

# Mondi Group

Sustainability summary report 2009

Making sustainability a reality



# Contents

This report provides a summary of Mondi Group's sustainability activity in 2009. For a comprehensive review of the Group's practices, including a more detailed update on our progress in 2009, please visit the sustainability section of Mondi Group's website at:

[www.mondigroup.com/sustainability](http://www.mondigroup.com/sustainability)

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## **Making sustainability a reality**

Mondi's core purpose is to create long-term value by transforming scarce natural resources into innovative customer solutions that improve the quality of life for people around the world. Our vision is to be the best-performing paper and packaging company in the world. It follows that we must use the natural resources we rely on in a responsible and sustainable way to fulfil our purpose and achieve our vision.

In simple terms we must make sustainability a reality.

We must make sustainable development integral to our business because it addresses the delivery of long-term value to shareholders, employees, customers and the communities in which we operate.



For further information on how we are making sustainability a reality, explore the governance section within the sustainability section of our website at: [www.mondigroup.com/sustainability/governance](http://www.mondigroup.com/sustainability/governance)



## **Sustainability: governance and management systems**

We have rigorous corporate governance policies and processes in place to ensure that sustainability informs the strategic and operational management decisions we make. Accountability for our sustainable development commitments and sustainable development policies, systems, practices and actions is assured at every significant level of our business through the DLC sustainable development committee, DLC executive committee, the sustainable development leadership panel and five global specialist networks.

### **Mill and operating location names**

Throughout this report we refer to our mills and operating locations by reference to their name or location and country. Further details of the specific operations undertaken at each location are available online at: [www.mondigroup.com/locations](http://www.mondigroup.com/locations)



For further information, read the governance section within the sustainability section of our web site at: [www.mondigroup.com/governance](http://www.mondigroup.com/governance)

### **Reporting systems, reporting boundaries, data restatement and independent assurance**

The reporting systems in place at Mondi to collect and report the sustainable development data presented in this summary report and on the sustainability section of the Mondi Group website are described at: [www.mondigroup.com/sustainability](http://www.mondigroup.com/sustainability)

This sustainability section of our website also describes the reporting boundaries for the data including details of the sites that are included and those that are excluded for each sustainable development data parameter. A selected sample of performance data in this summary report and on the website has been independently assured by Environmental Resources Management Limited. The assurance report and glossary of terms can be found at: [www.mondigroup.com/assurance](http://www.mondigroup.com/assurance)

Due to refinements in measurement techniques some previously published data for 2004-2008 have been amended.

# Sustainability highlights of 2009

At Mondi we are continuing to make strong progress against our commitment to make sustainability a reality. These are just a few of our accomplishments during 2009.



## Sustainability indices, recognition and rewards

- Recognised as leader in the basic materials sector by the Forest Footprint Disclosure (FFD) project
- Recognised as best paper and pulp producer for carbon disclosure and ranked fourth best in the materials sector as defined by the Carbon Disclosure Project (CDP) in its global 500 report



## Climate change and energy

- Annual CO<sub>2</sub>e emissions down by approximately 12% since 2004
- Specific energy consumption down by approximately 12% since 2004

## Cleaner production

- Emissions to water significantly reduced (COD by 31% and AOX by 60%) since 2005
- Emissions to air (TRS) reduced by 71% since 2005
- Total waste sent to landfill reduced by 36% and hazardous waste sent to landfill reduced by 75% since 2005 (land filling of hazardous waste ceased by the end of 2009)



## Land claims

- Nine further claims settled in 2009, with 73 still in progress
- Socio-economic impact assessment of the Russian forest operations published



## Safety and health

- Zero work-related fatalities reported for the first time
- A 16% reduction in our overall injury frequency rate (measured using the Total Recordable Case Rate) and a 28% reduction in our lost-time injury frequency rate compared with 2008

## HIV/AIDS

- Voluntary HIV/AIDS counselling and testing offered to people working in our forests
- Successful new awareness campaign launched



## Wood and fibre

- 54% of wood supplied to our processing plants now PEFC or FSC certified

## Forestry certification

- All our South African forests FSC certified
- All leased land in Russia FSC certified and 1,693,000 ha of state forest certified to FSC standards as well



## Product stewardship and innovation

- Capacity consuming recovered paper up by 40%
- Increase in number of products certified to FSC and PEFC standards

# Welcome

Welcome to the Mondi Group Sustainability summary report 2009. Together with our full online report, it describes the progress we made last year towards achieving our sustainable development goals and making sustainability a reality in Mondi.

We aim to be the best-performing paper and packaging company in the world and, as such, we recognise that we need to integrate sound principles governing safety, business conduct, social, environmental and economic matters into our business practices and decision making.

Four key objectives underpin our sustainability vision: producing sought-after products in a responsible manner; securing continued access to resource materials in a resource-constrained world; attracting and retaining talented people;

and maintaining our licence to operate within our host communities. These objectives inform our sustainable development commitments and sustainable development is also reflected in the "Mondi Diamond", a tool aligned to the Group's strategic goals and business priorities, which enables our operations to make a more immediate impact on their profits by focusing on five dimensions: operational excellence; people development; customer focus; cutting-edge products; and sustainable development.

## Spotlight on safety and health

Our commitment to zero tolerance for unsafe behaviour has positively affected the quality of life for all people working for Mondi. Although this focus on safety has resulted in a commendable workplace safety record for the year with no reportable fatalities, two people sadly lost their lives outside the workplace in Russia: one in a business travel-related road accident, the other in a trailer-home fire in a logging camp.

Early in 2010, we regrettably experienced a fatality in our forestry operations in South Africa. We believe that this accident, like all others, could and should have been prevented. We take responsibility for ensuring that we learn from every safety incident and that we implement the necessary measures to further entrench safe behaviour.



We are confident that we have robust sustainable development policies, systems and practices in place, and that compliance with these is assured at every significant level of our business. Throughout 2009, our performance against our sustainable development commitments was monitored and reviewed on a regular basis by both our executive committee and our sustainable development committee. Sustainability was also included as an agenda point at every Board meeting and a primary focus for the Mondi sustainable development leadership panel and five global specialist networks.

We have already made great strides towards becoming a sustainable business and are proud of our achievements, but we know we have more to do. Our vision is to be a leader in sustainable development in our industry, and we are pleased to say that despite the difficult economic landscape in 2009, we have maintained our approach to sustainability and followed our principles.

We are well placed to anticipate and react to economic, political and environmental changes in future – all of which will undoubtedly impact on our sustainable development objectives. We believe we have the corporate “flexibility” and the collective will to factor these changes into our long-term strategy.

**David Hathorn**

Chief executive officer

**Colin Matthews**

DLC sustainable development committee chairman



Read the full statements from David Hathorn and Colin Matthews at: [www.mondigroup.com/sustainability/overview](http://www.mondigroup.com/sustainability/overview)

**Spotlight on climate change**

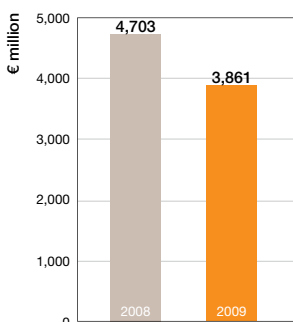
We recognise the business risks associated with climate change and are working on ways to cut our emissions – through our environment and energy strategy, and also measures such as responsible forestry and product stewardship. Since 2004 we have reduced our annual CO<sub>2</sub>e emissions by approximately 800,000 tonnes, a fall of 12%.

We aim to achieve a 15% reduction in our specific greenhouse gas emissions per tonne of saleable production by 2014 against the same baseline. Through our DIANA project we are improving the way we generate energy at all Mondi operations and last year reached 83% self-sufficiency in electricity production, with the use of renewables for energy generation increased from 47% to 53% over the past six years.

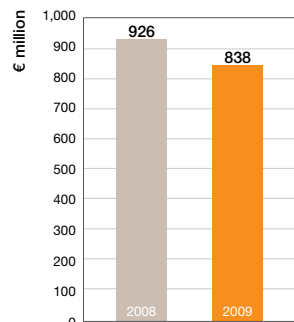
**Our economic contribution in 2009**

As a corporate taxpayer, major employer, investor and purchaser of goods and services, we make a significant contribution to the economies in which we operate. Our products also bring benefits to customers and consumers around the world.

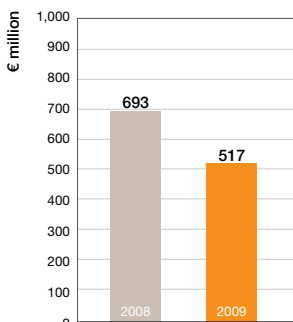
**Payments to suppliers**



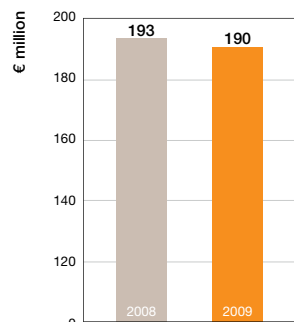
**Total value distributed to employees**



**Capital expenditure**



**Tax and other payments to government**



# Our approach to sustainability reporting

This summary, and the full report it is based on, have both been prepared following Global Reporting Initiative (GRI) G3 guidelines to the B+ level.



Read more about our approach to GRI accreditation at: [www.mondigroup.com/GRI](http://www.mondigroup.com/GRI)

Reported information and data has been collected by our operations using the Mondi Reporting Information System (MORIS). We have made no significant changes to the scope, boundary or measurement methods used to report on sustainability this year and so restatement of historical data has not had a material effect on our results.

A selected sample of performance data has been independently assured by Environmental Resources Management Limited (ERM).



Read more about our approach to sustainability reporting at: [www.mondigroup.com/overview/about](http://www.mondigroup.com/overview/about)

## Reporting on the issues that matter to our stakeholders

Our key stakeholders include employees and contractors, investors, communities, suppliers, opinion leaders, governments, NGOs (non-government organisations), academia and regulators. Responding to their feedback, we report on issues that are and have been material for a number of years, including:

- Sustainability governance
- Improving our social performance by aiming for “Just no harm” in the workplace, supporting sustainable community development and building trust with stakeholders
- Improving our forestry performance to provide access to fibre, land and water, while also addressing resource conservation and biodiversity
- Improving our environmental performance to reduce greenhouse gases, energy and control our impact on water, air and land



Read more about the way we work with our stakeholders at: [www.mondigroup.com/overview/about](http://www.mondigroup.com/overview/about)

## Assessing our sustainability risks

We have prioritised the information reported this year to reflect our current exposure to specific risks. A review of these risks and mitigating measures is undertaken on an annual basis. Key sustainability risks associated with 2009 are aligned with the Group’s sustainability priorities.

We have grouped the material sustainability risk issues identified in 2009 in two categories: the first highlights the key impacts that we have on sustainability and our stakeholders; the second focuses on the sustainability trends, risks and opportunities that affect our long-term prospects and financial performance.

Key impacts on sustainability and on our stakeholders:

- Fatalities, serious injury and illness
- Fire or explosion
- Mechanisation of plantation forestry
- Public health claims in South Africa
- Environmental impact from loss of containment

Sustainability trends, risks and opportunities:

- Loss of access to credible fibre associated with unsustainable forestry practices
- Climate change footprint
- Land claims in South Africa



Read more about our sustainability risks and the mitigation measures we have in place in response at: [www.mondigroup.com/governance/risks](http://www.mondigroup.com/governance/risks)

# Our sustainable development commitments

To help us meet the challenges we face, we have published a series of sustainable development commitments. They are at the heart of our sustainability strategy, providing benchmarks for us and other stakeholders to assess our progress in making sustainability a reality in Mondi.


Our sustainable development commitments scorecard summarises our performance against our sustainable development commitments for the financial year from 1 January 2009 to 31 December 2009, against a 1 January 2005 to 31 December 2005 baseline – except for our energy and greenhouse gas emissions, which are compared against a 1 January 2004 to 31 December 2004 baseline.

## Performance categories

- ✓+ Exceeded – our performance exceeds the targets set in our commitment
- ✓ Achieved – we have met our commitment
- ➡ On track – we have made satisfactory progress and expect to meet our commitment on or before the target date
- ⬅ Behind schedule – we have made some progress and have improved on our performance last year, but are still behind schedule
- ✗ Not achieved – we have not made progress and have failed to improve on our performance last year

## We have also compared our performance against last year as either:

- ▲ improvement;
- ▼ deterioration; or
- no change.

Commitment	Performance		Target date
	Result	Trend	
 <b>Governance</b> Achieve compliance with integrated sustainable development management standards	➡	▲	2010
	We have continued the implementation of our integrated management systems as part of our Group-wide sustainable development management system. We are on track to achieve full compliance in 2010.		
	➡	▲	Ongoing
	Report progress against our sustainable development commitments internally and externally		
	We have continued to report progress.		
All material operations to obtain and maintain ISO 14001 certification (or equivalent)	✓	—	Ongoing
All our mills now utilise environmental management systems certified to ISO 14001.			
75% of material operations to obtain and maintain OHSAS 18000 certification	✓	▲	Ongoing
The number of our operating mills certified to OHSAS safety and health management system exceeded 75% during 2009.			
Report sickness and absence rates	✓	▲	Ongoing
The attendance rate has improved to 98.7% (2008: 98.5%).			

# Our sustainable development commitments continued

Commitment	Performance		Target date	
	Result	Trend		Commentary
 <b>Environment</b> Aggregate target of a 15% reduction in carbon-based energy consumption per unit of saleable production	→	—	Our specific energy consumption tracked at 12% below our 2004 base year; aggregated site-specific energy use was 4% below base year over the same period.	2014
	→	↘	Our specific greenhouse gas emissions (scope 1/ scope 2) were approximately 14% below the 2004 base year; absolute emissions were approximately 12% below base year over the same period.	2014
	✓+	▲	Our effluent load (COD emissions) into receiving waters tracked at 31% below the 2005 base year.	2010
	✓+	—	Our AOX emissions into receiving waters tracked at 61% below the 2005 base year.	2010
	✓+	▲	We have reduced our total TRS emission levels by 71% against a 2005 baseline.	2010
	✓+	▲	We have reduced our total waste to landfill by 36% against a 2005 baseline.	2010
 <b>Society</b> All material and forestry operations to have a rolling community engagement plan (CEP) that details the investments in community programmes	→	▲	CSR investment was €9.3 million. Charitable donations totalled €1.3 million.	Ongoing
	→	—	Our Russian forestry logging operations were subject to a multi-stakeholder socio-economic impact assessment. The report is available on our website.	Ongoing
	→	—	We have maintained our HIV/AIDS programme at a consistent level.	Ongoing



Commitment

Performance

Target date



	Result	Trend	Commentary	Target date
<b>People</b> Zero work-related employee and contractor fatalities	✓	▲	We reported zero work-related employee and contractor fatalities for the very first time.	Ongoing
70% reduction to 0.1 LTIFR in 2010 against 2006 with a milestone of 0.14 LTIFR in 2009. The LTIFR is made up of both employee and contractor performances	✓+	▲	We have achieved a 58% reduction since our 2006 base year. Our LTIFR for 2009 was 0.13.	2010
Report the number of incidents of occupational illnesses	✓	▲	The number of employees reporting an occupational illness has remained fairly constant (44 in 2008 to 45 in 2009).	Ongoing
Report losses of containment that caused or had the potential to cause harm (categories II/III environmental incidents)	→	▲	We have developed our approach further to zero containment losses. We experienced 23 category II environmental incidents (2008: 33). There were no category III environmental incidents in 2009 (2008: 0).	Ongoing
<b>Forestry</b> Certify all existing forestry to FSC	✓	▲	In South Africa, all planted land (0.24 million ha) has maintained certification. In Russia, all of our leased land (2.11 million ha) has been certified. In addition, we have certified 1.69 million ha of State forests to FSC standards.	Ongoing
No wood procured from controversial sources	→	▲	All virgin fibre mills are certified to internationally credible Chain-of-Custody standards.	Ongoing
The target of procured wood, virgin fibre and biomass products coming from credible sources is 60%	→	▲	54% came from credible sources in 2009.	2010
Work with certification bodies and small growers to find a practical solution to their certification	←	—	We continue working with The Forest Dialogue to develop appropriate solutions to the certification-related issues that small growers face.	Ongoing
<b>Products</b> Monitor and report the percentage of recycled fibre used in the final product	→	—	The use of recovered paper was down to 1.4 million tonnes (2008: 1.5 million tonnes).	Ongoing



# Environment



Mondi shares global concerns about the impacts of climate change. We have taken positive steps to reduce our environmental footprint by introducing cleaner production methods, improving our energy efficiency and using more renewable and recycled raw materials.

## Climate change and energy

In 2005 we set reduction targets for energy use and CO<sub>2</sub>e emissions and in 2008 we introduced a procedure to calculate our greenhouse gas emissions. In 2009, working with ClimatePartner Austria, we also defined the carbon footprints of our main products using a methodology that incorporates recommendations from the Confederation of European Paper Industries and meets Life Cycle Analysis (ISO 14040/44) and PAS 2050:2008 requirements. Consequently, we launched our first carbon-neutral paper, Nautilus, which uses 100% recycled materials.

The Carbon Disclosure Project has recognised our commitment to climate protection and refers to Mondi in its Global 500 Report 2009 and South Africa Report 2009.

### CO<sub>2</sub>e emissions

To a large extent, we use biomass as an alternative to fossil fuels in our mills – making them energy self-sufficient and net energy providers. We can avoid CO<sub>2</sub>e fossil emissions if we consume energy more efficiently and use lower-carbon fossil fuels alongside renewable energies, such as biomass, solar and wind.

More than 90% of the electricity consumed by Mondi operations on-site is now generated using Combined Heat and Power (CHP) technology, producing energy savings of 30-35% compared with conventional generation.

In 2009, our direct greenhouse gas emissions from our operations worldwide totalled 4.48 million tonnes CO<sub>2</sub>e (Scope 1 emissions) and our indirect emissions from purchased energy (Scope 2 emissions) amounted to 1.45 million tonnes CO<sub>2</sub>e. Between 2004 and 2009 we reduced our specific CO<sub>2</sub>e emissions by approximately 14%. We aim to achieve a 15% reduction in our specific greenhouse gas emissions (per tonne of saleable production) by 2014, against a 2004 baseline.


### Specific energy consumption

We are committed to make a 15% reduction in our specific energy consumption by 2014 against a 2004 baseline. In 2009, this figure was down by approximately 12% since 2004. Our DIANA energy project aims to improve energy efficiency during production by maximising the use of CHP generation and carbon-neutral, biomass fuels. We are assessing forest productivity to increase the availability of sustainably produced fibre and considering the likely benefits of implementing a credible Mondi carbon trading scheme.

In 2009, our heat consumption for production of pulp and paper totalled 61.6 million GJ. Electricity requirements amounted to 5 million MWh, with 83% of this electricity generated by Mondi power plants. We used 64 million GJ fossil fuels and 76.4 million GJ biomass to generate this energy. We sold 10.4 million GJ energy to third parties. Our specific energy use tracked at 4% below the 2004 baseline.

### Renewable raw materials

Over the past six years we have increased our use of renewable energy from 47% to 53% and aim to push this even higher in future, by increasing the use of renewable raw materials such as carbon-neutral biomass, which is often sent to landfill if not used as fuel. It is a relatively inefficient fuel, but our investments in CHP solutions show that its use reduces waste and greenhouse gas emissions while reducing the overall cost of steam and power.



Reducing our environmental impacts and playing our part in addressing climate change.



**Reducing fresh water usage at our Hadera paper mill in Israel**

**Responding to recent drought conditions in Israel, Mondi Hadera set itself an ambitious target: to achieve “zero liquid discharges” by creating a completely closed water cycle at the mill.**

Mondi Hadera Paper, a joint venture between Hadera Paper and Mondi Group, operates four paper machines, producing 330,000 tonnes of paper a year. Its water consumption in 2009 was 2.1 million m<sup>3</sup>, with a waste water flow of 1.6 million m<sup>3</sup>.

In 2008, following several years of research, Hadera installed a pilot softening plant, which

has made it possible to reuse around 300,000 m<sup>3</sup> water to date. The pilot plant uses an innovative cleaning process involving small amounts of lime and sand particles to remove mineral salts and phosphorous from used water. By utilisation of this modern purification technique water quality has been significantly improved and specific fresh water consumption reduced by 60%.

With the installation of a new fluting paper machine in 2010 the purification capacity will be more than doubled.



To find out more go to [www.mondigroup.com/casestudies/hadera](http://www.mondigroup.com/casestudies/hadera)

**Cleaner production**

We are on course to meet all our 2010 environmental targets (measured against a 2005 base year). In response to growing global concerns about water scarcity, we have also started work on a methodology to calculate our water footprint. We intend to revise our environmental targets during 2010 and set new challenges for our operations.

**Emissions to air**

Following the installation of closed reactors and the collection and incineration of any remaining emissions containing sulphur compounds, we have reduced our total reduced sulphur (TRS) compounds emissions by 71% since 2005. Even in very low concentrations, TRS can produce an odour nuisance which may prompt complaints from the local communities adjacent. We have made a significant investment to reduce TRS emissions at our Richards Bay mill in South Africa.

By using less coal to generate energy, we have reduced our sulphur dioxide emissions (SO<sub>2</sub>) since 2005. This trend will continue as we use more renewables to generate energy. Using existing boilers more efficiently has helped us to reduce nitrous oxide (NOx) emissions too. The commissioning of our new recovery boiler at Syktyvkar, Russia, along with the shutdown of three old recovery boilers in 2010, will bring NOx emissions down to even lower levels.

**Emissions to water**

Following efficiency improvements at our mills in Richards Bay, South Africa, and Syktyvkar, Russia, we have reduced our chemical oxygen demand (COD) emissions since 2005, meeting our 2010 target ahead of schedule. As a result of our policy to stop using elemental chlorine during bleaching, the emission of adsorbable organic halogens (AOX) has more than halved since 2005.

**Mondi emissions data for 2009 (2005 baseline)**

	2005 tonnes	2006 tonnes	2007 tonnes	2008 tonnes	2009 tonnes
COD	132,800	102,031	107,761	99,013	91,479
AOX	390	417	155	149	153
TRS	434	218	166	125	125
Waste to landfill	458,145	376,296	371,603	356,793	294,640
Hazardous waste to landfill	44,937	34,021	47,565	62,859	11,319

# Environment continued



**Reducing waste sent to landfill at our Richards Bay mill in South Africa**  
Thanks to a number of different recycling initiatives put in place at our Richards Bay mill during 2009, around 4,000 tonnes/month of recovered fibre that was previously sent to landfill is now being reused, with no recovered fibre landfilled at the mill since August 2009.

Recovered fibre has been a significant waste by-product at Richards Bay mill for many years. To address this issue, the team at Richards Bay investigated a number of different options, applying accepted "Reduce, Reuse and Recycle" principles.

Consequently, the team has improved the quality (and, consequently, its recycling potential) of the recovered fibre by extracting it from wastewater channels before it reaches the effluent plant. Richards Bay is also shipping recycled fibre for reuse at Mondi Packaging South Africa's Felixton mill and for use by an egg box manufacturing company. Recovered fibre is also being used as an energy source in the mill's existing bark boiler.



You can read about our Richards Bay mill waste initiative in more detail at: [www.mondigroup.com/casestudies/richardsbaywaste](http://www.mondigroup.com/casestudies/richardsbaywaste)

## Waste

In 2009 our total waste (including hazardous and non-hazardous materials) was 1.4 million tonnes. In line with our sustainable development commitments, we stopped disposal of process hazardous waste to landfill by year-end 2009 and launched a Group-wide project to reduce total waste to landfill by recycling or reusing materials more effectively and using more

environmentally friendly processes. As a consequence, we look set to reduce the amount of total waste sent to landfill by more than 17% compared with 2008.

## Water consumption

Water scarcity is a pressing global issue and we have already taken action to reduce our water footprint by using less fresh water, especially in

water-stressed areas. During 2010, we plan to compare our 2009 water consumption figures against recognised water scarcity databases (using the water tool provided by the World Business Council for Sustainable Development) and calculate the water footprint of all our major operations to help us prioritise our response and set relevant local reduction targets. Our total water input in 2009 was 180,205,434 m<sup>3</sup>.

## Incidents

In 2009, 23 level II incidents were reported, compared with 33 in 2008. Sixteen of these incidents were reported by the Syktyvkar mill in Russia. They all related to water and air emissions which exceeded permissible limits over an extended period of time during applicable reporting periods. No level III incidents were reported.

## Recycling

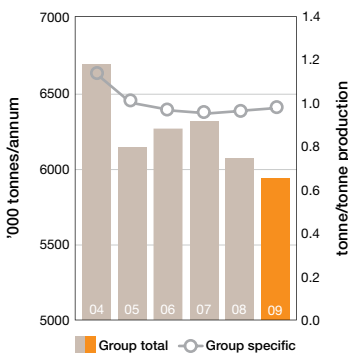
Almost all our products are made from fibre that can be recycled easily. Corrugated board can be reused up to seven times; de-inked newsprint four times. Even materials that are too degraded for use in paper or board products can provide carbon-neutral energy.

## Investing in recycling

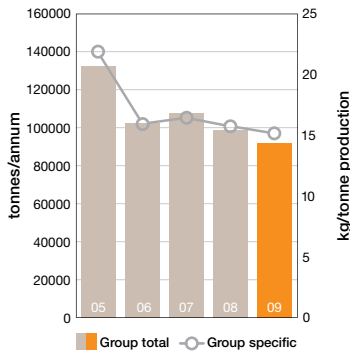
We use recovered paper and used packaging as raw materials, with an estimated 1.4 million tonnes of recovered material used this way in 2009. Following the PM7 light-weight recycled containerboard paper machine commissioning at our Swiecie mill in Poland in late 2009, our total recycling capacity will increase by 25% in 2010.

In South Africa, our Mondi Recycling business unit supplies the three Mondi Packaging mills and our newsprint mill with high-quality recovered fibre at a competitive price. With a 40% market share, Mondi Recycling is the largest paper recycler in South Africa. In 2009, the business collected and purchased 440,000 tonnes of fibre. Its collection and recycling activities in South Africa have environmental, economic and

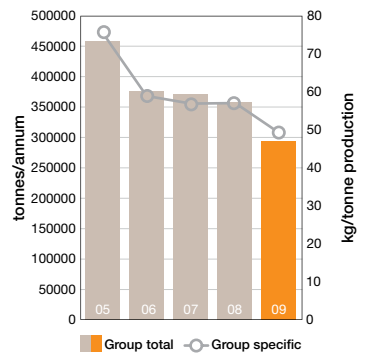
**CO<sub>2</sub>e emissions**



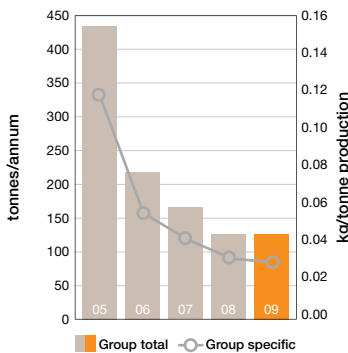
**COD**



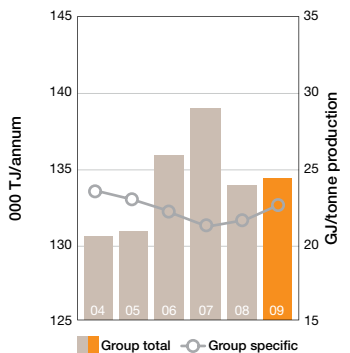
**Solid waste**



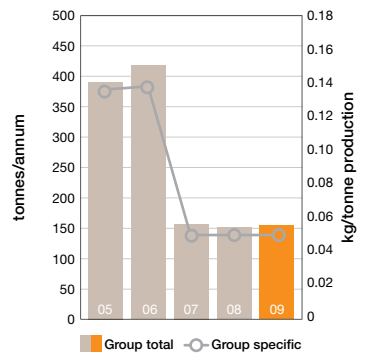
**TRS**



**Total energy use**



**AOX**



social benefits – including saved landfill space, a reduction in the number of trees cut for paper manufacturing, lower energy usage, reduced coal and electricity-based emissions along with cleaner production processes.

We added a number of new recycled paper products to our Group portfolio in 2009, including Provantage KraftTop Liner, Provantage Fluting Frost and Nautilus Super White CO<sub>2</sub> neutral.

**Environment commitments**

Aggregate target of a 15% reduction in carbon-based energy consumption per unit of saleable production against a 2004 baseline by 2014

Aggregate target of a 15% reduction in specific greenhouse gas emissions per unit of saleable production against a 2004 baseline by 2014

Aggregate target of a 30% reduction in effluent load (measured as chemical oxygen demand (COD)) into receiving waters against a 2005 baseline by 2010

Aggregate target of a 30% reduction in AOX emissions into receiving waters against a 2005 baseline by 2010

Reduce the total reduced sulphur (TRS) emissions to the atmosphere by 65% against a 2005 baseline by 2010

Reduce total waste to landfill by 20% against a 2005 baseline by 2010

# Society



We want to be recognised as a good corporate citizen: a sustainable, socially responsible business that makes a real and lasting contribution to the communities in which it operates.

## Corporate social investment

Our generic Corporate Social Investment (CSI) framework helps our operations decide which community-related projects to support through discretionary volunteering, donations and sponsorship. This devolved approach ensures that we invest in a wide variety of programmes, relevant to the needs of our employees and local communities.

We focus on initiatives that help communities build their capabilities, contribute to their socio-economic development and give us

the chance to form partnerships with NGOs, government and other relevant bodies. During 2009, we made charitable donations and community social investments totalling over €9.3 million.

## Corporate social investment expenditure in 2009

Health	€140,000
Education and youth	€596,000
Environment	€69,000
Community development	€5,133,000
Arts, culture and heritage	€306,000
Other	€3,101,000
<b>Total</b>	<b>€9,345,000</b>

## Land claims and indigenous people

We worked with the National Office of the Land Claims Commission throughout 2009 to implement sustainable models for the settlement of land claims – ensuring the rights of communities to return to their land and guaranteeing our access to raw materials. We also run a programme to help claimants acquire the skills necessary for the forestry industry.

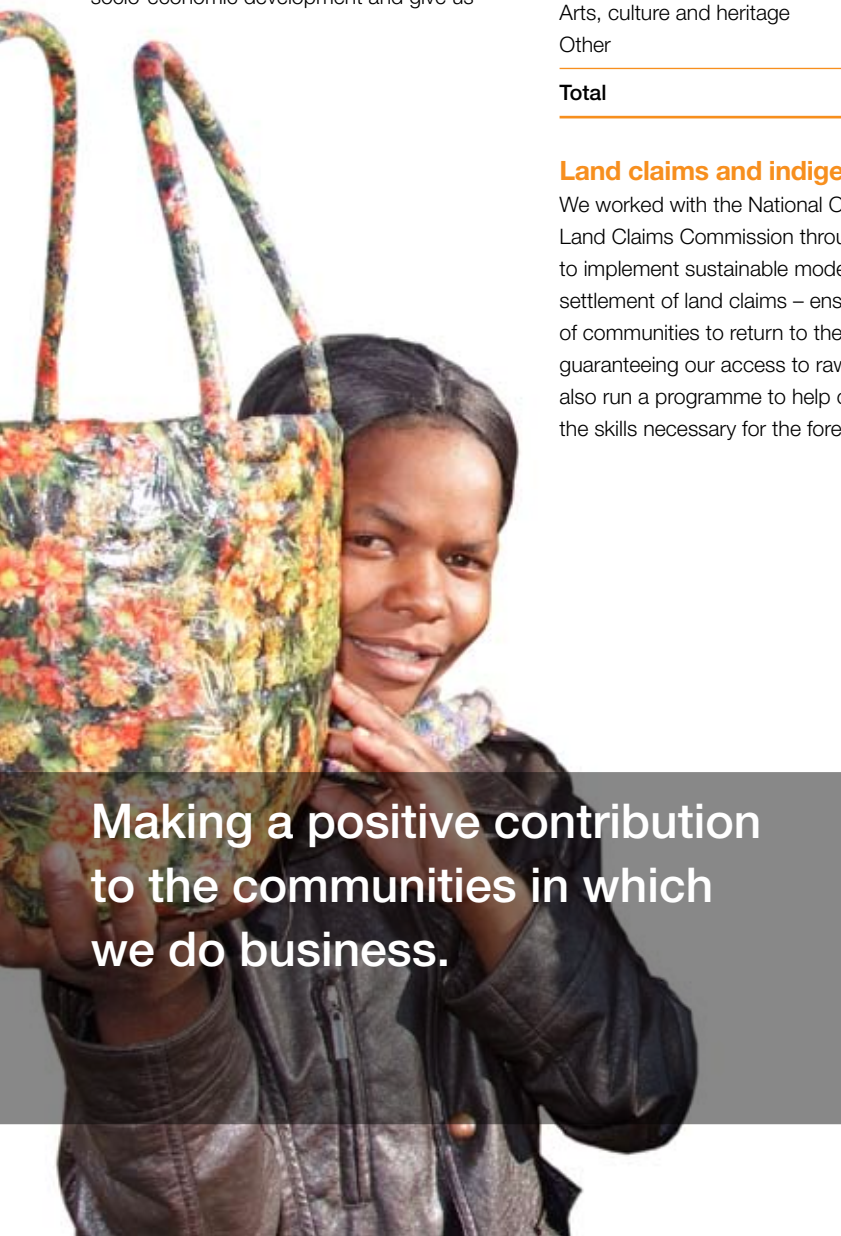
Following the sale of some of our forestry operations in Mpumalanga and Limpopo provinces, there are now 82 claims lodged against Mondi property, representing some 125,061 hectares or 49% of our total land holdings in South Africa. Seven land claims – lodged by the Fakazi, Langa, Isihululu-Egazini, Ogwini, KwaZiqogwana, Nhangwini and Leeuwnek communities – were settled on terms agreed by Mondi, the Land Claims Commission and elected community representatives. These include a 20-year sale and leaseback of claimed land to Mondi along with local people's involvement in the forestry industry.

## Empowering claimant communities

We believe that helping claimants acquire transferable skills and gainful employment is key to the development of a successful model for land claims settlement. Local people can train for a career in forestry through the Mondi Bursary Scheme. Our Mondi Zimele and Mondi Forestry Partners divisions provide dedicated business training, mentoring and funding to help new timber farmers from claimant communities win preferential forestry contracts.

## Outstanding land claims

In addition to the nine claims settled during 2009, a further 73 are currently outstanding – partly as a result of the Land Claim Commission's financial position. We are committed to the government's land reform process and will continue working hard to settle claims effectively, although the creation of a function focused solely on rural development within the National Department of Land Affairs, will undoubtedly affect the way we do so in future.



Making a positive contribution to the communities in which we do business.

## Community engagement

Our Community Engagement Programmes (CEPs) help us to maintain constructive dialogue with our neighbours, ensuring that their concerns are raised and addressed. They also ensure that they gain social and economic advantages from our activities.

We engage with local communities in many different ways: through regular forums and by building productive relationships with governments and local authorities; NGOs; local industry and resident associations; local businesses and actions groups.

Many of Mondi's CEPs around the world are based on the findings of comprehensive Socio-Economic Assessment Toolbox (SEAT) reports. These reports form the basis for the development of CEPs and help us benchmark our operations' progress in implementing CSI initiatives that are targeted to meet the most pressing local issues.

### Community health and welfare

In the Czech Republic, we provide financial assistance to the Diagnostic Mental and Social Care Institute near our Štětí mill. In Slovakia, we have donated specialist medical equipment to the Central Military Hospital in Ružomberok, where our employees receive medical support. In Russia, we have invested in a voluntary health insurance scheme for employees at our Syktyvkar mill. In South Africa, we support a number of HIV/AIDS programmes, sponsor a trauma centre near our Springs mill and also provide orphans with shelter and basic essentials through the Mkhondo Isibindi Project.

### Unemployment and poverty

A number of our operations take action to combat the economic and social consequences of unemployment by procuring goods and services through local suppliers – and supporting educational initiatives that give local business people the skills they need to compete for our business on competitive terms. In South Africa, we have arranged agricultural training for local people, enabling them to establish community vegetable gardens.

### Environmental, education and research

We support a number of environmental projects, all of which may help us reduce our environmental impacts. Many of these projects involve working with NGOs, governments and other interest groups.

At Stellenbosch University in South Africa, we sponsor environmental research; in KwaZulu-Natal we support several mathematics, technical and science training initiatives (including a mobile science laboratory) as well as measures to improve literacy and English language skills among our employees and in local communities. In Świecie in Poland, we have supported the introduction of two library buses for use in communities close to our operations.

The Mondi Austria Private Foundation, now in its fifth year, awarded special scholarships worth up to €13,000 a year to 31 young students from 16 countries across the world wishing to study technology, natural science and economic science subjects in Austria.

### Looking ahead

In 2009 we have reviewed the community engagement programmes currently in place across the Group to ensure that they continue to meet our commitment to support sustainable projects that bring benefit to both Mondi and local communities close to our operations

## Meeting social needs in our South African forests

We believe our forestry operations can support social and economic development in rural communities across South Africa, through job creation, land reform, business generation and improvements to basic infrastructure.

To find out how we can best help communities develop, we carry out Participatory Rural Appraisals (PRAs) in partnership with local people. These help us to identify specific requirements, then plan and prioritise our response.

Through the Broad-Based Black Economic Empowerment Forestry Charter we are committed to invest a percentage of our profits from South African forestry operations in communities. In 2009, we invested approximately R4 million in infrastructure and service improvements, sustainable livelihoods, education, training and healthcare.

We make sure that local people who rely on our forests for sustenance can access them through a permit system. We monitor access patterns closely to protect and preserve local environmental systems.

# Society continued

## Community success stories

The Isibindi Uzwelo Rural Orphan Care Programme is recognised nationally for its support to children affected by HIV/AIDS. The programme provided healthcare, education, food and nutritional support for more than 800 children in 2009. The Mondi Mkhondo Education Centre provides career guidance, education and training for local people. The centre welcomed approximately 15,000 visitors (learners, educators and others) in 2009.

## Forest tenants

We are systematically upgrading tenant villages that provide homes for 16,000 people. Through the flagship Mondi Mkhondo Development Programme in Piet Retief (a partnership between Mondi and government), residents are being offered the chance to relocate to subsidised housing in new agri-villages or urban settlements. These provide improved basic services, better income opportunities and security of tenure.

## Forest workers

Mondi Forests employs approximately 10,000 people through contractors and they in turn support a further 50,000 dependants. In line with government objectives to offer all workers decent work, we have taken steps to improve working conditions. These steps include improvements in education and training, transport, accommodation and the reintroduction of feeding schemes to make sure workers get a nourishing meal every day. In 2009, we prepared around 191,000 meals every month, serving 9,500 forestry workers every day.

We have taken action to address the shortage of healthcare clinics in rural areas, piloting a mobile clinic that provides primary healthcare, HIV awareness and a VCT service for 3,000 forestry workers in the KwaZulu-Natal Midlands region.



## Keeping our commitments to local communities in Russia

**During 2009, we completed a SEAT review of our Mondi Syktyvkar (SYK) Logging Operations in Komi, Russia, to help us understand the impact of our community initiatives to date and their impact on local people.**

The review covered a selection of regional, district and municipal government representatives, employees and managers working at Finlescom and Mondi SYK, trade union representatives and people from local villages and settlements. It confirmed that a lot of positive things have been achieved at Mondi SYK and in Komi since the previous seat. Mondi SYK, now established as a stable

partner in the region, has reached agreements with several municipalities to implement new logging technologies and make important safety and health improvements. It has also supported the creation of a new Komi Forestry Commission.

The review also highlighted a number of ongoing challenges, which Mondi SYK has acknowledged and committed to address. These include better communication about strategy and practice, the consolidation of logging subsidiaries and its impact on roads and firewood resources for local people.



To find out more go to [www.mondigroup.com/casestudies/syktyvkar](http://www.mondigroup.com/casestudies/syktyvkar)

## Society commitments

All material and forestry operations to have a rolling community engagement plan (CEP) that details the investments in community programmes

Community engagement plans to be supported by a socio-economic assessment tool (SEAT) process in a multi-stakeholder process on a three-yearly cycle

Make anti-retroviral treatment available to all employees in South Africa and provide resources for training and awareness campaigns and continue in partnership with local clinics and NGOs



## Meeting social needs in our Russian forests

Mondi employees, Mondi contractors, local communities and government authorities were all affected by the changes under way in Mondi Syktyvkar during 2009.

These changes included the largest mill upgrade ever completed in our Russian business; the appointment of a new management team; the restructuring of our logging operations into a centralised business, Finlescom; and the introduction of a "New Look" productivity programme that saw new technologies and productivity improvements put in place across Komi.

### Mondi Socio-Economic Assessment Tool (SEAT) review 2009

The SEAT review of our forestry operations completed at the end of the year confirmed that we are meeting commitments highlighted in the 2006 SEAT review, to reach social agreements with host communities and districts, improve productivity and update our technology base.

The review stressed the value of our agreements with districts, which saw Mondi pay a total of RU 65,000,000 to nine districts in 2009. It also highlighted the need to improve communication and planning, both of which we believe the new Komi Forestry Committee will help us to do.

### Komi Forest Academy

During 2009, we launched the first stage of the Mondi Forest Academy in partnership with the Komi Republic Ministry of Industry and Energy – creating a database that contains details of vocational institutes that specialise in relevant trades and are willing to offer their services to the academy. The academy's goal is to develop human resources and boost morale in the Komi forest industry by offering relevant skills training to create a better equipped workforce for Mondi and other partners in the venture, including logging and paper companies.

### Komi Forestry Committee

Mondi Syktyvkar is an active participant in the newly created Komi Forestry Committee, alongside the Komi Republic Ministry of Industry and Energy, local municipalities and the Union of Forest industries of the Komi Republic. The committee's mandate is to coordinate logging activities in Komi. It offers us a channel through which we can disclose Mondi strategy at district and local level and makes sure that our plans optimise the use of forestry resources and benefit small contractors over the next five years.

## Working with NGOs

We are determined to play our part in making sustainability a reality, but cannot do so alone. We need to work with all our stakeholders to achieve sustainable profitability – profitability that supports human development with minimal environmental and ecological impact.

As part of our efforts to make sustainability a reality, we are working with a number of NGOs. These include:

- The World Business Council for Sustainable Development (WBCSD)
- WWF
- The Forests Dialogue
- High Conservation Value Resource Network (HCV RN)
- Ezemvelo KZN Wildlife and the South African National Biodiversity Institute (SANBI)
- Mondi Wetlands Programme
- WESSA – Wildlife and Environment Society of South Africa



You can find details of our work with all of these organisations at: [www.mondigroup.com/society/NGOs](http://www.mondigroup.com/society/NGOs)

# People



We rely on the energy, imagination and commitment of our people to achieve our corporate objectives and work hard to ensure their safety at work, their occupational health, their professional development and their human rights.

## Safety and health

Safety and health at work is a top priority for us, and we are taking action to meet our ultimate objective: zero harm in the workplace.

We believe that all injuries are preventable if we learn from those that occur and share our conclusions. We have comprehensive safety procedures and processes in place, including our revised Mondri Nine Safety Rules, which have become a way of life over the past years and are supported by a set of Common Learning Modules. We also use Safety Indicators to provide clear safety objectives for all our operations.

### Safety performance 2009

In 2009, we achieved one of our long-standing objectives – reporting a fatal injury-free year for the first time ever. We use the Lost Time Injury Frequency Rate (LTIFR) to measure our safety performance. We recorded an LTIFR of 0.13 in 2009 against a milestone of 0.14, an improvement of 28% from 2008. All business units improved on or achieved their individual LTIFR milestones for the year.

### Safety Indicators

We use Safety Indicators to provide clear objectives for our operations. In 2009 these covered: behavioural audits, safety training, the closing out of key safety actions by due dates, the elimination of repeat “workplace transportation” or “moving and rotating machinery” incidents and procedural compliance measurement.

### Objectives for 2010

Looking forward, we have set a number of safety objectives for 2010, including measures to involve more of our employees in the behavioural audit process. We will focus on achieving a 0.1 LTIFR for the Group, strengthening our safety coaching and training, achieving full procedural compliance with our safety-related Performance Requirements, closing our further key safety action items and conducting comprehensive audits of our two focus areas – workplace transportation and moving and rotating machinery.



To read more about our safety and health processes, performance and objectives go to: [www.mondigroup.com/people/safetyandhealth](http://www.mondigroup.com/people/safetyandhealth)

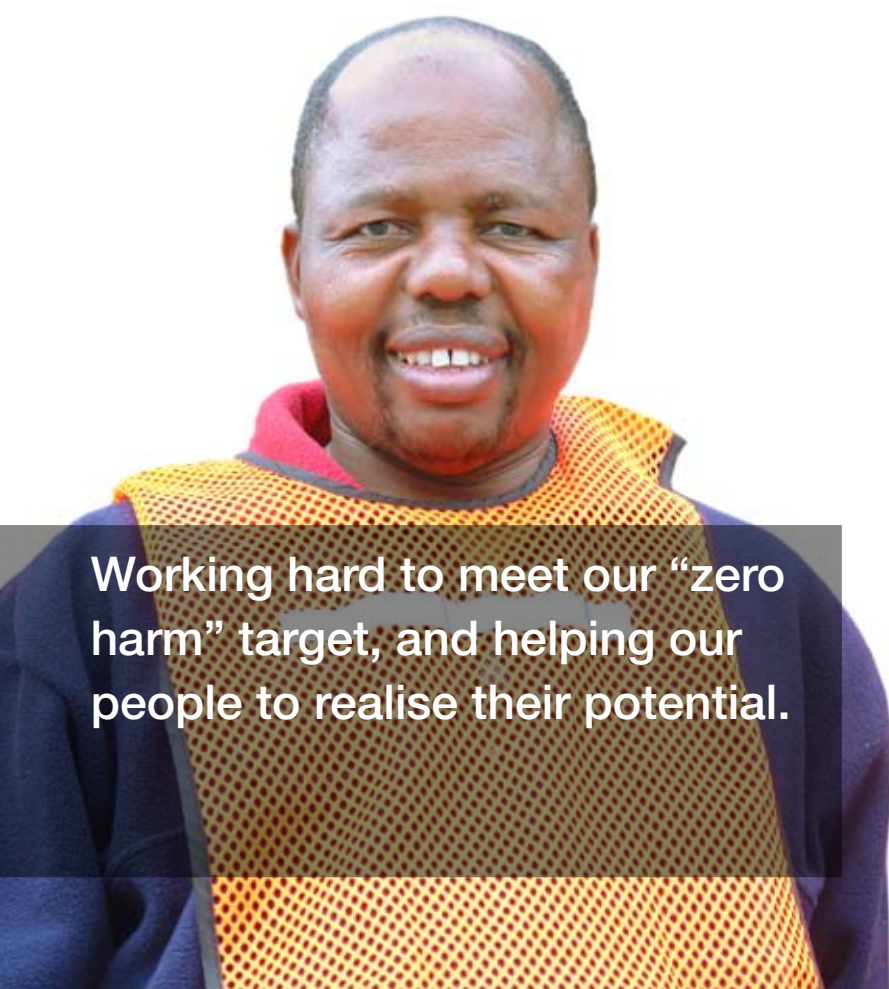
## Global employment

We want to create a diverse business that reflects the different communities in which we operate. We believe in developing local talent and local leaders, but also see the value of sharing talent across international boundaries.

To help us assess employees' abilities and potential in an open, fair and consistent way, we base career development actions on the nine Mondri Leadership criteria, or the nine Mondri behavioural criteria introduced in 2009 for employees in non-leading roles. During 2009 we also introduced the Mondri Mentoring Programme for managers and ran a Group-wide campaign to promote the performance & development review, our key leadership tool.

### Developing talent

We offer two kinds of development opportunities: local initiatives, designed and implemented at site level, and leadership development programmes, designed and managed centrally to ensure consistency across the Group. These include two leadership development programmes, the Mondri Enhanced Leadership Programme, for very



Working hard to meet our “zero harm” target, and helping our people to realise their potential.

experienced managers; and, from 2008, the Mondi Leadership Development Programme for less experienced managers with high leadership potential.

### The Mondi Academy

The Mondi Academy, now in its 11th year, gives employees access to a breadth of technical, functional and personal training resources – all based on our two competency models. During 2009, the academy expanded the range of courses it offers and developed customised training solutions for a number of specific target groups.



Read more about our employment and development performance in 2009 at: [www.mondigroup.com/people/globalemployment](http://www.mondigroup.com/people/globalemployment)

### Human rights

We subscribe to the Universal Declaration on Human Rights and the Voluntary Principles on Security and Human Rights – which underpin our Sustainable Development Management System. This ensures a fair, safe and healthy workplace for all employees; free from discrimination, harassment, punishment or abuse of any kind.

All employees are free to bargain collectively and can join a trade union of their choice. Our labour standards ensure that our remuneration systems are fair. We prohibit child labour and do not procure goods or services from suppliers who use child labour. To reinforce our commitment to human rights and responsible business practices, we signed the United Nations Global Compact in 2008.



### Our Frantschach mill in Austria celebrates a new safety performance milestone

**Bold initiatives have transformed safety performance and safety culture at the Mondi Frantschach Kraft mill in southern Austria.**

Having achieved continuous safety performance improvements up until 2005, the mill subsequently failed to make significant progress. The mill team attributed this to the fact that cultural and feedback mechanisms were not securely in place. They set out to fully engage employees in safety.

They initiated a range of focused activities in early 2008, which have cumulatively delivered a significant improvement. They included

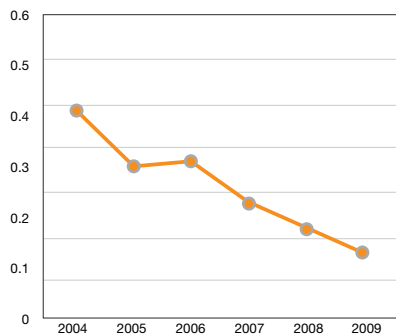
measures to encourage ownership of “safety” processes by revising the mill’s safety enabling systems through OHSAS, running regular safety training sessions, setting a weekly safety theme and implement a “Fit for Life” employee health programme. They also influenced employee behaviour by providing specific training to help supervisors recognise and correct unsafe activities – a move which in time encouraged colleagues to correct each others’ behaviour when appropriate.

The impact of these moves speaks for itself, with the mill recording 365 working days without a lost-time injury (LTI) on 19 August 2009.



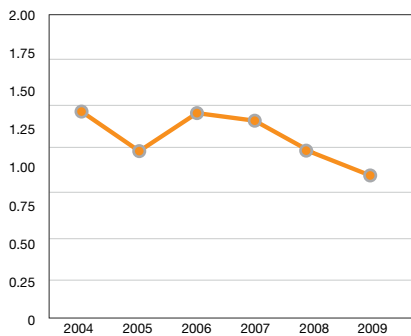
To find out more go to [www.mondigroup.com/casestudies/frantschach](http://www.mondigroup.com/casestudies/frantschach)

**Group Lost Time Injury Frequency Rate (LTIFR) trend\***



\*Rate per 200,000 hours.

**Group Total Recordable Case Rate (TRCR) trend\***



# People continued

## HIV/AIDS

We understand the human tragedy caused by HIV/AIDS and currently take action to combat the disease in southern Africa where it has reached epidemic proportions. Our actions are underpinned by the Mondi HIV/AIDS policy and HIV/AIDS management system, a continuous improvement model based on current best practice.

Our actions focus on improving employees' understanding of the condition, managing the impact of HIV/AIDS in the workplace, offering treatment to those who are HIV-positive, and facilitating access to health care for rural communities.

In 2009, we concentrated our efforts on promoting wellness awareness and fitness for work among our employees. We ran a comprehensive awareness campaign and employee competition to highlight HIV/AIDS along with other chronic conditions and also supported World AIDS week under the theme "Your Life, Your Choice".

### HIV/AIDS management

Our occupational health centre has designed and implemented a very successful HIV/AIDS management system, which achieved SANS 16001 accreditation in March 2009 and meets all current best practice standards. In 2009, the centre reported an HIV/AIDS prevalence of 6.6% among Mondi employees (with 9.8% of unknown status) and a treatment success rate above 90%. Voluntary tests for the disease were up 85% compared with 2008 and only 65 Mondi employees have declined a test over the past two years.

### Addressing HIV/AIDS in our forestry communities

In 2008, our Forestry health team set up a pilot mobile clinic in partnership with an NGO and government, to provide a full primary healthcare service, including HIV/AIDS awareness and VCT in the Midlands area. In 2009, the mobile

clinic's footprint was extended to provide services for over 3,000 forestry workers in the Midlands region. Another community initiative, the Isibindi Uzwelo Rural Orphan Care Programme provided education, healthcare, food and nutritional support to more than 800 vulnerable children affected by HIV/AIDS in the Mkhondo region.



Read more about Mondi and HIV/AIDS at: [www.mondigroup.com/people/HIVAIDS](http://www.mondigroup.com/people/HIVAIDS)

## Broad-based Black Economic Empowerment (BBBEE)

In 2009, the independent verification agency, Empowerdex, certified Mondi as a Level 4 BBBEE contributor, awarding us maximum points for Enterprise Development and Socio-Economic Development. We were also ranked second among all resources businesses and 41st overall in the Financial Mail's list of South Africa's top 200 empowerment companies.

We have prioritised three transformation areas: employment equity, skills development and preferential procurement. We have also established transformation committees in our South African operations to allow our employees to discuss employment equity and training-related issues and ideas.

## Employment equity

Our Employment Equity Plan 2009-2012 sets clear targets for black representation at all levels, along with strategies for skills development, succession planning and retention. We have made progress in all divisions, but skills shortages across our industry, particularly among black women, make employment equity a key challenge.

## Skills development

Competition for talent is fierce, but we are trying to address critical skills shortages – especially the need for engineers and artisans – through academic bursary schemes for young black talent. In 2009 we invested around 2% of our total payroll in skills development, against our five-year target of 3%.

## Preferential procurement

In 2009 the proportion of discretionary goods and services procured from BBBEE sources by our three businesses in South Africa, against a five-year government target of 50%, was: South Africa Division – 52%; Mondi Shanduka Newsprint – 48%; Mondi Packaging South Africa – 57%. All three of our businesses are putting in place new initiatives to improve BBBEE procurement, with particular focus on black-owned and black women-owned enterprises. We also provide equity, loans and development support to these businesses through our enterprise development agency, Mondi Zimele.

## People commitments

Zero work-related employee and contractor fatalities

70% reduction to 0.1 LTIFR in 2010 against 2006 with a milestone of 0.14 LTIFR in 2009. The LTIFR is made up of both employee and contractor performances

Report the number of incidents of occupational illnesses

Report losses of containment that caused or had the potential to cause harm (categories II/III environmental incidents)

# Forestry



Given the degradation suffered by many of the world's ecosystems within the last 50 years and the potentially devastating impact of climate change, it is vital that we use natural forestry resources in a responsible and sustainable way.

## Responsible forestry

We have developed policies and practices that reflect an approach we call "responsible forestry" – engaging with stakeholders at a local, regional and global level, both in partnership and multi-stakeholder forums, to inform our actions.

We are working with the World Business Council for Sustainable Development (WBCSD), NGOs and scientific communities in Europe, Russia and South Africa to develop and implement sustainable forest management practices.

Our sustainable forests reduce greenhouse gas emissions, capture carbon and provide a range of ecosystem services. We have established early estimates of our carbon footprint and aim to quantify our water footprint in 2010.

Our collaboration with NGOs and the scientific community is producing positive results. One good example is the effectiveness of plantation-free "buffer zones" in conserving water resources and biodiversity in our South African plantations; another is our involvement as part of a multi-stakeholder initiative in Russia to preserve areas of virgin forest with high conservation environmental and social values.

In a number of locations, such as the wetland areas in our South African plantations, the rehabilitation of degraded or damaged ecosystems makes both environmental and economic sense. The state of the wetlands was assessed in 2009 and while many show a high degree of recovery others require more rehabilitation.

## Certification

Credible forest certification provides assurance and promotes sustainability, reinforcing our credentials and reputation as a responsible, sustainable business. It also improves transparency, because Mondi's and our certified suppliers' operations are regularly assessed by independent accreditation organisations.

Forest certification remains the cornerstone of our responsible forestry approach, and we are committed to attaining Forest Stewardship Council (FSC) certification for all the land we own, lease or manage. In South Africa all our owned or leased land (380,000 ha) is FSC certified. In Russia, all our leased land (2,112,000 ha) has been FSC certified. The assessment of the remaining 732,000 ha was delayed until December 2009 by the complex multi-stakeholder HCV process in the Udora Region of Komi. Alongside our leased land in Russia, we also certified 1,693,000 ha of state forest to FSC standards.

## Wood and fibre

The wood and fibre we buy is accredited using FSC, Programme for the Endorsement of Forest Certification (PEFC) or FSC Controlled Wood Standard. In 2009, 54% of wood supplied to our processing plants was FSC or PEFC certified. Our target for 2010 is 60%. The uncertified balance meets the FSC Controlled Wood Standard (PEFC equivalent) and ensures suppliers source from legal and non-controversial sources.

We have encouraged FSC to simplify the certification process for small growers without compromising on quality. We discuss certification issues with small growers during multi-stakeholder meetings and are working with The Forest Dialogue to develop appropriate solutions to the certification-related issues they face.

## High Conservation Value (HCV) Areas

The HCV concept developed out of the HCV Forest definition used in Forest Stewardship Council (FSC) certification. We support the HCV Resource Network (HCV RN) – a global network of organisations and individuals, which promotes a practical, consistent approach to HCV methodology – and participate in its activities. During 2009 the HCV RN achieved some important objectives, including the development of safeguards for use of the HCV concept outside credible certification systems.

In the Komi Republic, a multi-stakeholder HCV process involving Mondi, the Russian State, WWF, Greenpeace, Silver Taiga and local communities has made progress in identifying HCV pristine forests, but still faces significant challenges to gain Federal protection for them.

The joint WWF-Silver Taiga HCV project, which we support, has presented proposals for protection of these forests to representatives of the Forestry Committee (including members from business), Ministry of Industry and Ministry of Environment in Komi. We are confident that the identification of HCV pristine forests and other significant HCV forest areas across our operations will be completed during 2010. The introduction of Federal legislation that recognises and protects HCV areas will take more time.

## South Africa

Following the identification of HCV areas within its boundaries, our Gilboa estate has become the first forestry property in SA to be proclaimed a nature reserve. Gilboa is rich in biodiversity, especially in terms of vegetation, species of conservation importance and fresh water production. Linking these HCV aspects to adjacent protected areas has enhanced the conservation value of both properties. The proclamation confirms the biodiversity value of new generation plantations and shows that partnerships involving business, NGOs and conservation bodies can successfully conserve biodiversity, support sustainable forestry businesses and maintain rural livelihoods.

## Community engagement

Our "New Generation Plantations", Mechanised Harvesting Plans and Community Engagement Plans show that social and community concerns are integral to responsible forestry. In South Africa, our positive approach to land claims arguably sets a new benchmark for community participation in forestry practices.

# Forestry continued

In Russia, a SEAT review carried out in 2009 on our forestry operations confirmed that all social agreements previously established with districts and communities had been met. Working in partnership with the state, we have also launched the Mondi Academy to provide local people with the new skills required to support a modern forest industry in Komi.

## Managing ecosystems and biodiversity

We are working with key stakeholders to address threats to ecosystems, because they are fundamental to the conservation of biodiversity and our sustainable forestry operations. Our efforts with NGOs and research bodies to actively manage land, fresh-water systems and biodiversity have given us a leadership role in some key aspects.

We currently sponsor two projects, the Mondi Wetland Programme (MWP) and the Mondi Ecological Network Programme (MENP), which are leading developments in wetland conservation and ecological networks (or biodiversity corridors). We also work hard to use limited natural resources as efficiently as we can and take great care to identify and protect High Conservation Value areas in our South African and Russian operations.

Identifying and protecting High Conservation Areas also helps us to manage our impacts on biodiversity. This process has reached a fairly advanced stage, both in our South African plantations and the natural forests of Russia. The Ecosystem Management Plans that we have developed for South Africa, establish detailed guidelines for maintaining biodiversity, including the management of Ecological Networks.


## Managing our impacts

Our plantations produce vital raw materials and create employment for local people, but as “monocultures” they also have an impact on the environment, particularly fresh-water systems and grasslands. Degradation of some ecosystems in South Africa has reached the stage where even the protection of their remnants is critical for the maintenance of biodiversity.

Our South African plantations are located in a part of the world where fresh water is a scarce and valuable natural resource. Around 65% of the country receives less than 500 mm rainfall annually, making the risk of drought a constant reality. In 2010 we launched a project to clearly define our global water footprint. The project will also help us capture the benefits of the many innovative mitigation measures already being implemented across Mondi.

## Developing new practices

We have been working with NGOs and academic institutions for several years, to improve our understanding of plantation water issues. The Water Research Commission (WRC), University of KwaZulu-Natal, University of the Orange Free State and the Council for Scientific and Industrial Research (CSIR) have all made an important contribution to this understanding through projects carried out on Mondi land.



Leading the way in the development of sustainable forestry practices.

Preliminary results from the Two Streams catchment experiments conducted by CSIR, WRC and the University of KwaZulu-Natal in our Seven Oaks forest demonstrate that the removal of plantation trees from riparian areas in 2000 has resulted in unabated streamflow despite some very dry conditions. While it is still too early to make definitive claims, the Two Streams experiments seem to suggest that our decision to remove all commercial trees from riparian areas will minimise the impact of our plantations on water supplies.

In 2008, we signed a new five-year sponsorship agreement to support the MWP, which is making an important contribution to the protection and rehabilitation of wetlands and riparian areas in South Africa. The agreement includes provision for future work on wetlands in poor rural neighbouring communities and incapacitated municipalities.

Together with the MWP, the South African government and several leading scientists, we have contributed, as Chair, to the development of the national procedure for wetland delineation. As a result, we are in the process of removing all of our trees on or close to riparian or wetland areas to rehabilitate them and provide adequate "buffer zones", which encourage the recovery of natural fresh-water resources. To date, this has involved the removal of around 5% of Mondi land from forestry production.

#### Control of alien invasive species

As the result of our participation in The Corporate Ecosystem Services Review, we ascertained that alien invasive species associated with our plantations posed a serious threat to biodiversity and water resources, jeopardising our Forest Stewardship Council certification. Consequently, we implemented an intensive management programme, which has significantly improved the way we now control alien species.



**Supporting New Generation Plantations in South Africa Through SiyaQhubeka Forests (SQF) – a partnership with our Black Empowerment partners, government and local communities – we have successfully applied the thinking behind New Generation Plantations to protect 26,000 ha of natural vegetation in KwaZulu-Natal, South Africa.**

SQF has played a leading role in ensuring that 9,000 ha of land, including a large plantation area, is incorporated into the iSimangaliso Wetland Park, providing much-needed space for elephant, rhino, buffalo, cheetah and other game to roam freely.

Our shared success illustrates the five guiding principles that underpin the New Generation Plantation approach: good governance and meaningful dialogue with all stakeholders; detailed planning (including an Environmental Impact Assessment and the delineation of High Conservation Value (HCV) ecosystems; best practice silviculture and harvesting; the effective protection of forest areas and the active participation of local stakeholders – based on actions recommended through a Socio-Economic Assessment Tool (SEAT) report.



To find out more go to [www.mondigroup.com/casestudies/newgenerationplantations](http://www.mondigroup.com/casestudies/newgenerationplantations)

#### Sustainable forestry commitments

Certify all existing forestry to FSC

No wood procured from controversial sources

The target of procured wood, virgin fibre and biomass products coming from credible sources is 60% in 2010

Work with certification bodies and small growers to find a practical solution to their certification

# Products

No product is more widely recycled than paper, with effective collection and recycling systems in wide use across our markets. Almost every Mondi product (paper or packaging) can be recycled and our biodegradable polymer Sustainex products are made using renewable resources. All of our virgin fibre comes from FSC certified, PEFC certified or other controlled sources.

We continued to make progress with our internal recycling capacity in 2009 following major investment in our lightweight test liner mill in Swiecie, Poland, and aim to increase capacity by a further 25% in 2010. All of our products, except consumer flexibles, are manufactured from virgin or recovered fibres and the proportion of sustainable certified paper grades we supply is increasing every year.

## Product stewardship

We base our product stewardship approach on the Life-Cycle Initiative set out in the United Nations Environmental Programme, which

advocates an integrated approach, and have played an active role in helping to develop effective definitions of “sustainable” products and packaging. We have also been involved in developing methodologies to measure carbon footprints across the entire product lifecycle.

We have used independent environmental consultants to assess a number of products, primarily from our Green Range products and can now break down these products’ carbon footprints in line with the ten stages or “toes” defined by CEPI, with carbon footprints calculated for 23 products in 2009.

## Packaging

To improve our packaging products’ effectiveness and “green credentials”, while also driving down operating costs in order to stay price-competitive, we adopt an integrated approach that takes every product’s performance characteristics and environmental impacts into account. We also work hard to meet customer demand for “greener” packaging by providing biodegradable bags for example, or substituting primary fibre with a recycle alternative.

Other examples of packaging solutions with reduced environmental impacts include our Sackpaper Advantage One Lightweight (which saves wood and increases the strength of our bleached one ply sacks), Provantage Fluting Frost (used in recycled fibre based cooling boxes) and the Easy Seal Bag Closure Valve.

## Product labelling

We have improved the way we label our products to help customers match Mondi paper and packaging products to their green criteria. For example, our Forest Stewardship Council certified cement bags carry clear, informative labels, and more than eight million were sold in 2009.

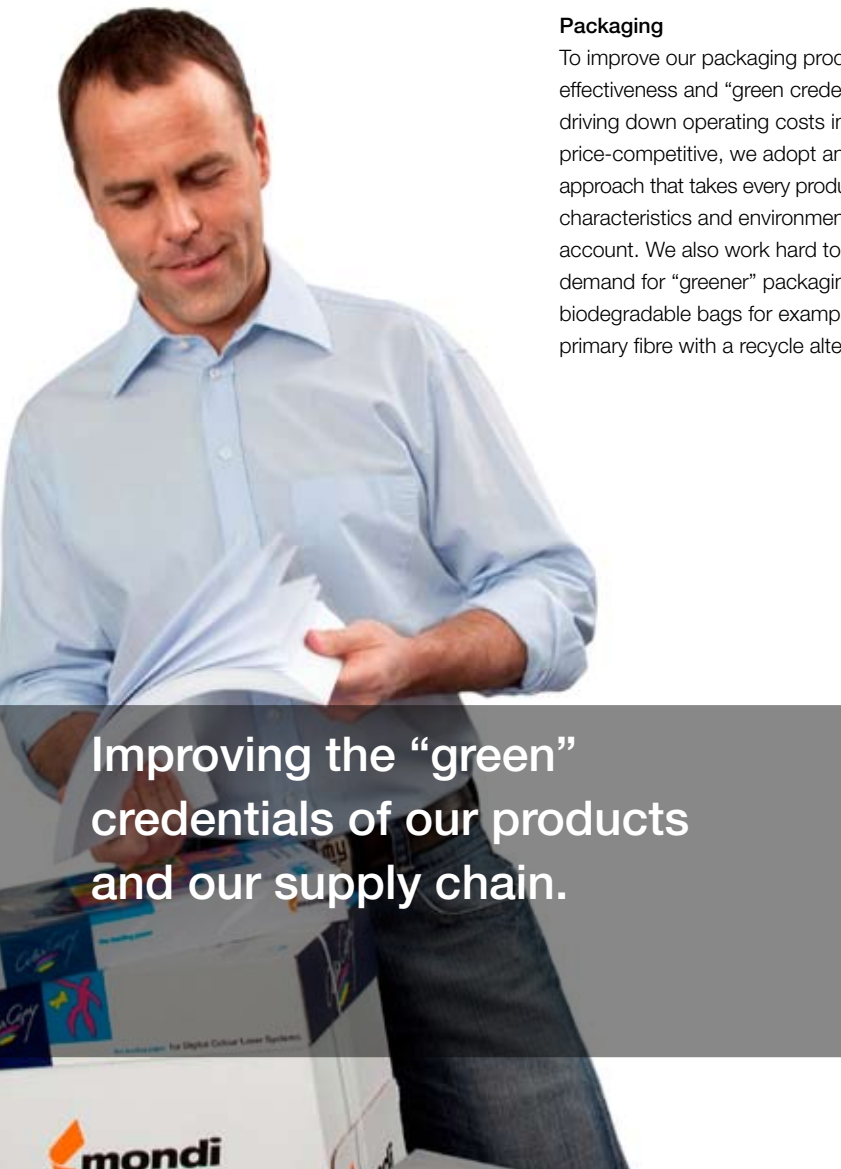
Our packaging papers are almost entirely made from controlled wood, including those certified Chain of Custody right through to its use by end consumers. This is an important benefit for customers who need to respond to rising awareness of environmental issues. We widened our product range to include Certified Consumer Bags for use to pack pet food during 2009.

## Product carbon emissions

We work hard to reduce our emissions to air and have made good progress over recent years. We have cut the specific CO<sub>2</sub> emissions of our products by 14% (equivalent to 756,000 tonnes of CO<sub>2</sub>) within the last five years and are currently running a CO<sub>2</sub> reduction project certified by the United Nations Framework Convention on Climate Change in South Africa. Taking into account the carbon sequestration of our own plantations in South Africa (approximately 5 million tonnes CO<sub>2</sub>e), the net CO<sub>2</sub> impact of our pulp and paper production would be reduced to 890,000 tonnes CO<sub>2</sub>e for 2009.

## Carbon-neutral office paper

In 2009 we launched a carbon-neutral office paper, Nautilus SuperWhite, for customers who want to protect natural resources and combat climate change. It is made from 100% recycled fibre at an ISO 14001 certified mill and carries Forest Stewardship Council (FSC) and European Union Flower certification.



Improving the “green” credentials of our products and our supply chain.





### Measuring the carbon footprints of our products

**In September 2009, we launched a project to assess the carbon footprints of 25 of our most important products – including office, offset and kraft papers, as well as pulp.**

The project was carried out and certified by an external environmental consultant, following guidelines provided by the Confederation of European Paper Industry (CEPI), which allow us to calculate a product's carbon footprint at ten different stages – or “toes” – of its lifecycle. This allows us to produce carbon

footprint sheets which present this data in a user-friendly format.

Using this method, we can now calculate not only a carbon footprint total, but also breakdown carbon data at different stages of the supply chain and provide a total “offset” carbon figure for any Mondi projects or activities that have a positive impact on our carbon footprint.



To find out more go to [www.mondigroup.com/casestudies/](http://www.mondigroup.com/casestudies/)

In addition to Nautilus, we brought a number of other new sustainable products to market in 2009, including:

- Advantage One LightWeight – lightweight papers and board that save natural resources
- Sustainex – a range of sustainable plastics, including extruded film and coated materials, based on biodegradable polymers made from renewable materials
- Provantage KraftTop Liner – a low-cost and more resource-efficient alternative to our Kraftliner and heavy substance Testliner products

### Product certification

Our packaging papers are almost wholly made from controlled wood, which is sourced from sustainably managed forests at Chain-of-Custody (CoC) certified plants. During 2009, some of our converting plants also achieved CoC certification, which means we can offer Programme for the Endorsement of Forest Certification (PEFC)/FSC and CoC certified packaging materials to meet rising demand.

### Listening to our customers

We know that many of our customers either choose or are interested in “green” products. We complete an in-depth customer satisfaction survey every two years, which includes sustainable development as a key dimension.

In the 2008 customer satisfaction survey, 67% of those surveyed said sustainability was part of their purchasing policy. When asked to rank the importance of sustainable development issues in making purchasing decisions more than 75% of those surveyed rated “sustainable forestry”, “product stewardship” and “safety and occupational health” issues as either “extremely important” or “important”.

The development of products such as carbon-neutral Nautilus SuperWhite is a positive response to their changing needs.

### Product commitments

Monitor and report the percentage of recycled fibre used in the final product

# Independent assurance report to Mondi Limited and Mondi plc



Mondi Limited and Mondi plc (Mondi Group) appointed Environmental Resources Management Limited (ERM) to provide independent assurance on selected sustainable development information presented in its 2009 sustainability summary report and related web pages (the Report).

## Our brief

We were asked to provide independent assurance as to whether the following sustainable development performance data are appropriately reported in the report:

### Safety (employee and contractor)

- Total Recordable Case Rate (per 200,000 hours worked)

### Human Resources\*

- Permitted absence and annual leave (days)
- Days lost due to non work-related illnesses or injuries
- Days lost due to work-related illnesses or injuries
- Days lost due to other reasons of incapacity

### Health\*

- Total number of cases of occupational disease diagnosed amongst employees

### Product Data\*

- Production in 2009 (tonnes)

### Environment

- Total energy used (GJ)
- Total Scope I and Scope II CO<sub>2</sub> equivalent emissions (tonnes)
- Total number of Level II and III environmental incidents reported
- Total solid waste to landfill (tonnes)
- Total Chemical Oxygen Demand (COD) in waste water (tonnes)
- Total Reduced Sulphide emissions (tonnes)

## Our approach

### Standards and criteria used

We delivered our work in accordance with ERM's assurance methodology, which is based on the international assurance and audit standards ISAE 3000, ISO14064:3, and ISO 19011.

Mondi Group applies its own internal approach to managing and reporting the assurance topics outlined above. The sustainable development performance data, as defined above and within the report, have been used as the criteria for our assurance engagement.

We planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our assurance conclusions as to whether the reported information set out in "Our Brief" was appropriately reported (limited assurance).

If we had been asked to conclude on whether the reported subject matters were robust (reasonable assurance), we would have needed to conduct more work at corporate and site levels and to gather further evidence to support our assurance opinion.

The reliability of the reported information and data are subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context.

### Our work

A multi-disciplinary team of sustainable development and assurance specialists performed the engagement. Our assurance activities included:

- Face-to-face interviews at corporate level to understand and test the processes in place for reporting sustainable development data and the underlying data management system. This was followed up with a review of relevant documentation;
- Site visits to seven Mondi sites in Austria, Sweden and South Africa, and review of material findings at sites visited by ERM in previous assurance engagement, which involved testing on a sample basis the measurement, collection, aggregation and reporting processes in place;
- Reported our assurance findings to management as they arose to provide them with the opportunity to correct them prior to finalisation of our work; and
- Reviewed the presentation of information relevant to the scope of our work in the report to ensure consistency with our findings.

## Respective responsibilities and ERM's independence

Mondi Group's management is responsible for preparing the report and for the collection and presentation of information within it. ERM's responsibility is to express our assurance conclusions on the agreed brief.

During 2009-10, ERM has worked with Mondi Group on other consulting engagements, but not in relation to the production of Mondi's sustainable development report or the selected assurance topics. ERM operates strict conflict checks, and we have confirmed our independence to Mondi Group for delivering our assurance engagement.

## Our assurance conclusions

Based on our work undertaken as described above, we conclude that in all material respects, the above selected sustainable development performance data are appropriately reported within the report.

## Our key observations and recommendations

Based on our work set out above, and without affecting our conclusions, here are our key observations and recommendations for improvement.

### Observations:

- We commend Mondi's progress in significantly reducing the amount of hazardous waste sent to landfill by over 80% from 2008's performance.

### Recommendations for improvement:

- Expand boundary of environment and energy data reporting to cover all Mondi sites from the current reporting boundary (as described on the Mondi website under "Mondi's approach to sustainability reporting" [www.mondigroup.com/approach](http://www.mondigroup.com/approach)).

## Environmental Resources Management Limited (ERM)

London, UK  
26 April 2010

ERM is an independent global provider of environmental, social and corporate responsibility consulting and assurance services. Over the past four years we have worked with over half of the world's 500 largest companies, in addition to numerous governments, international organisations and NGOs.

\* Data reported within the Mondi sustainability web pages: [www.mondigroup.com/sustainability](http://www.mondigroup.com/sustainability).



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