

# Remuneration report

## PART 1: BACKGROUND STATEMENT

Mpact's remuneration policy has a direct impact on operational expenditure, Company culture, employee behaviour and ultimately, with correct strategic alignment, on the Company's sustainability. As such it is clearly defined, monitored and managed to ensure sustained validity and effectiveness. Remuneration is a business issue, not only a human resources issue.

The committee engaged the services of Vasdex Associates consultancy which specialises in reward and performance solutions to advise executive pay and the alignment of the remuneration policy to the principle of King IV.

Responsibility for the remuneration policy rests with the Remuneration and Nomination Committee ("Committee") appointed annually by the Mpact Board of Directors. The committee has a dual role chaired by two chairpersons as defined below:

	Remuneration Committee	Nomination committee
<b>Chairperson</b>	Ntombi Langa-Royds	Tony Philips
<b>Members</b>	Tim Ross, Maya Makanjee and Tony Philips	Tim Ross, Maya Makanjee and Ntombi Langa-Royds
<b>Independence</b>	All committee members are independent non-executive directors	All committee members are independent non-executive directors
<b>Role and function</b>	The Remuneration Committee considers the remuneration policy of the Group with the assistance and guidance of independent experts, if required, and makes recommendations to the Board on all aspects of remuneration. The committee further ensures that the directors are fairly rewarded for their individual contributions to the Group's overall performance. The committee also considers bonuses, which are discretionary and based upon general economic variables, the performance of the Group and the individual's performance, share options and certain other employee benefits and schemes. No remuneration of any nature shall be paid, increased or varied to any director without the prior approval of the members of the committee.	The Nomination Committee is guided by the Board Policy and Procedure document that intends to guide the order, fairness and consistent conduct of the nomination and election process of members of the Board. The committee is also governed by a charter that further outlines its mandate in its role in assisting the Board and ensuring that the Board has the appropriate composition for it to execute its duties effectively.
<b>Responsibilities</b>	<ul style="list-style-type: none"> <li>Assisting the Board by setting and administering remuneration policies in the Group's long-term interests, and ensuring, through an ongoing review of the remuneration policy for both appropriateness and relevance, the Group remunerates fairly and responsibly.</li> <li>Being especially concerned with and providing recommendations regarding the remuneration of both executive and non-executive directors, and giving due regard to any relevant legal requirements.</li> <li>Determining, within the terms of the agreed policy, the total individual remuneration package of the CEO and, in consultation with the CEO, the other members of Exco and any other executive whose total remuneration is comparable to, or higher than, that of an Exco member.</li> <li>Ensuring that individuals are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to Mpact's success.</li> </ul>	<ul style="list-style-type: none"> <li>Regularly reviewing of the structure, size, skills, knowledge, experience and diversity required of the Board and make recommendations to the Board with regard to any changes that are appropriate.</li> <li>Identifying and evaluating suitable potential candidates for appointment to the Board and recommending the same to the Board, which may then appoint such candidate in accordance with the MOI.</li> <li>Giving full consideration to succession planning and management development for the Board and Exco, taking into account the challenges and opportunities facing Mpact and the skills and expertise needed by Mpact in the future.</li> <li>Recommending to the Board the re-appointment of any non-executive directors at the conclusion of their specified term of office, having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required.</li> </ul>

## Remuneration Committee

## Nomination committee

**Responsibilities  
(continued)**

- Approving the design of and determining targets for any performance-related pay schemes in which the executive management and other members of the senior management population participate.
- Determining the design of and targets for such schemes by taking into account all factors it deems necessary, including performance-related pay schemes, and regularly reviewing incentive schemes to ensure the continued contribution to shareholder value.
- Reviewing the design of all executive and all employee share plans for approval by the Board and shareholders.
- Being responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee.
- Ensuring, in determining remuneration policy, specifically that contractual terms on termination of the CEO and Exco, and any payments made, are fair to the individual and Mpac.

**Assurance**

The Remuneration and Nomination Committee is governed by formal Terms of Reference and confirmed that they were diligent in exercising their duties of care and skill and they have taken reasonable steps to ensure that they performed their duties in accordance with the committee's mandate.

The Mpac Remuneration Policy received support from the shareholders who voted in favour of the policy at the most recent and prior AGMs and the results are indicated in the table below:

Percentage of "Yes" votes	1 June 2017	2 June 2016
Non-binding advisory vote on remuneration policy	94.85%	91.59%

For the year under review, shareholders will vote on the remuneration policy as well as the implementation of the policy at the AGM on 5 June 2018. Refer to the ordinary resolution number 8 and 9 on page 4 of the Notice of Annual General Meeting.

## Activities undertaken by the Committee during the year

During the year under review, the committee reviewed the remuneration policy to ensure that it is aligned with applicable regulation and remuneration principles contained in the code of good practice.

The remuneration report was aligned to King IV Principles to articulate and demonstrate the link between strategy, sustainable value creation, performance and remuneration.

The committee also reviewed the remuneration packages and structure of executives to ensure that they are competitive in the relevant market and are aligned with shareholders' interest as well as with the Group's strategy.

In order to account for SARS incentives that had been discontinued, the Committee reviewed LTIP awards for the executives such that the face value of the awards was grossed up on the fair expected value by a factor of 75% expected vesting.

Reviewed and monitored progress on the Mpac Talent Management strategy making sure that it continues to achieve its objective of building a sustainable leadership pipeline and skills pool, ensuring that the right individuals with right mix of technical and leadership skills were occupying key roles, ensuring that competent PDIs were available to be employed at every level and ensuring that retention of critical skills and talent by recognising and rewarding individuals who perform consistently.

Reviewed and monitored the Executive Leadership development programme which is set to empower executives with management expertise and cross functional perspective to drive performance across domains, industries and borders.

# Remuneration report (continued)

## Key areas of focus for the coming year

The committee has identified the following areas as a key focus for the coming year:

- Identify, develop and retain a skilled and knowledgeable work force.
- Develop and retain existing talent.
- Attract the best new talent whilst addressing our race and gender profile.

These focus areas will be addressed by the following action items:

- Creating an environment for all employees to develop themselves through structured development centres by measuring the achievement of set objectives in the talent management strategy.
- Relevant and meaningful internal and external development programmes.
- Engagement with employees at all levels.

## PART 2: REMUNERATION POLICY

### Objectives of the policy

The objectives of the remuneration policy are to enable the business to:

- retain competent employees who enhance business performance;
- reward, recognise and confer appreciation for superior performance;
- direct employees' energies and activities towards key business goals;
- recruit high-performing, skilled individuals from a shrinking pool of talent; and
- achieve the most effective returns (employee productivity) for total employee spend.

To achieve this, Mpac rewards its executives and managers in a way that reflects the dynamics of the market and the context in which it operates.

All components of this remuneration policy, including the fixed pay and variable pay for performance, are aligned to the strategic direction of the business and business-specific value drivers.

## Key principles

The remuneration policy has been set with the objective of attracting, motivating and retaining experienced directors, managers and employees in a manner that is consistent with best practice and aligned with the interests of Mpac's shareholders.

The remuneration policy for executive directors, prescribed officers and other senior managers is framed around the following key principles:

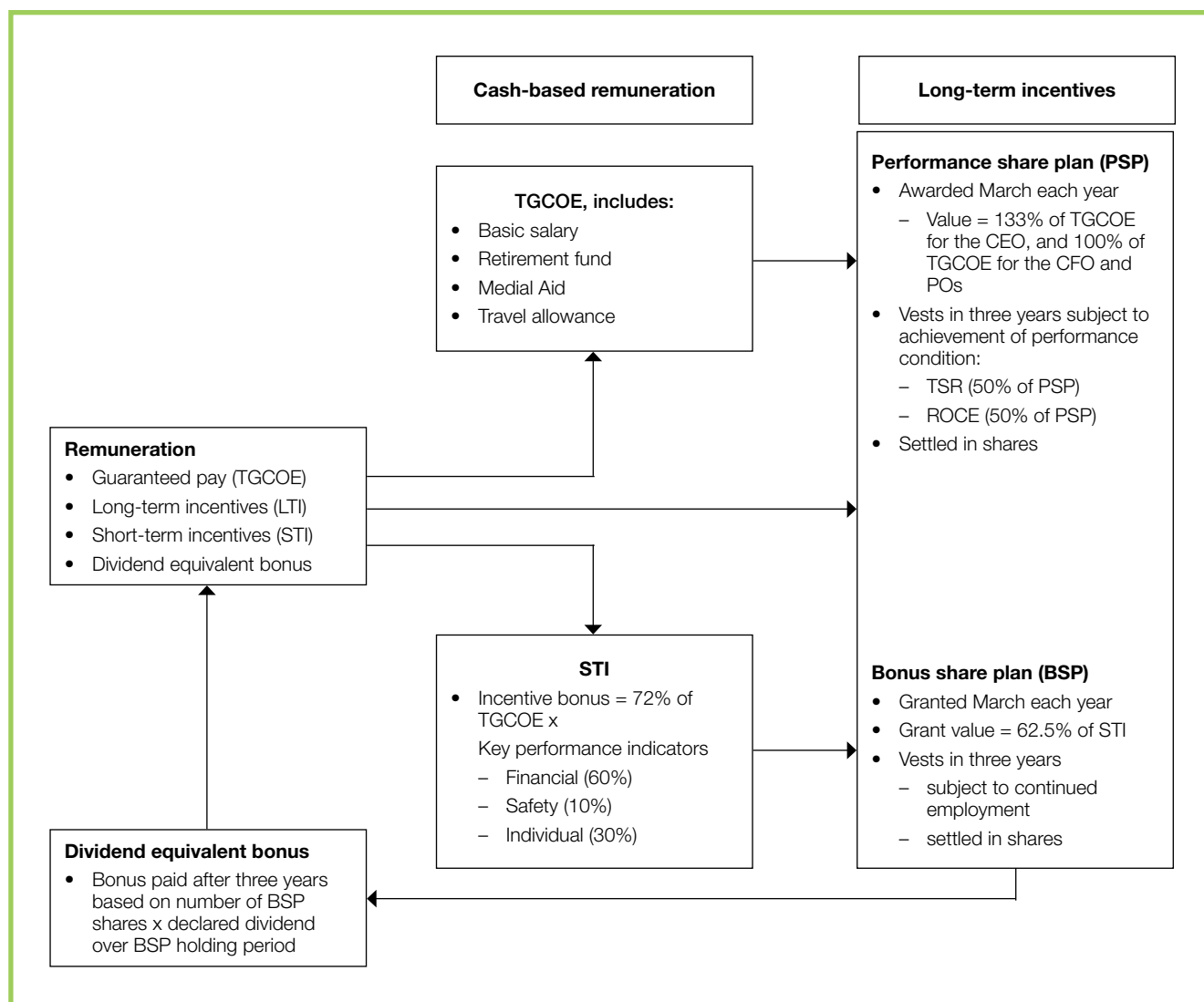
- Remuneration packages should be set at levels that are competitive in the relevant market.
- The structure of remuneration packages and, in particular, the design of performance-based remuneration schemes, should be aligned with shareholders' interests and should support the achievement of our business strategy and the management of risk.
- A significant proportion of the remuneration of executive directors and other senior executives should be performance-based.
- The performance-based element of remuneration should be appropriately balanced between the achievement of short-term objectives and longer-term objectives.
- The remuneration of executive directors and other senior executives should be set taking appropriate account of remuneration and employment conditions elsewhere in the Group.

## Total remuneration of executive management

Mpact operates a model of total remuneration being offered to employees, where the components of total remuneration are the following:

- Guaranteed package (salary and benefits, where benefits include retirement funding and medical scheme contributions) ("TGCOE").
- Short-term incentives ("STI").
- Long-term incentives ("LTI").

The chart below depicts a summary of the remuneration flow for executive directors and prescribed officers:



### Guaranteed package (TGCOE)

Mpact aims to establish and maintain a logical pay scale with pay levels that ensure that the Company is able to remain competitive, while managing costs.

### Annual salary review

Salaries are reviewed annually, normally with effect from 1 January. In addition to benchmarking, the committee also takes into account business performance, salary practices prevailing for other employees in the Group and, when setting individual salaries, the individual's performance and experience in the role.

# Remuneration report (continued)

In 2016, the committee engaged the services of 21st Century to conduct an independent and objective review of remuneration within the Company. The aim of the review was to establish whether the TGCOE of employee were within the national market median. Of the 79 employees selected which translates to 25 benchmarks by own job grade and 27 benchmarks by size, the report confirmed that TGCOE packages were within and in certain cases above national market median.

The aim is to benchmark against the median TGCOE for similar positions in South African listed companies which are of a similar size, complexity and scope to that of the Mpact Group.

## Benefits

Remuneration benefits which are available to the executive directors and prescribed officers includes medical aid and retirement fund.

## Medical aid

Medical aid benefits are offered through Anglo Medical Scheme (AMS), administered by Discovery, AMS a restricted medical Scheme. The Scheme offers three plans aimed at addressing the healthcare needs of its members. The plans include, Managed Care a top tier plan comprising comprehensive unlimited cover for hospitalisation and most non-discretionary healthcare services. Standard Care Plan a traditional medical plan with defined benefits, and Value Care Plan an option which provides primary healthcare through a national network of Prime Cure facilities and providers.

## Retirement fund

Retirement and risk benefits are provided through the Mondi Mpact Group Fund (MMGF), the Fund has both a Pension and Provident section. The employer contributes to the Provident Section and the employee has the option to either

contribute to the Provident section or the Pension section. The MMGF has three investment categories, Moderate, Dynamic and Conservative Portfolios.

## Short-term incentives (STI)

The annual STI award is based on a combination of financial, non-financial and individual performance. Performance for the year ended 31 December is assessed and payment are usually paid in full in March of the following year.

The maximum potential % of TGCOE and weightings of each key performance areas (KPAs) are indicated in the table below (there is no change in the weightings from the prior 2016 financial year):

	Maximum potential % of TGCOE	Weighting of key performance areas (KPAs)			Total
		Group financial	Group non-financial	Individual	
CEO	72%	60%	10%	30%	100%
CFO	72%	60%	10%	30%	100%
Prescribed officers	72%	60%	10%	30%	100%

The Key Performance Indicators (KPIs) used to assess performance within each KPA are indicated in the table below (there is no change in the KPIs used within each of the KPAs from the prior 2016 financial year).

	Financial (60%)	Non-financial (10%)	Individual (30%)
<b>KPIs</b>	<ul style="list-style-type: none"> <li>EBITDA</li> <li>Underlying EBIT</li> <li>ROCE</li> </ul>	<ul style="list-style-type: none"> <li>Safety</li> </ul>	<ul style="list-style-type: none"> <li>Individual objectives focusing on operational excellence, people development, sustainable development, innovation and customer focus</li> <li>Leadership competencies</li> </ul>

## Long-term incentives (LTI)

In order to attract, retain, motivate and reward executives and managers who are able to influence the performance of the Group on a basis which aligns their interests with those of shareholders, the Company operates a share plan (Mpact share plan).

The Mpact share plan provides for the inclusion of a number of performance conditions, designed to align the interests of the participants with those of shareholders, and to reward organisational and individual performance, more so than merely performance of the economy or the sector in which the Group operates.

A description of the various LTI schemes which may be offered to executives and selected managers within the Group (including subsidiaries) is indicated below:

Plan	Description	Awards	Vesting period	Vesting criteria																											
<b>Bonus share plan (BSP)</b>	<p>On an annual basis, executives and selected senior managers may receive a grant of bonus shares, the value of which matches the annual cash incentive in a specific ratio.</p> <p>Participants in the bonus share plan do not receive dividends declared by the Group. A single cash payment is made after the three-year vesting period and is calculated on the dividend payment forfeited during the holding period on the number of bonus shares granted.</p>	<table border="1"> <thead> <tr> <th>Level</th> <th>Award % of STI Award</th> </tr> </thead> <tbody> <tr> <td>CEO</td> <td>62.5</td> </tr> <tr> <td>CFO</td> <td>62.5</td> </tr> <tr> <td>PO</td> <td>62.5</td> </tr> </tbody> </table> <p>A single cash award equivalent to dividends declared over three-year vesting period for the Bonus Share Plan</p>	Level	Award % of STI Award	CEO	62.5	CFO	62.5	PO	62.5	Three years	Continued employment																			
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<b>Performance share plan (PSP)</b>	Annual conditional awards of performance shares made to executives.	<table border="1"> <thead> <tr> <th>Level</th> <th>Expected value of award (Target = 75% vesting)</th> <th>Face value of award (Max = 100% vesting)</th> </tr> </thead> <tbody> <tr> <td>CEO</td> <td>100%</td> <td>133%</td> </tr> <tr> <td>CFO</td> <td>75%</td> <td>100%</td> </tr> <tr> <td>PO</td> <td>75%</td> <td>100%</td> </tr> </tbody> </table>	Level	Expected value of award (Target = 75% vesting)	Face value of award (Max = 100% vesting)	CEO	100%	133%	CFO	75%	100%	PO	75%	100%	Vests in three years of the award, to the extent that the vesting criteria are met.	<p>Performance condition detailed below in addition to continued employment:</p> <table border="1"> <thead> <tr> <th>Metric</th> <th>Weight</th> <th>Threshold 30% vesting</th> <th>Stretch 62.5% vesting</th> <th>Maximum 100% vesting</th> </tr> </thead> <tbody> <tr> <td>TSR</td> <td>50%</td> <td>Mpact TSR Equals <b>80%</b> of average of JSE packaging index</td> <td>Mpact TSR Equals <b>100%</b> of average of JSE packaging index</td> <td>Mpact TSR Equals <b>120%</b> of average of JSE packaging index</td> </tr> <tr> <td>ROCE</td> <td>50%</td> <td><b>10%</b></td> <td><b>12.3%</b></td> <td><b>15%</b></td> </tr> </tbody> </table> <p>Performance below threshold will result in 0% vesting for that portion of the award.</p>	Metric	Weight	Threshold 30% vesting	Stretch 62.5% vesting	Maximum 100% vesting	TSR	50%	Mpact TSR Equals <b>80%</b> of average of JSE packaging index	Mpact TSR Equals <b>100%</b> of average of JSE packaging index	Mpact TSR Equals <b>120%</b> of average of JSE packaging index	ROCE	50%	<b>10%</b>	<b>12.3%</b>	<b>15%</b>
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ROCE	50%	<b>10%</b>	<b>12.3%</b>	<b>15%</b>																											

# Remuneration report (continued)

## Pay mix

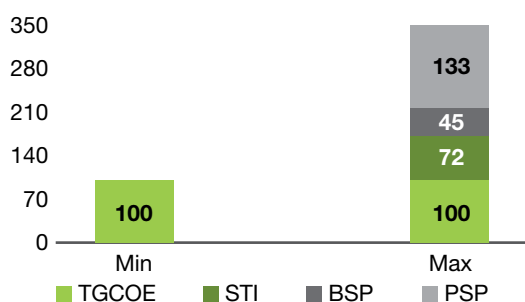
Using the components of total remuneration described previously the following graphs and tables illustrates the potential outcomes between minimum and maximum for the CEO, CFO and Prescribed Officers. Prescribed Officer information is based on the average TGCOE of all Prescribed Officers.

Mpact does not operate a target philosophy for variable remuneration. STI awards are determined in relation to the maximum potential award. LTI awards are determined based on the maximum number of units which may vest, i.e. vesting range for LTI is 0% to 100%. Hence the pay-mix indicated below only depicts minimum and maximum.

In the depiction above Performance Shares Awards (PSP) and Bonus Share Awards (BSP) are indicated separately. Dividends received on BSP are, however, not indicated since the actual dividends received vary based on actual dividend declarations in each year.

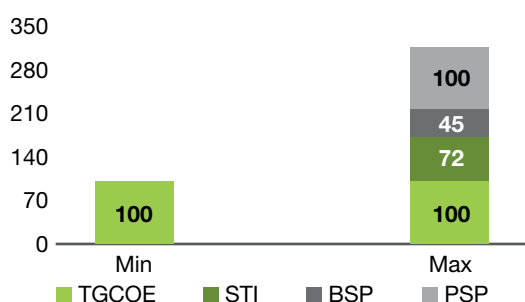
When comparing the above pay-mix range to actual remuneration outcomes in the single figure reporting under Part 3 it should be noted that the above is based on value at award whereas the single figure reporting includes actual share price movements on Performance Shares.

### CEO (%)



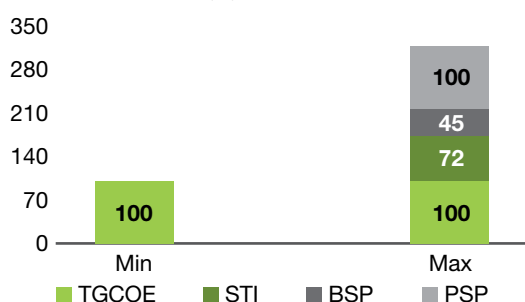
% of TGCOE	Min	Max
1. TGCOE	100%	100%
2. STI	0%	72%
3. BSP	0%	45%
4. PSP	0%	133%
<b>Total</b>	<b>100%</b>	<b>350%</b>

### CFO (%)



% of TGCOE	Min	Max
1. TGCOE	100%	100%
2. STI	0%	72%
3. BSP	0%	45%
4. PSP	0%	100%
<b>Total</b>	<b>100%</b>	<b>317%</b>

### Prescribed officers (%)



% of TGCOE	Min	Max
1. TGCOE	100%	100%
2. STI	0%	72%
3. BSP	0%	45%
4. PSP	0%	100%
<b>Total</b>	<b>100%</b>	<b>317%</b>

## Payments on termination of office

Notice periods for executive management are indicated in the table below, except in circumstances where a longer notice period is appropriate as a transitional measure, in which case the notice period would reduce automatically within a reasonable period of time.

Role	Notice Period
CEO	Twelve months
CFO	Three months
PO	Between three – six months

Service contracts for senior executives contain pay *in lieu* of notice provisions which may be invoked at the discretion of the Remuneration Committee if the Company terminates the service contract. Payments upon termination may include any of the following:

- TGCOE for the notice period.
- STI for the period of the financial year worked.
- LTI for *pro rata* portion of unvested units (depending on type of termination scheme rules define the treatment).
- Restraint of trade.

The general treatment of the different elements of pay upon termination of employment will depend on the circumstances of termination, and whether such termination is considered to be a “fault and/or bad leaver” or “no-fault and/or good leaver” termination.

Generally, the following criteria relates to terminations:

<b>TGCOE:</b>	In terms of fault and/or bad leaver, the committee has the discretion to negotiate separate payments with executives, but none of the senior executives have special termination benefits or balloon payment provisions in their employment contract.
<b>STI:</b>	In terms of fault and /or bad leaver, no incentive will be paid if employment is terminated prior to the date of payment which is normally in March each year.
<b>LTI:</b>	In terms of fault and/or bad leaver, the unvested shares are deemed to be cancelled, otherwise awards are adjusted for time served and are settled at date of termination.

## Non-executive directors’ fees

Non-executive directors’ fees are benchmarked against similar-sized companies listed on the Johannesburg Stock Exchange (JSE). The fees are set exclusive of any VAT. The Committee considered the Ernst & Young (EY) and the Institution of Directors in Southern Africa (IOD) Non-executive Directors’ Fees Guide 5th Edition to measure and determine the non-executive directors fees for the ensuing year. Similarly, the level of complexity of the underlying business was also taken into consideration to make an informed decision.

In accordance with the Company’s memorandum of incorporation (MOI), shareholders must approve these fees at the AGM. The appointment of a non-executive director may be terminated without compensation if that director is not re-elected by shareholders or otherwise in accordance with the Company’s memorandum of incorporation.

## Fair and responsible remuneration

King IV emphasizes executive remuneration which is fair and responsible “in context of the overall employee remuneration” and part of this responsibility is addressing the gap between the remuneration of executives and the employees at the lower end of the pay scale. The committee regards this as an important objective. Steps taken include:

- Lower mandated increase for executives compared to employees of the lower end of the pay scale.
- Ensuring total remuneration for executives comprise a higher variable pay based on performance.



# Remuneration report (continued)

## PART 3: IMPLEMENTATION REPORT

### Guaranteed package increases

The following TGCOE package increases were approved by the Remuneration Committee with effect from 1 January 2017:

	2017	2016	% increase versus 2016
<b>Executive directors</b>			
BW Strong	5,023,050	4,738,727	6.0
BDV Clark	3,818,148	3,602,026	6.0
<b>Prescribed officers</b>			
RP von Veh	4,150,416	3,915,487	6.0
HM Thompson	4,124,832	3,891,346	6.0
JW Hunt	2,646,300	2,491,807	6.2
N Naidoo	3,237,144	3,048,162	6.2
J Stumpf	3,789,504	3,575,000	6.0

The average increase for the above executive management was 6.0% (2016: 6.2%) compared to the mandated average increase granted to other employees of between 6.0% and 9.0% on average (2016: between 6.2% and 7.8% on average).

### 2017 Short-term incentive bonus achievements

For the year ended 31 December 2017, the following performances were achieved by the executive directors and prescribed office against the key performance indicators:

KPI	Maximum possible	Actual achieved
Financial performance	60%	0%
Safety	10%	4%
Individual	30%	Between 22.8% and 28.4%

### 2017 Long-term incentives achievements (Performance share plan)

The vesting criteria for the performance shares awarded in 2015, based on a three-year financial performance is indicated in the table below:

Performance share plan	Weight	Threshold 30%	Stretch 62.5%	Maximum 100%	% achieved
Target	50%	80%	100%	120%	
TSR		Below threshold			0%
Target	50%	10%	12.3%	15%	
ROCE		12.4%			63.6%
Overall PSP Result	100%				31.8%

## Remuneration of executive directors and prescribed officers

### Executive Directors and prescribed officers

31 December 2017

R's	Guaranteed package (TGCOE) <sup>1</sup>	Short-term incentive bonus <sup>2</sup>	Other <sup>3</sup>	Cash-based remuneration	Grant value of bonus shares awarded <sup>4</sup>	Intrinsic value of performance shares vesting in March 2018 <sup>5</sup>	Total remuneration
<b>Executive directors</b>							
BW Strong	5,023,050	1,092,212	164,282	<b>6,279,544</b>	682,633	738,559	<b>7,700,736</b>
BDV Clark	3,818,148	846,713	124,836	<b>4,789,697</b>	529,195	333,987	<b>5,652,879</b>
<b>Total</b>	<b>8,841,198</b>	<b>1,938,925</b>	<b>289,118</b>	<b>11,069,241</b>	<b>1,211,828</b>	<b>1,072,546</b>	<b>13,353,615</b>
<b>Prescribed officers</b>							
RP von Veh	4,150,416	836,724	123,004	<b>5,110,144</b>	522,952	366,146	<b>5,999,242</b>
HM Thompson	4,124,832	890,964	129,349	<b>5,145,145</b>	556,852	303,243	<b>6,005,240</b>
JW Hunt	2,646,300	510,630	83,967	<b>3,240,897</b>	319,144	191,638	<b>3,751,679</b>
N Naidoo	3,237,144	671,254	17,119	<b>3,925,517</b>	419,534	234,429	<b>4,579,480</b>
J Stumpf	3,789,504	884,015	–	<b>4,673,519</b>	552,510	–	<b>5,226,029</b>
<b>Total</b>	<b>17,948,196</b>	<b>3,793,587</b>	<b>353,439</b>	<b>22,095,222</b>	<b>2,370,992</b>	<b>1,095,456</b>	<b>25,561,670</b>

1 Guaranteed package (TGCOE) paid for the 12 months of the financial year.

2 Short-term incentive (STI) earned on 2017 performance, to be paid in March 2018.

3 Other cash benefits include dividend equivalent bonus based on actual bonus shares that vested in March 2017.

4 Value of the bonus shares to be granted (62.5% of STI) on 2 April 2018 based on 2017 performance and vesting in March 2021.

5 Intrinsic value is calculated by taking the number of PSP expected to vest in March 2018 based on performance over the three-year period ended 31 December 2017, multiplied by the closing Mpact share price at 31 December 2017.

# Remuneration report (continued)

## 31 December 2016

R's	Guaranteed package (TGCOE) <sup>1</sup>	Short-term incentive bonus <sup>2</sup>	Other <sup>3</sup>	Cash-based remuneration	Grant value of bonus shares awarded <sup>4</sup>	Intrinsic value of performance shares vesting in March 2017 <sup>5</sup>	Total remuneration
<b>Executive directors</b>							
BW Strong	4,738,727	1,480,757	166,900	<b>6,386,384</b>	925,473	1,734,616	<b>9,046,473</b>
BDV Clark	3,602,026	1,148,902	77,548	<b>4,828,476</b>	718,064	1,331,735	<b>6,878,275</b>
<b>Total</b>	<b>8,340,753</b>	<b>2,629,659</b>	<b>244,448</b>	<b>11,214,860</b>	<b>1,643,537</b>	<b>3,066,351</b>	<b>15,924,748</b>
<b>Prescribed officers</b>							
RP von Veh	3,915,487	1,240,426	132,227	<b>5,288,140</b>	775,266	1,947,162	<b>8,010,568</b>
HM Thompson	3,891,346	1,224,373	140,044	<b>5,255,763</b>	765,233	1,638,834	<b>7,659,830</b>
JW Hunt	2,491,807	731,993	90,685	<b>3,314,485</b>	457,496	1,026,055	<b>4,798,036</b>
N Naidoo	3,048,162	943,711	–	<b>3,991,873</b>	589,819	1,255,146	<b>5,836,838</b>
J Stumpf	3,575,000	1,145,430	–	<b>4,720,430</b>	715,894	–	<b>5,436,324</b>
<b>Total</b>	<b>16,921,802</b>	<b>5,285,933</b>	<b>362,956</b>	<b>22,570,391</b>	<b>3,303,708</b>	<b>5,867,197</b>	<b>31,741,596</b>

1 Guaranteed package (TGCOE) paid for the 12 months of the financial year.

2 Short-term incentive (STI) earned on 2016 performance paid in March 2017.

3 Other cash benefit includes dividend equivalent bonus based on actual bonus shares that vested in March 2016.

4 Value of the bonus shares granted (62.5% of STI) on 1 April 2017 based on 2016 performance and vesting in March 2020.

5 Intrinsic value is calculated by taking the number of PSP expected to vest in March 2017 based on 2016 performance over the three-year period ended 31 December 2016 multiplied by the closing Mpact share price at 31 December 2016.

## Number and market value of share awards granted to executive directors and prescribed officers

The following tables set out the number and market value of share awards granted, exercised and lapsed to the executive directors and prescribed officers during the year:

### 2017 – Executive Directors

#### BW Strong

##### Number of shares

Type of award <sup>1,2</sup>	Date of award	Release date	Number of awards held at beginning of year	Number of awards granted during year	Number of awards vested during year	Number of shares lapsed or expected to lapse at vesting	Number of awards held as at 31 December 2017
BSP	Jun 14	Mar 17	56,649	–	(56,649)	–	–
PSP	Jun 14	Mar 17	84,377	–	(84,377)	–	–
BSP	Apr 15	Mar 18	41,098	–	–	–	41,098
PSP	Apr 15	Mar 18	95,185	–	–	(64,916)	30,269
BSP	Apr 16	Mar 19	35,949	–	–	–	35,949
PSP	Apr 16	Mar 19	88,387	–	–	(44,194) <sup>8</sup>	44,193
BSP	Apr 17	Mar 20	–	31,172	–	–	31,172
PSP	Apr 17	Mar 20	–	225,585	–	(112,793) <sup>8</sup>	112,792
<b>Total number of shares</b>			<b>401,645</b>	<b>256,757</b>	<b>(141,026)</b>	<b>(221,903)</b>	<b>295,473</b>

##### Market value of shares (R's)

Type of award <sup>1,2</sup>	Date of award	Award price basis (cents)	Market value at grant date <sup>3</sup>	Grant value of awards granted during year <sup>4</sup>	Cumulative effects of share price movement Gain/(loss) <sup>5</sup>	Value of awards vested during year <sup>6</sup>	Value of shares lapsed or expected to lapse at vesting	Market value at 31 December 2017 <sup>7</sup>
BSP	Jun 14	2,684	1,520,459	–	215,833	(1,736,292)	–	–
PSP	Jun 14	2,684	2,264,679	–	321,483	(2,586,162)	–	–
BSP	Apr 15	4,243	1,743,788	–	(740,997)	–	–	1,002,791
PSP	Apr 15	4,243	4,038,700	–	(1,716,191)	–	(1,583,950)	738,559
BSP	Apr 16	4,825	1,734,539	–	(857,383)	–	–	877,156
PSP	Apr 16	4,825	4,264,673	–	(2,108,030)	–	(1,078,334) <sup>8</sup>	1,078,309
BSP	Apr 17	2,969	–	925,473	(164,876)	–	–	760,597
PSP	Apr 17	2,969	–	6,697,400	(1,193,126)	–	(2,752,149) <sup>8</sup>	2,752,125
<b>Total market value of shares</b>			<b>15,566,838</b>	<b>7,622,873</b>	<b>(6,243,287)</b>	<b>(4,322,454)</b>	<b>(5,414,433)</b>	<b>7,209,537</b>

# Remuneration report (continued)

## BDV Clark

### Number of shares

Type of award <sup>1,2</sup>	Date of award	Release date	Number of awards held at beginning of year	Number of awards granted during year	Number of awards vested during year	Number of shares lapsed or expected to lapse at vesting	Number of awards held as at 31 December 2017
BSP	Jun 14	Mar 17	43,047	–	(43,047)	–	–
PSP	Jun 14	Mar 17	63,595	–	(63,595)	–	–
BSP	Apr 15	Mar 18	30,674	–	–	–	30,674
PSP	Apr 15	Mar 18	43,044	–	–	(29,356)	13,688
BSP	Apr 16	Mar 19	27,600	–	–	–	27,600
PSP	Apr 16	Mar 19	40,311	–	–	(20,156) <sup>8</sup>	20,155
BSP	Apr 17	Mar 20	–	24,186	–	–	24,186
PSP	Apr 17	Mar 20	–	128,605	–	(64,303) <sup>8</sup>	64,302
<b>Total number of shares</b>			<b>248,271</b>	<b>152,791</b>	<b>(106,642)</b>	<b>(113,815)</b>	<b>180,605</b>

### Market value of shares (R's)

Type of award <sup>1,2</sup>	Date of award	Award price basis (cents)	Market value at grant date <sup>3</sup>	Grant value of awards granted during year <sup>4</sup>	Cumulative effects of share price movement Gain/(loss) <sup>5</sup>	Value of awards vested during year <sup>6</sup>	Value of shares lapsed or expected to lapse at vesting	Market value at 31 December 2017 <sup>7</sup>
BSP	Jun 14	2,684	1,155,381	–	164,010	(1,319,391)	–	–
PSP	Jun 14	2,684	1,706,889	–	242,306	(1,949,195)	–	–
BSP	Apr 15	4,243	1,301,498	–	(553,052)	–	–	748,446
PSP	Apr 15	4,243	1,826,357	–	(776,084)	–	(716,286)	333,987
BSP	Apr 16	4,825	1,331,700	–	(658,260)	–	–	673,440
PSP	Apr 16	4,825	1,945,006	–	(961,418)	–	(491,806) <sup>8</sup>	491,782
BSP	Apr 17	2,969	–	718,064	(127,926)	–	–	590,138
PSP	Apr 17	2,969	–	3,818,148	(680,187)	–	(1,568,993) <sup>8</sup>	1,568,968
<b>Total market value of shares</b>			<b>9,266,831</b>	<b>4,536,212</b>	<b>(3,350,611)</b>	<b>(3,268,586)</b>	<b>(2,777,085)</b>	<b>4,406,761</b>

## 2017 – Prescribed Officers

### RP von Veh

#### Number of shares

Type of award <sup>1,2</sup>	Date of award	Release date	Number of awards held at beginning of year	Number of awards granted during year	Number of awards vested during year	Number of shares lapsed or expected to lapse at vesting	Number of awards held as at 31 December 2017
BSP	Jun 14	Mar 17	42,415	–	(42,415)	–	–
PSP	Jun 14	Mar 17	68,926	–	(68,926)	–	–
BSP	Apr 15	Mar 18	33,592	–	–	–	33,592
PSP	Apr 15	Mar 18	47,189	–	–	(32,183)	15,006
BSP	Apr 16	Mar 19	30,499	–	–	–	30,499
PSP	Apr 16	Mar 19	43,819	–	–	(21,910) <sup>8</sup>	21,909
BSP	Apr 17	Mar 20	–	26,113	–	–	26,113
PSP	Apr 17	Mar 20	–	139,796	–	(69,898) <sup>8</sup>	69,898
<b>Total number of shares</b>			<b>266,440</b>	<b>165,909</b>	<b>(111,341)</b>	<b>(123,991)</b>	<b>197,017</b>

#### Market value of shares (R's)

Type of award <sup>1,2</sup>	Date of award	Award price basis (cents)	Market value at grant date <sup>3</sup>	Grant value of awards granted during year <sup>4</sup>	Cumulative effects of share price movement Gain/(loss) <sup>5</sup>	Value of awards vested during year <sup>6</sup>	Value of shares lapsed or expected to lapse at vesting	Market value at 31 December 2017 <sup>7</sup>
BSP	Jun 14	2,684	1,138,419	–	161,601	(1,300,020)	–	–
PSP	Jun 14	2,684	1,849,974	–	262,610	(2,112,584)	–	–
BSP	Apr 15	4,243	1,425,309	–	(605,664)	–	–	819,645
PSP	Apr 15	4,243	2,002,229	–	(850,818)	–	(785,265)	366,146
BSP	Apr 16	4,825	1,471,577	–	(727,401)	–	–	744,176
PSP	Apr 16	4,825	2,114,267	–	(1,045,083)	–	(534,604) <sup>8</sup>	534,580
BSP	Apr 17	2,969	–	775,266	(141,109)	–	–	634,157
PSP	Apr 17	2,969	–	4,150,416	(739,394)	–	(1,705,511) <sup>8</sup>	1,705,511
<b>Total market value of shares</b>			<b>10,001,775</b>	<b>4,925,682</b>	<b>(3,685,258)</b>	<b>(3,412,604)</b>	<b>(3,025,380)</b>	<b>4,804,215</b>

# Remuneration report (continued)

## HM Thompson

### Number of shares

Type of award <sup>1,2</sup>	Date of award	Release date	Number of awards held at beginning of year	Number of awards granted during year	Number of awards vested during year	Number of shares lapsed or expected to lapse at vesting	Number of awards held as at 31 December 2017
BSP	Jun 14	Mar 17	44,603	–	(44,603)	–	–
PSP	Jun 14	Mar 17	58,012	–	(58,012)	–	–
BSP	Apr 15	Mar 18	33,210	–	–	–	33,210
PSP	Apr 15	Mar 18	39,082	–	–	(26,654)	12,428
BSP	Apr 16	Mar 19	29,383	–	–	–	29,383
PSP	Apr 16	Mar 19	36,291	–	–	(18,146) <sup>8</sup>	18,145
BSP	Apr 17	Mar 20	–	25,775	–	–	25,775
PSP	Apr 17	Mar 20	–	138,935	–	(69,468) <sup>8</sup>	69,467
<b>Total number of shares</b>			<b>240,581</b>	<b>164,710</b>	<b>(102,615)</b>	<b>(114,268)</b>	<b>188,408</b>

### Market value of shares (R's)

Type of award <sup>1,2</sup>	Date of award	Award price basis (cents)	Market value at grant date <sup>3</sup>	Grant value of awards granted during year <sup>4</sup>	Cumulative effects of share price movement Gain/(loss) <sup>5</sup>	Value of awards vested during year <sup>6</sup>	Value of shares lapsed or expected to lapse at vesting	Market value at 31 December 2017 <sup>7</sup>
BSP	Jun 14	2,684	1,197,145	–	169,937	(1,367,082)	–	–
PSP	Jun 14	2,684	1,557,042	–	221,020	(1,778,062)	–	–
BSP	Apr 15	4,243	1,409,100	–	(598,776)	–	–	810,324
PSP	Apr 15	4,243	1,658,249	–	(704,648)	–	(650,358)	303,243
BSP	Apr 16	4,825	1,417,730	–	(700,785)	–	–	716,945
PSP	Apr 16	4,825	1,751,041	–	(865,541)	–	(442,762) <sup>8</sup>	442,738
BSP	Apr 17	2,969	–	765,233	(136,323)	–	–	628,910
PSP	Apr 17	2,969	–	4,124,832	(734,818)	–	(1,695,019) <sup>8</sup>	1,694,995
<b>Total market value of shares</b>			<b>8,990,307</b>	<b>4,890,065</b>	<b>(3,349,934)</b>	<b>(3,145,144)</b>	<b>(2,788,139)</b>	<b>4,597,155</b>

## JW Hunt

### Number of shares

Type of award <sup>1,2</sup>	Date of award	Release date	Number of awards held at beginning of year	Number of awards granted during year	Number of awards vested during year	Number of shares lapsed or expected to lapse at vesting	Number of awards held as at 31 December 2017
BSP	Jun 14	Mar 17	28,954	–	(28,954)	–	–
PSP	Jun 14	Mar 17	36,321	–	(36,321)	–	–
BSP	Apr 15	Mar 18	19,483	–	–	–	19,483
PSP	Apr 15	Mar 18	24,698	–	–	(16,844)	7,854
BSP	Apr 16	Mar 19	18,678	–	–	–	18,678
PSP	Apr 16	Mar 19	23,239	–	–	(11,620) <sup>8</sup>	11,619
BSP	Apr 17	Mar 20	–	15,410	–	–	15,410
PSP	Apr 17	Mar 20	–	89,134	–	(44,567) <sup>8</sup>	44,567
<b>Total number of shares</b>			<b>151,373</b>	<b>104,544</b>	<b>(65,275)</b>	<b>(73,031)</b>	<b>117,611</b>

### Market value of shares (R's)

Type of award <sup>1,2</sup>	Date of award	Award price basis (cents)	Market value at grant date <sup>3</sup>	Grant value of awards granted during year <sup>4</sup>	Cumulative effects of share price movement Gain/(loss) <sup>5</sup>	Value of awards vested during year <sup>6</sup>	Value of shares lapsed or expected to lapse at vesting	Market value at 31 December 2017 <sup>7</sup>
BSP	Jun 14	2,684	777,125	–	110,315	(887,440)	–	–
PSP	Jun 14	2,684	974,856	–	138,368	(1,113,224)	–	–
BSP	Apr 15	4,243	826,664	–	(351,279)	–	–	475,385
PSP	Apr 15	4,243	1,047,936	–	(445,304)	–	(410,994)	191,638
BSP	Apr 16	4,825	901,214	–	(445,471)	–	–	455,743
PSP	Apr 16	4,825	1,121,282	–	(554,250)	–	(283,528) <sup>8</sup>	283,504
BSP	Apr 17	2,969	–	457,496	(81,492)	–	–	376,004
PSP	Apr 17	2,969	–	2,646,300	(471,430)	–	(1,087,435) <sup>8</sup>	1,087,435
<b>Total market value of shares</b>			<b>5,649,077</b>	<b>3,103,796</b>	<b>(2,100,543)</b>	<b>(2,000,664)</b>	<b>(1,781,957)</b>	<b>2,869,709</b>



# Remuneration report (continued)

## N Naidoo

### Number of shares

Type of award <sup>1,2</sup>	Date of award	Release date	Number of awards held at beginning of year	Number of awards granted during year	Number of awards vested during year	Number of shares lapsed or expected to lapse at vesting	Number of awards held as at 31 December 2017
BSP	Jun 14	Mar 17	5,903	–	(5,903)	–	–
PSP	Jun 14	Mar 17	44,430	–	(44,430)	–	–
BSP	Apr 15	Mar 18	25,576	–	–	–	25,576
PSP	Apr 15	Mar 18	30,213	–	–	(20,605)	9,608
BSP	Apr 16	Mar 19	23,273	–	–	–	23,273
PSP	Apr 16	Mar 19	28,427	–	–	(14,214) <sup>8</sup>	14,213
BSP	Apr 17	Mar 20	–	19,867	–	–	19,867
PSP	Apr 17	Mar 20	–	109,035	–	(54,518) <sup>8</sup>	54,517
<b>Total number of shares</b>			<b>157,822</b>	<b>128,902</b>	<b>(50,333)</b>	<b>(89,337)</b>	<b>147,054</b>

### Market value of shares (R's)

Type of award <sup>1,2</sup>	Date of award	Award price basis (cents)	Market value at grant date <sup>3</sup>	Grant value of awards granted during year <sup>4</sup>	Cumulative effects of share price movement Gain/(loss) <sup>5</sup>	Value of awards vested during year <sup>6</sup>	Value of shares lapsed or expected to lapse at vesting	Market value at 31 December 2017 <sup>7</sup>
BSP	Jun 14	2,684	158,437	–	22,490	(180,927)	–	–
PSP	Jun 14	2,684	1,192,501	–	169,277	(1,361,778)	–	–
BSP	Apr 15	4,243	1,085,190	–	(461,136)	–	–	624,054
PSP	Apr 15	4,243	1,281,938	–	(544,747)	–	(502,762)	234,429
BSP	Apr 16	4,825	1,122,922	–	(555,061)	–	–	567,861
PSP	Apr 16	4,825	1,371,603	–	(677,984)	–	(346,822) <sup>8</sup>	346,797
BSP	Apr 17	2,969	–	589,819	(105,064)	–	–	484,755
PSP	Apr 17	2,969	–	3,237,144	(576,690)	–	(1,330,239) <sup>8</sup>	1,330,215
<b>Total market value of shares</b>			<b>6,212,591</b>	<b>3,826,963</b>	<b>(2,728,915)</b>	<b>(1,542,705)</b>	<b>(2,179,823)</b>	<b>3,588,111</b>

## J Stumpf

### Number of shares

Type of award <sup>1,2</sup>	Date of award	Release date	Number of awards held at beginning of year	Number of awards granted during year	Number of shares lapsed or expected to lapse at vesting	Number of awards held as at 31 December 2017
BSP	Apr 15	Mar 18	21,117	–	–	21,117
BSP	Apr 16	Mar 19	6,577	–	–	6,577
PSP	Apr 16	Mar 19	33,341	–	(16,671) <sup>8</sup>	16,670
BSP	Apr 17	Mar 20	–	24,113	–	24,113
PSP	Apr 17	Mar 20	–	127,640	(63,820) <sup>8</sup>	63,820
<b>Total number of shares</b>			<b>61,035</b>	<b>151,753</b>	<b>80,491</b>	<b>132,297</b>

### Market value of shares (R's)

Type of award <sup>1,2</sup>	Date of award	Award price basis (cents)	Market value at grant date <sup>3</sup>	Grant value of awards granted during year <sup>4</sup>	Cumulative effects of share price movement Gain/(loss) <sup>5</sup>	Value of shares lapsed or expected to lapse at vesting	Market value at 31 December 2017 <sup>7</sup>
BSP	Apr 15	4,243	895,994	–	(380,739)	–	515,255
BSP	Apr 16	4,825	317,340	–	(156,861)	–	160,479
PSP	Apr 16	4,825	1,608,703	–	(795,183)	(406,772) <sup>8</sup>	406,748
BSP	Apr 17	2,969	–	715,894	(127,537)	–	588,357
PSP	Apr 17	2,969	–	3,789,504	(675,088)	(1,557,208) <sup>8</sup>	1,557,208
<b>Total market value of shares</b>			<b>2,822,037</b>	<b>4,505,398</b>	<b>(2,135,408)</b>	<b>(1,963,980)</b>	<b>3,228,047</b>

1 Bonus share plan (BSP).

2 Performance share plan (PSP).

3 Market value at grant date is the number of shares granted and/or awarded at the grant or award price.

4 During the year, share grants and awards were made at R29.69 per share.

5 Cumulative effects of share price gains and losses represents the market value change between the share value at grant dates, the value of at vesting, the value of shares lapsing or expected to lapse and the closing share price at year-end.

6 During the year, share awards were vested at a share price of R30.65 per share.

7 Market value at 31 December 2017 is the closing share price which was R24.40 per share.

8 Assumed a 50% achievement of PSP targets.

# Remuneration report (continued)

## Non-executive directors' fees

	2017		2016	
	Fees paid as non-executive director <sup>2</sup>	Fees paid as Trustee to the Mpac Foundation Trust <sup>2</sup>	Fees paid as non-executive director	Fees paid as Trustee to the Mpac Foundation Trust
AJ Philips	946,593	–	917,921	–
AM Thompson	475,655	63,536	473,298	60,017
M Makanjee <sup>1</sup>	448,253	–	101,951	–
NP Dongwana	475,655	127,071	473,298	120,033
NB Langa-Royds	529,812	63,536	605,863	60,017
TDA Ross	587,254	–	578,620	–
<b>Total</b>	<b>3,463,222</b>	<b>254,143</b>	<b>3,150,951</b>	<b>240,067</b>

<sup>1</sup> From date of appointment to the Board on 5 September 2016.

<sup>2</sup> The above amounts excludes VAT.