

SOCIAL AND ETHICS COMMITTEE REPORT



Ntombi Langa-Royds

“The Mpact Code of Ethics translates our values into practical action and sets the standard of integrity and ethics in dealing with internal and external stakeholders.”

The Social and Ethics Committee (the committee) monitors Mpact’s sustainable development performance and application of the Group’s policies of best practice on behalf of the Board and performs the duties required in terms of regulation 43 of the Companies Act, No. 71 of 2008 (the Companies Act). The committee’s activities are informed by its terms of reference, which are reviewed annually and updated to ensure that they align with current and pending legislation, other legal requirements and codes of best practice. The committee reports its proceedings to the Board on a quarterly basis and reports to shareholders at the Annual General Meeting on relevant matters.

Mpact’s environmental and social performance are essential aspects of the Group’s long-term sustainability and demonstrate our commitment to our vision and values. Our ESG performance is also a key focus for our stakeholders and the Committee will be considering and adopting KPAs on ESG. More information on Mpact’s human capital, environmental initiatives and CSI projects is available in our detailed Sustainability Review, which is available on the Company’s website.

COMPOSITION AND MEETING PROCEDURES

The committee comprises four Independent Non-executive Directors and one Executive and is chaired by Ntombi Langa-Royds. 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 is shown on page 63.

INTEGRITY AND ETHICS

The Group’s Code of Ethics sets out our standard of integrity and ethics in dealing with internal and external stakeholders.

These behavioural standards rest on the moral foundation that is provided by our vision – our end-goal – and our values, which are our “habits of action” that will ensure that we reach that goal. The Code is available on our website and translates the values into practical actions in terms of issues such as human rights, gifts and entertainment, fraud, bribery and corruption.

SOCIAL AND ETHICS COMMITTEE MEMBERS

- Ntombi Langa-Royds (Chair)
- Maya Makanjee
- Neo Dongwana
- Andrew Thompson
- Bruce Strong (Mpact CEO)

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 Mpact Tip-offs Anonymous, a whistle-blowing facility independently administered by Deloitte & Touche.

MATERIAL SUSTAINABILITY ISSUES

The committee is responsible for annually revising or determining, together with senior management, the Group's material sustainability issues. Mpact's most material matters are discussed on pages 50 and 42 and set out in the Sustainability Review.

ACTIVITIES OF THE COMMITTEE STAKEHOLDER MANAGEMENT

The committee reviews Mpact's engagement with key stakeholders at each meeting and reviews a list of its primary stakeholders annually to ensure it reflects the main groupings with which the Company interacts. The Group Stakeholder Engagement Policy is also reviewed periodically.

Mpact recognises that transparent and open communication with stakeholders is critical to our long-term success. We engage with stakeholders on an ongoing basis to understand their key concerns and identify ways to address the various social, economic and environmental challenges they and the Group face. These engagements provide input that helps to strengthen our programmes, identify risks, opportunities and material issues, and ensure compliance with the Companies Act and King IV™.

More information about Mpact's key stakeholders and engagements during 2020 are available on page 44.

TRANSFORMATION

Mpact is committed to transformation and views it as inextricably linked to the sustainability of the business. Transformation is managed and monitored in terms of:

- Mpact's Employment Equity Plan.
- Black ownership and management control.
- Skills development.
- Preferential procurement.
- Enterprise and supplier development.
- Socio-economic development.

Mpact Operations achieved a Level 1 B-BBEE rating in 2020.

Mpact's Diversity Policy focuses on promoting the diversity attributes of gender, race, culture, age, field of knowledge, skills and experience. Measurable objectives for achieving race representation and gender diversity that are appropriate for the Company are in place and measurable voluntary targets have been set.

The Social and Ethics Committee will regularly monitor the progress in relation to the agreed targets and report annually to the Board on progress.

HEALTH AND SAFETY

One of the main activities of the committee in 2020 was overseeing Mpact's response to Covid-19, particularly as it applied to the safety and wellbeing of the Company's employees. These protocols were over and above the strict pre-existing health and safety measures that are in place at all operations, in line with our commitment to providing a safe and healthy working environment for all employees, contractors and service providers. The principle of "Zero harm" and target of zero incidents is entrenched at each of Mpact's operations.

The committee receives regular updates on the Group's safety and health initiatives and monitors leading indicators to track conformance with the programmes, particularly the Behaviour-Based Safety and Safety Culture Programmes. Focus areas during the year that arose from the Safety Culture assessment conducted in late 2019 included simplification and standardisation of procedures, safety leadership education, and revised safety training at all levels in the organisation. Awareness around safety is created through Safety Days with Sam (our safety mascot) at

the operations. We were pleased with the decrease in lost-time injuries, which reduced from 24 in 2019 to 14 in 2020, and the consequent decrease in the lost-time injury frequency rate to 0.21 (2019: 0.33).

The Group's wellness programme provides employees with health, psychological, social and financial advice, as well as legal support. Employees were encouraged to use the facility during Covid-19, particularly those who were experiencing mental health challenges. We see the employee wellness programme as an important aspect of helping to improve our safety performance, by helping to reduce stress levels and increase focus at work. The committee and the Board note with concern the increasing incidence of hypertension in the workforce.

While the Group's safety performance improved this year, we remain committed to implementing further initiatives that will help to achieve the target of zero harm.

ENVIRONMENT

The committee reviews quarterly reports on key environmental indicators, including Group emissions, energy use, water consumption and waste production. The Group recognises and supports the government initiatives to reduce carbon emissions and reduce waste to landfill by changing the behaviour of producers and consumers.

Energy usage gives rise to the majority of the Group's carbon emissions and the Group's energy strategy aims to optimise energy usage and identify alternative energy generation technologies. The Mpact Energy Centre of Excellence continues to make good progress with implementing the energy strategy. Online electricity meters at all manufacturing plants are calibrated to SABS standards and upload consumption figures in real time to the LiveWire database to enable ongoing monitoring of energy use and the effectiveness of energy efficiency initiatives.

South Africa is a water-scarce country and improving our efficiency of water use is a priority.

SOCIAL AND ETHICS COMMITTEE REPORT CONTINUED

Mpact has established and continuously updates environmental and safety legal registers that ensure that our policies and procedures align with the latest changes in legislation and a management booklet is in place that summarises all legislation that applies to our operations. There were no incidents of non-compliance with environmental and health and safety regulations reported during 2020.

INDEPENDENT ASSURANCE

Mpact uses a dashboard system to monitor and improve the capture of relevant sustainability data and the committee is satisfied regarding the range and accuracy of information. Comprehensive internal and external audits of the various management systems in place across the Group provide assurance regarding compliance with standards and legislation. Mpact adheres to a range of local and international standards, including in the areas of quality, environment, food safety, and worker safety and health. These are listed in detail in the Sustainability Review. However, Mpact has not received assurance for the Sustainability Review in its entirety.

The committee is satisfied with the Group's progress across its areas of responsibility and with its plan for the 2021 financial year.

On behalf of the Social and Ethics Committee, I would like to thank my fellow Social and Ethics Committee members for their support and contribution during the year and their continuing commitment to driving transformation in the Group through the committee's various portfolios.

Ntombi Langa-Royds

Social and Ethics Committee Chairman

12 April 2021





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