provider in terms of the third level of defence in the Combined Assurance Model. Mpact's annual financial statements and Summarised Consolidated Financial Statements were assured by the Group's external auditor, Deloitte & Touche, and a copy of their Independent Auditor's report on the Summarised Consolidated Financial Statements is available on page 112. The Sustainability Review as a whole was not independently assured, but certain information in the review was reviewed by the Group's internal control functions and by external assurance providers where this has been deemed relevant and necessary. The review is available on the Group's website.

## DISCLAIMER

The Integrated Report contains certain forward-looking statements concerning the Group's environment, financial performance and conditions, strategy, outlook and growth expectations. Such views involve both known and unknown risks, assumptions, uncertainties and important factors that could materially influence the actual performance of the Group. No assurance can therefore be given that these will prove to be correct and no representation or warranty expressed or implied is given as to the accuracy or completeness of such views.

## BOARD APPROVAL

The Board confirms its responsibility for the integrity of this Integrated Report. The content has been collectively assessed by the Board and in its opinion this report addresses the issues that have the potential to most materially impact the performance of the Group.

The Board has accordingly authorised the release of this Integrated Report.

**AJ Phillips**  
Chairman

**BW Strong**  
Chief Executive Officer

12 April 2021