

# Social and Ethics Committee Report



Maya Makanjee  
Social and Ethics Committee Chair

“Effective ESG management has a significant bearing on the Group’s ability to create value. The role that Mpac plays in terms of its circular economy business model is keenly encouraged by the Committee, which monitors and tracks the Group’s environmental and social performance, as well as its impact on natural resources.”

Mpac continues to have a strong commitment to sustainability and remains focused on its ability to create value for all stakeholders. Mpac’s tagline, “Smarter, sustainable solutions”, speaks directly to this.

I am pleased to present this report for the financial year ended 31 December 2023 for the second year as Chair of the Social and Ethics Committee. The members of the Committee and I have continued to focus on driving improvement in the areas that we are responsible for, to ensure an all-inclusive and ethical approach to delivering and adding value to the organisation through our role, responsibilities and activities.

## Role and responsibilities

The Committee performs its duties in terms of regulation 43 of the Companies Act, the guidance provided by King IV™ and its Terms of Reference. The Terms of Reference are reviewed annually and are updated to ensure they remain aligned with statutory and legal requirements, as well as the changing needs of the organisation.

Responsibilities of the Committee include monitoring the Group’s sustainable development performance and the application of its policies of best practice on behalf of the Board. It further reviews and provides guidance to the Board on material ESG risks and opportunities impacting the business and guides the CEO and executive team on managing these. The Committee reports to the Board every quarter as well as to shareholders at the AGM on relevant matters.

## Composition and meeting procedures

As at 31 December 2023, the Committee comprised two Independent Non-executive Directors and one Executive Director. Key senior managers attend meetings of the Committee by invitation. The Committee held four meetings during the year under review and attendance at these meetings

are shown on [page 72](#). Lea Conrad was appointed as a member of the Committee on 7 November 2022 and Neo Dongwana retired by rotation on 11 June 2023.

## Activities of the Committee

The Committee helps to ensure that Mpac meets both legal and legislative requirements as well as adheres to principled, ethical practice when it comes to transformation, and the health and safety of its people. It further ensures that processes are in place to facilitate transparent engagement with the Group’s stakeholder groups and monitors the delivery of CSI projects ensuring that they have a positive and meaningful impact on the communities in which the company operates.

## ESG

Effective ESG management has a significant bearing on the Group’s ability to create value. The role that Mpac plays in terms of its circular economy business model is keenly encouraged by the Committee, which monitors and tracks the Group’s environmental and social performance, as well as its impact on natural resources. The company’s new ESG Policy was promulgated during the year and the ESG KPIs for performance contracts were finalised and implemented.

## Environment

### Environmental responsibility

The Committee reviews quarterly reports on key environmental indicators, including CO<sub>2</sub>e emissions, energy use, water consumption and waste production. Most of the Group’s carbon emissions arise from energy consumed and our energy strategy aims to optimise both usage as well as identify alternative energy generation technologies. Mpac continues to submit its Pollution Prevention Plan (PPP) and Carbon Budget to Government for approval.

It was a tough year for business efficiency due to excessive load shedding, load curtailment and, at the paper mills, commercial downtime. Diesel cost increased due to the use of generators to offset load shedding. Despite these challenges, we maintained our progress against our 2027 energy, carbon dioxide and water targets, which are combined targets for manufacturing operations in both the Paper and Plastics businesses, set against a normalised 2019 baseline (i.e. pre-COVID-19).

Our route to Net Zero potentially includes the interim step of converting our paper mills and corrugator boilers from coal and heavy fuel oil to natural gas before the final step of converting to green hydrogen. However, there is currently enormous pressure on natural gas supplies in South Africa leading to uncertainty on the way forward. Mpact has therefore made securing of long-term natural gas supplies a particular focus for the year ahead, while also keeping track of developments in green hydrogen technology and commercialisation. Mpact is also continuing to mitigate the risk of electricity supply challenges by extending the rollout of solar PV and generator readiness at operations.

Environmental and safety legal registers are in place at all operations and are updated regularly to enable our policies and procedures to align with the latest changes in legislation.



I am happy to report that there were no incidents of material non-compliance with environmental and health and safety regulations during 2023.

## **Social**

### **Stakeholder management**

Ongoing and engaging dialogue with stakeholders remains critical to our long-term success and helps us to identify risks and opportunities and assists in disclosing any potential material issues. The Committee receives reports on the engagements

with key stakeholders at each meeting and reviews a list of its primary stakeholders annually to ensure it reflects the Group's main stakeholders. Regarding communication with employees, I am pleased to report that employee engagement remains high, driven by the annual CEO Imbizos which take place across the Group, at its operations nationally.

Mpact's primary stakeholders are identified on  page 54 of the Integrated Report and details of key engagements during 2023 are provided in the Sustainability Report, available on our website,  [www.mpact.co.za](http://www.mpact.co.za).

We continue to receive positive feedback in respect of our media coverage outlining our commitment to the circular economy and the fact that Mpact remains the largest recycler in the country, creating jobs while at the same time making a difference to the environment and society at large.

### **Safeguarding our human capital**

We continually assess safety procedures and review the well-being of employees, with the Committee receiving regular updates on the Group's safety and health initiatives.

The SIFR, which includes RWCs, LTIs, and fatalities, decreased marginally from 0.41 in 2022 to 0.4 this year, while LTIFR declined to 0.29 from 0.31 in 2022. The Serious injury numbers remained the same this year with LTIs at 22 (2022: 22), and 8 RWCs (2022: 8).

The Employee Wellness Programme, provided by Life Health Solutions, remains available for all employees and their households for health, psychosocial, and financial advice, as well as legal support. The call centre received 345 calls during 2023. Onsite clinics, beyond completing occupational health medicals, further assist in ensuring our employees have access to primary health and chronic disease consultations, and these continue to be well utilised.

### **Learning and development**

The Group maintains a key focus on continuous training and skills development, particularly to address gaps in technical skills for black South African employees, as well those living with disabilities. We have various NQF-aligned apprenticeships and learnerships focused on PDI candidates. Several internal programmes are in place to address specific gaps in highly technically skilled employees who are not as experienced with the supervisory aspects of their roles.

The Mpact e-Learning Academy, launched in 2021, promotes a culture of lifelong learning, encourages skills development and provides a more effective way to roll out basic training courses across the Group. The platform is available to all employees and permanent contractors and supports blended learning with some content on the online platform and some delivered in classroom sessions.

This year, the Group attained accreditation with the Quality Council for Trades and Occupations for its safety training programme, opening the door for the Group to register for other accredited training programmes.

For 2023, Mpact Operations had 243 (2022: 222) Black people on registered apprenticeships and learnerships, and 64 (2022: 96) bursaries awarded to employees, with a host of other short skills courses to maintain a skilled and competitive workforce.

### **Supporting community development**

Our vision places emphasis on contributing to society, hence our investment in social upliftment projects in communities have a specific focus on education. These initiatives are discussed in the Sustainability Report. The Group continues to support the long-standing relationships with the organisations that we have collaborated with and invested in over the years. It is also encouraging to see the real and positive impact

## Social and Ethics Committee Report (continued)

Mpact has on communities in which it operates, and the continual improvement in engagement.

### Enterprise and supplier development (ESD)

Mpact has various ESD initiatives as a consequence of doing business responsibly and making a profit decently. In addition, the Group offers discounts to various small Black and Black female-owned customers. In terms of supplier development, an unsecured interest-free loan was given to a small Black and Black female-owned business to aid with cash flow for the purchase of plastic manufacturing raw materials that they did not have the resources to purchase.

### Governance

#### Transformation

The Committee actively contributes to ongoing discussions and plans regarding transformation, considered vitally important to the long-term sustainability of our business. Transforming the makeup of management remains a priority, with an emphasis on ensuring that candidates with potential are identified and developed.

As part of our focus, this year the Committee undertook several “deep dives” into the Group’s transformation agenda, including procurement, to ascertain how we support Exempted Micro Enterprises and Qualifying Small Enterprises, which include Black-owned and Black women-owned businesses. The Committee is satisfied with the progress being made.

Skills development was another key focus area to ensure that the Group’s learning and development initiatives effectively support PDI employees. The Committee also reviewed Mpact’s bursary and learnership programmes to ensure that the Group continues to invest in much needed skills, with the aim of offering them full-time jobs in the business where possible.

We continuously monitor progress against Mpact’s Employment Equity targets and the amended Forest Sector Code, and I am delighted to say that Mpact Operations maintained a Level 1 B-BBEE rating in 2023. Caxton and CTP Publishers and Printers Limited’s (Caxton) share purchases as reported in last year’s Integrated Report and via SENS updates led to a slight decrease in Black and Black female ownership in Mpact. The change also affected Mpact Operations, the Group’s main trading entity. However, given our firm commitment to transformation, share buy backs and the natural course of events with other shareholder changes, this did not impact significantly on the overall scorecard, which reflected Black ownership at 28.58% (2022: 29.53%) and Black female ownership at 17.37% (2022: 19.38%).

### Diversity and inclusion

The Group’s Diversity and Inclusion Policy promotes the diversity attributes of gender, race, culture, sexual orientation, age, field of knowledge, skills and experience. We measure our progress towards achieving our goals in respect of diversity and inclusion and have set voluntary targets for race representation and gender diversity. The Committee monitors this progress annually and reports to the Board.

The Committee also encourages a focus on inclusivity within the Group. We actively support female employees, promote gender representation and look for opportunities to advance women in the workplace, and our Women’s Forum drives these goals. The Forum also deals with the serious issue of Gender Based Violence (GBV), particularly the safety of female employees on site. The Forum continues to show positive progress, and this year the Springs Paper Mill launched a mentorship and coaching initiative, while other operations initiated other projects including self-defence classes.



**Mpact  
e-Learning  
Academy**

**Take control of your  
future at Mpact**

National Women's Day is celebrated each year in August, with our sites arranging presentations on relevant topics, and November is dedicated to addressing GBV and other female specific issues such as breast cancer.

The Group's Harassment Policy has been updated in line with legislative changes and now covers all forms of harassment, including how the Group deals with workplace bullying.

### ESG-related risks

The Committee reviews ESG-related risks that appear in the Group Risk Register and provides comment on management's key controls and risk ratings. These risks include, among others, consideration of climate change, energy, water supply, social cohesion, employee well-being, legislative compliance, and reputation.

### Company Policies

In line with the requirements of King IV™ the Committee also reviewed key governance policies such as the Code of Ethics and the Harassment Policy. The Code of Ethics addresses issues such as bribery and corruption, fraud, human rights, confidentiality, and political participation and government interaction.

### Material sustainability issues

The Committee reviews the Group's material sustainability issues and ensures that these accurately represent the most material potential impacts on Mpac's ability to create value. Mpac's most material matters are shown on [Q](#) pages 21 to 23 and are covered in both the Integrated Report and the Sustainability Report.

### Human rights, integrity and ethics

Mpac's standard of integrity and ethics in dealing with internal and external stakeholders is set out in the Group Code of

Ethics, which is shared with employees and any external party that Mpac has dealings with. The Code outlines how we deal with human rights, gifts and entertainment, fraud, bribery and corruption. It is available on our website, [www.mpac.co.za](#).

The Mpac e-Learning Academy provides a course on ethics, and we are working to ensure that everyone in the organisation has an ethics training refresher at least annually.

Employees are encouraged to report any improper conduct or unethical behaviour to their HR manager, supervisor or line manager, the Company Secretary or to use Mpac Tip-offs Anonymous, a whistle-blowing facility independently administered by Deloitte & Touche. In accordance with the provisions of the Protected Disclosures Act No. 26 of 2000, management ensures that no employee who makes a protected disclosure will be subject to any occupational detriment and will be afforded anonymity without fear of victimisation.

The Group has a zero tolerance approach to fraud and corruption, or any wrongdoing, and will take action in ensuring that any person or persons involved are brought to book.

More information on Mpac's human capital, environmental initiatives and CSI projects is provided in our detailed Sustainability Report, available on our website, [www.mpac.co.za](#).

### Independent assurance

The Group monitors relevant sustainability data via a dashboard system and is satisfied regarding the range and accuracy of information provided by the system. Assurance regarding compliance with standards and legislation is provided by internal and external audits of the various management systems in place across the Group.

Mpac adheres to a range of local and international standards in the areas of quality, environment, food safety, and employee health and safety. These are listed in detail in the Sustainability Report. However, the Group did not receive assurance for the Sustainability Report in its entirety, although the Committee will reassess this approach in the coming year.

Overall, we are satisfied with the Group's progress across our areas of responsibility and in line with our plan for this financial year.

### Focus for 2024

The Committee will continue to provide ongoing oversight in our areas of responsibility, with a focus on supporting female and PDI employees in the workforce. We have embarked on a positive journey in this respect and the Committee is committed to playing an instrumental role in ensuring that as Mpac grows and transforms as an organisation, people will continue to have equal opportunities to progress and flourish and that they are provided with the right tools to do so.

We will also ensure a continued focus on environmental sustainability, including the Group's ability to create and add value through the circular economy.

On behalf of the Social and Ethics Committee

### Maya Makanjee

*Social and Ethics Committee Chair*

26 April 2024