

OUR APPROACH

Our purpose is to create solutions that contribute to our customers' success by delivering exceptional value in a sustainable way.

Our business

Mondi is an international packaging and paper Group, employing 24,400 people in production facilities across 30 countries with our head office located in Johannesburg. In 2013, Mondi had revenues of €6.5 billion and a return on capital employed of 15.3%. The Group's key operations are located in central Europe, Russia, the Americas and South Africa.

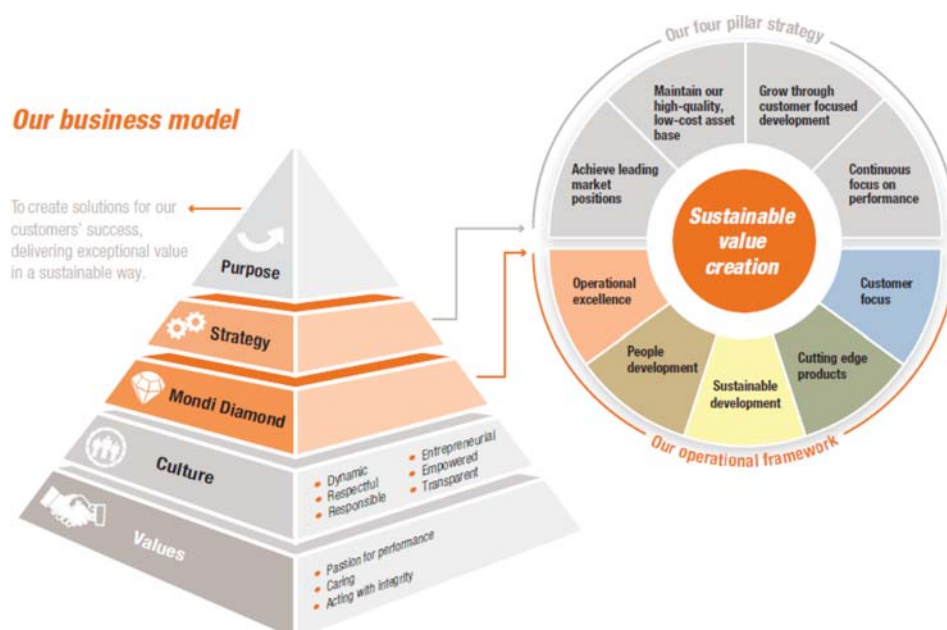
The Mondi Group is fully integrated across the packaging and paper value chain – from the management of our own forests and the production of pulp and paper (packaging paper and uncoated fine paper), to the conversion of packaging paper into corrugated packaging, industrial bags, extrusion coatings and release liner. Mondi is also a supplier of innovative consumer packaging solutions, advanced films and hygiene product components.

Mondi has a dual listed company structure, with a primary listing on the JSE Limited for Mondi Limited under the ticker code MND and a premium listing on the London Stock Exchange for Mondi plc, under the ticker code MNDI. Our performance and approach to responsible business practices have been recognised through our inclusion in the FTSE4Good Global, European and UK Index Series (since 2008) and the JSE's Socially Responsible Investment (SRI) Index (since 2007).

Our purpose is to create solutions that contribute to our customers' success by delivering exceptional value in a sustainable way. Our business model (the Mondi Way) describes how our purpose, strategy and operational framework are linked together by our shared culture and values. The Mondi Diamond, our operational framework, aligns our efforts and drives our business through operational excellence, people development, sustainable development, cutting edge products, and customer focus. The associated Mondi Diamond Awards recognise the teams that contribute to achieving our strategic objectives. Our values guide our people to act with integrity and passion for performance, creating a dynamic, entrepreneurial and empowered working environment. By caring about the work they do, about their fellow employees and about our stakeholders, our people create a respectful and responsible business.

IR Information about our business units, our Group structure, as well as our products and markets served may be found in our Integrated report and financial statements 2013 under [Our products](#) and [Reviewing our business performance](#)

Our product brochure may be found online at www.mondigroup.com/products





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Reporting approach

This online sustainable development report provides a comprehensive view of our approach to sustainable development and our performance in 2013 with regards to environmental, social and governance issues; and is prepared in accordance with the Global Reporting Initiative (GRI) G3 guidelines to a B+ level.

We have applied these guidelines in our annual sustainable development reports since 2009 and believe that these guidelines offer us the best way to present our most important sustainability information in a fully transparent and reliable way.

Guided by the GRI framework for structure and principles of reporting, our report content is defined through various internal and external processes including risk management (see [Governance and risk management](#)), materiality assessment (see the discussion on [Our material issues within a global context](#)), and stakeholder engagement at various levels (see [Our stakeholders](#)). We also report our performance against the sustainability metrics defined in our non-financial reporting system (SIM) for internal and external reporting of key performance indicators, and against the public [commitments](#) we made for the period 2011 to 2015.

In [Sharing our sustainable future](#), our printed sustainability publication, we position ourselves relative to global trends that affect the sustainability of our business, and provide examples of how our operations around the world demonstrate our commitments, and help secure a sustainable future for us and our stakeholders.

Our non-financial reporting system (covering safety and health, wood procurement, forestry, environment and energy) has been transferred from our previous database, Moris (Mondi sustainability reporting and information system) into a new system, SIM (Sustainability Information on Miras). SIM is hosted by the same information management (IM) infrastructure as our financial reporting system. The migration project was conducted to improve the integrity and quality of the systems and processes that serve our monthly reporting process, and to ensure consistency and alignment with our financial reporting system.



GRI content index



Data sheets

In addition to our sustainable development report, our Group-wide approach to sustainable development – including policies, report archives, information about our partnerships and awards, useful links and sustainability contacts – can be found on the Mondi Group website at

www.mondigroup.com



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GRI content index



Data sheets

Reporting scope and boundary

This report covers the 2013 financial year (1 January 2013 to 31 December 2013) and should be read in conjunction with our [Integrated report and financial statements 2013](#) as well as [Sharing our sustainable future](#). Our previous report was published in 2013 for the financial year 1 January 2012 to 31 December 2012.

Our acquisitions of Nordenia and the Duropack corrugated packaging plants in Germany and the Czech Republic in 2012 are being integrated and aligned with Mondi's standards and requirements and their full reporting will be integrated into our 2014 reports.

In terms of the performance data in our reports, the following should be noted:

- Key performance data throughout [Sharing our sustainable future](#) is provided for context only, and our full performance is available here in our Sustainable development report.
- No material restatements have been made to data in this report and the reported data remains comparable with last year's data.
- No significant changes from previous reporting periods in the scope, boundary, or measurement methods were applied in the report this year.
- Lindlar, our Consumer Goods Packaging operation in Germany, was closed in 2013.
- Our environmental performance covers our material and converting operations, unless stated otherwise. See our [glossary of terms](#) for operational and reporting definitions. Environmental data includes the performance of our 2012 acquisitions.
- Safety data includes all employees and contractors, but excludes service suppliers such as catering, office cleaning or telecommunications services and management consultants. Safety data also excludes the performance of our 2012 acquisitions.
- Financial information is reported in euros (€), for ease of reading and to allow comparisons. Figures are based on the conversion rate at the end of December 2013.
- Where we have reported wood volumes in m³, this figure reflects Solid Cubic Metres (SCM).

This report focuses on those sustainability issues that we have determined to be of most importance to us and to our stakeholders. We believe that external assurance plays an important part in the way we work and that it provides stakeholders with assurance in respect of our performance. Environmental Resources Management Certification and Verification Services (ERM CVS) provided [limited assurance](#) on selected key performance indicators that we report, on the status of compliance of the report with GRI G3 guidelines to level B+ and verification of greenhouse gas (GHG) data in accordance with ISO 14064 to reasonable (material operations) and limited (converting operations) levels of assurance. Deloitte, our appointed statutory auditors, provided an unqualified audit opinion on our financial statements.

We report our GHG emissions according to the GHG Protocol, published by the World Business Council for Sustainable Development and the World Resources Institute.

Awards and recognition

- [Advanced Level reporter at the United Nations Global Compact](#)
- [Continued inclusion in the FTSE4Good and JSE SRI indices](#)
- [WWF Environmental Paper Award for Transparency](#)
- [Pulp and Paper International \(PPI\) award for 'Supply Chain' \(Mondi SCP\)](#)
- [PPI award for 'Managing Risk and Safety' \(Mondi Heerlen\)](#)
- [Nedbank Capital Award for sustainable business achievements](#)
- [Institute of Chartered Secretaries and Administrators \(ICSA\) Best Sustainability and Stakeholder Disclosure – FTSE250 award](#)

OUR APPROACH

Management, employees and our business partners are guided by our Code of Business Ethics



Governance and risk management

Our Boards and executive committee provide the leadership necessary to implement principles of good corporate governance across the Group so that all deliberations, decisions and actions of our business are based on integrity, responsibility, accountability, fairness and transparency.

Stakeholder engagement at multiple levels informs our materiality assessment, our strategy and our reporting. Go to [Our manufacturing operations: a focus on our people \(CEP and SEAT\)](#), [Our stakeholders](#) and our [SEAT report archive](#) for more details.

Materiality assessment ensures that the Group acts and reports on issues that reflect its material economic, environmental, social and governance issues, or those that would affect our stakeholders now and in the future.

Management, employees and our business partners are guided by our Code of Business Ethics, which is supported by our Business Integrity Policy. Our Sustainable Development Policy outlines our overall sustainability strategy and is supported by our [seven sector policies](#) on sustainable forestry; environmental performance; climate change; product stewardship; corporate citizenship; global employment; and occupational health and safety.

We comply with the corporate and accounting regulations of South Africa and the UK, in line with our dual listed company (DLC) structure.

Board oversight and functioning

Mondi Limited and Mondi plc are separate corporate entities, though with the same individuals on their boards of directors. This enables the effective management of the DLC structure as a single unified economic enterprise.

The Boards guide strategy and provide oversight on performance. In 2013, the Group was jointly chaired by Cyril Ramaphosa and David Williams until 3 May. Fred Phaswana replaced Cyril Ramaphosa as joint chairman on 1 June. The chief executive officer's position is held separately by David Hathorn and the division of responsibilities between the joint chairmen and the chief executive officer has been clearly defined and approved by the Boards.


The Boards each have nine members: the two joint chairmen, four independent non-executive directors and three executive directors. Its members are diverse in respect of origin, gender, race and education. Together, they bring a wealth of experience and expertise to the Group and reflect the nature of the business and domicile. Two of the nine Board members are women and two of the four South African-based Board members are from historically-disadvantaged communities.

The DLC committees, to which the Boards delegate specific areas of responsibility, have the authority to make decisions according to their specific terms of reference. The composition of these committees is reviewed at least once a year.

Accountability

Accountability for our sustainable development policies, systems, practices, commitments and actions is guided and was monitored in 2013 on three levels by:

- The DLC sustainable development committee – a committee of the Boards which ensures that the Group's sustainable development strategy, policies and commitments are aligned with global best practice. The governance responsibility for Environmental, Labour, Human Rights, Society; and Product Responsibility aspects in the Group lies with the DLC sustainable development committee, while the management responsibility of these aspects lies with the chief executive officer.
- The DLC executive committee chaired by our chief executive officer – this committee has executive responsibility for sustainability performance and ensures that business line


 For the full [corporate governance report](#), see our [Integrated report and financial statements 2013](#).

 For a [profile of our Board of directors](#), see our [Integrated report and financial statements 2013](#).

management holds primary responsibility and accountability for sustainability performance, supported by the sustainable development committee and specialist network groups.

- Six global specialist network groups – safety, health and occupational hygiene; environment; energy; black liquor recovery boiler; product stewardship; and fire safety networks. Each group is made up of specialists drawn from across the Mondi Group and who provide valuable expertise and knowledge.

A significant proportion of the remuneration of executive directors and of other senior executives is performance-based. Remuneration strikes a balance between the achievement of short- and longer-term objectives, which can be financial or non-financial.

 For the full remuneration report, see our Integrated report and financial statements 2013.

Guiding sustainability

We consider the environmental, safety, health, economic and social implications of our key decisions. Our Sustainable Development Management System (SDMS) guides the effective management of all aspects of sustainability governance and the implementation of our sector policies. All facilities and activities that we own and operate (including those in which we hold a controlling interest), new developments, mergers, acquisitions and businesses in which we plan to invest, and activities undertaken by contractors on Mondi sites or while under our management, are incorporated into our SDMS and are required to comply with our policies, requirements and practices.

Our Sustainable Development Policy defines our overall strategy and is supported by our sector policies. Seven key sustainability aspects have been identified: sustainable forestry; environmental performance; climate change; product stewardship; corporate citizenship; global employment; and occupational health and safety.

The sector policies apply across all operations we own and manage. We invest in training, education, consultation and auditing to ensure that these policies are widely understood and implemented.

A sustainable development governance standard links our management standards to our corporate governance structure. Nine specific management standards define our governance requirements and provide a basis for the development, enhancement and application of our sustainable development principles. A further 10 operating standards define the minimum requirements for good operational management and control across all policy areas and provide guidance on the implementation of the SDMS at Group, divisional and operational levels.

Download Mondi's [Governance and management standards](#) in PDF format.

Download Mondi's [Operating standards](#) in PDF format.

Our sustainable development reporting and information system captures sustainable development data from our global operations.

Internal audit

Our internal audit function is an integral part of our system of corporate governance. The overall purpose is to evaluate whether the Group's systems of control are effective and adequately mitigate business risks. Ultimately, the assurance provided by the internal audit function serves to assist the Boards in fulfilling their disclosure obligations under the corporate governance codes of South Africa and the UK, and to report annually to shareholders on the effectiveness of Mondi's systems of control.

The internal audit team plan and undertake audits of the businesses in a systematic way to ensure that the overall control environment within the business is appropriate, effective and complies with Mondi controls and procedures.

The audit committee has responsibility for monitoring and reviewing the effectiveness of the Group's internal audit function. Each year the committee considers and approves the internal audit plan, receiving progress reports at each meeting on how the team are meeting the plan and discussing any changes or shortfall in targets. The committee agrees deviations from plan as the need arises during the year, usually as a result of major acquisitions or a change in Group risk profile highlighted through audit reports and through matters highlighted through the confidential reporting hotline, Speakout. The committee regularly challenges the nature and speed of management's response to issues raised in audits and to Speakout messages in order to satisfy themselves that this has been appropriate to the circumstances.

Internal audit assumes regular evaluation of the adequacy and effectiveness of our systems of internal control, across all business sites and all business processes. Internal audit visits every Mondi operation at least once every five years, with all major plants audited every year. Internal audit continues to increase the role of sustainability performance monitoring in key operations.

The structure and resources of the internal audit function are also regularly reviewed. The last external review of the internal audit function was carried out in 2010 by PricewaterhouseCoopers. That review concluded positively on the effectiveness of the internal audit function while making some recommendations to further improve on this. Since that review the DLC audit committee has monitored progress with the implementation of the

recommendations and annually reviews the effectiveness of the function. The DLC audit committee has concluded that the heads of internal audit provide appropriate leadership of the internal audit function, which remains effective in carrying out its remit. The DLC audit committee has determined that external reviews will be carried out every five years with the next scheduled for 2015.

Speakout

Speakout, the Group's confidential reporting hotline operated by an independent third party, is established and well understood throughout the organisation. This reporting tool enables employees, customers, suppliers, managers or other stakeholders, on a confidential basis, to raise concerns about conduct that is considered to be contrary to Mondi's values.

The DLC audit committee of the Boards has the oversight responsibilities for ensuring the adequacy of the Speakout procedures while the internal audit, responsible for day-to-day monitoring of the Speakout process, ensures that management on an appropriate level is informed about reported issues and that risks are adequately managed. Summaries of all reported issues, and the status of all unresolved items, are presented to the DLC audit committee.

During 2013, there were 79 Speakout messages received worldwide compared to 65 in 2012. The number of messages and quality of information reflect positive recognition and effectiveness of this confidential reporting hotline. The messages were received from 14 different countries with the majority originating from Turkey, Russia and South Africa. All information pertaining to Speakout messages received was forwarded to the respective Mondi management according to Mondi procedures. Management took appropriate and adequate measures in each case which led to corrective actions when appropriate and necessary.

Political donations, gifts and bribes

Mondi is opposed to corruption and illegal practices in all forms. We do not tolerate the giving and receiving of bribes; nor condone anti-competitive practices in dealings with governments and in the marketplace. Mondi does not permit contributions or donations for political purposes. Our approach to corruption is published in corporate brochures, newsletters and on the Group website. Mondi requires any lobbying undertaken to be in line with the Group's business ethics and internal policies. Our policies with regard to these matters are set out in our Group Business Integrity Policy.

Fines, non-monetary sanctions and significant legal issues

Mondi was not engaged in legal actions for anti-competitive behaviour, anti-trust, or monopoly practices during the year. No material fines or non-monetary sanctions for non-compliance with laws and regulations were received during 2013.


Risks and opportunities

Identifying and managing risks and opportunities is critical to the success of our business. A Group-wide risk management framework ensures the effective governance of material risks. We exercise due diligence prior to the introduction of new operations, practices, processes and products.

Our Sustainable Development Risk and Change Management Standard guides the ways in which sustainable development risks are identified and managed. The approach we take to risk management, particularly related to environmental issues, incorporates the tenants of the precautionary principle, which implies our responsibility to protect the natural environment from harm where there is a plausible risk.

Our sustainable development risk register is updated annually to ensure mitigation plans are in place for those risks with a high likelihood of occurrence and/or impact potential. These risks include inherent operational risks as well as strategic risks. In addition to the key impacts on our business and our stakeholders, we identify sustainability trends and opportunities and seek to mitigate risks that affect our longer-term prospects and financial performance.

Risk management is one of the internal processes that have informed the identification of our six material sustainability issues, and the commitments we have set to monitor and improve our performance within these. See [Our material issues within a global context](#) for a more detailed discussion on our material issues, and [Our 2015 sustainable development commitments](#) for a detailed report on our progress against our commitments.

 See [Risk management](#) and the [DLC audit committee report](#) for a discussion on risk management in our *Integrated report and financial statements 2013*.

OUR APPROACH



GRI content index



Data sheets

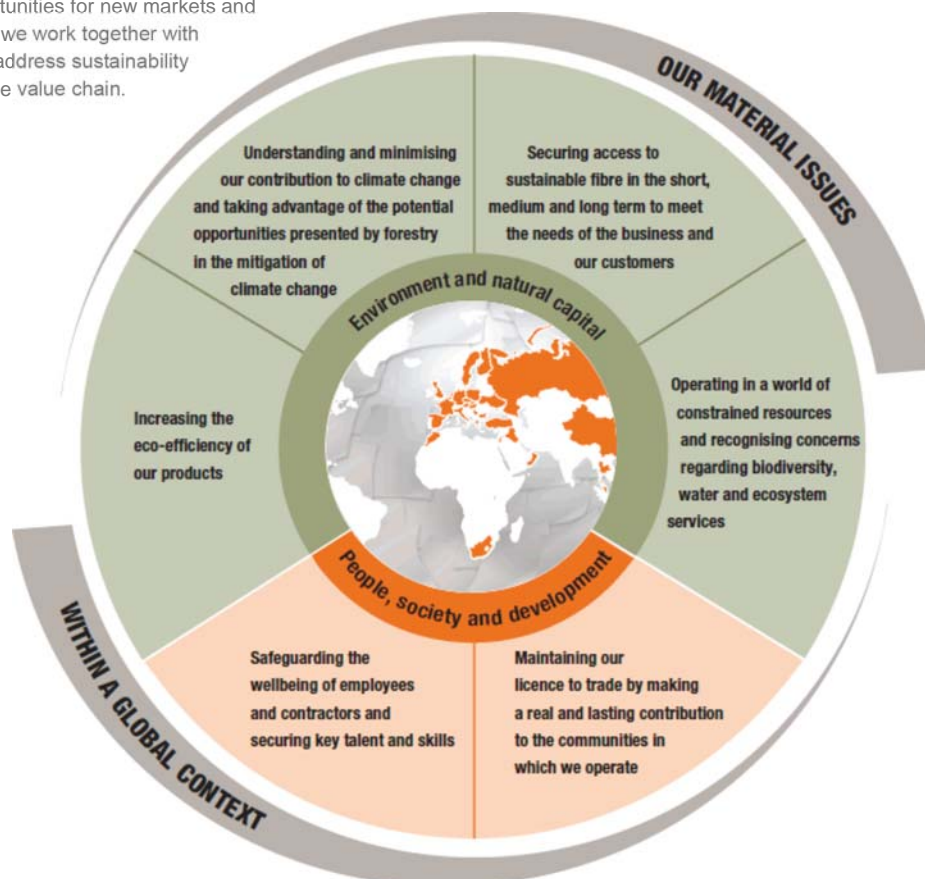
Our material issues within a global context

We are operating in a world of constrained resources, facing environmental and social challenges which are global in scale and local in nature. These challenges affect our business, our stakeholders and the communities in which we work, and our response contributes to our future sustainability.

We believe that being part of the solution secures the future prospects of our business and our communities.

It is important for us and for our stakeholders to identify and understand our material sustainability issues within this global context. We believe that being part of the solution secures the future prospects of our business and our communities.

As we explore opportunities for new markets and innovative products, we work together with our stakeholders to address sustainability challenges across the value chain.



Environment and natural capital

The Millennium Ecosystem Assessment¹ found that 15 of the 24 ecosystem services evaluated had been degraded over the preceding half century. A rapid and continuing rise in the use of fossil fuel-based energy and an accelerating use of natural resources continue to affect key ecosystem services, threatening supplies of food, fresh water and wood fibre. More frequent and severe weather-related disasters, including drought and famine, are also impacting communities around the world.

¹ Refer to www.maweb.org

Climate change, water and materials

Climate change represents one of the greatest threats to our environment, society and economy. The Intergovernmental Panel on Climate Change (IPCC) regards global warming as 'unequivocal'². It assesses the observed increases in global average air and ocean temperatures, widespread melting of ice and snow, and rising global average sea levels, all very likely to be caused by the emissions of greenhouse gases (GHG) induced by human activities.

² Refer to the *IPCC Fourth Assessment Report: Climate Change 2007*

An increasing replacement of the use of fossil fuels with renewable energy sources is key in

QUOTE

decreasing GHG emissions. In addition, responsible management of forests and associated ecosystems can contribute to a deeper global understanding of the role of forests in climate protection and maintaining the health of ecosystems.

In addition one third of the world's population is affected by water scarcity (World Health Organization 2009), and if trends continue, this will increase to nearly half of the total population by 2030 (Organisation for Economic Co-operation and Development 2008). Responsible water management is therefore critical for society.

Materials consumption, especially on an industrial scale, brings additional burden on natural resources, not just through increasing resource depletion but also through waste generation. Products that are designed to be more efficient, last longer and use less material can in part address this. Packaging can be optimised to help products last longer and to deliver more functionality. Recycling can be increasingly integrated into business models. Even waste water can be considered a resource and reused or recycled to decrease the pressure on natural water systems. All of these activities require on-going commitment to research and development.

Given the state of the ecosystems and natural environment, the urgency and serious nature of global challenges such as climate change and the importance of managing water and material consumption, we have identified **Increasing our products' eco-efficiency** and **Understanding and minimising our contribution to climate change** as two of our material issues.

Land use, forests and biodiversity

The International Union for Conservation of Nature (IUCN) highlights the importance of what it describes as 'nature-based solutions' and calls for more effective stewardship of natural capital. The IUCN believes that individuals, communities, governments and the private sector are under-using the potential power of nature and the solutions it can provide to global challenges associated with climate change, food security and social and economic development.

Land is being converted to human use all over the planet, mainly for agricultural purposes. This land-use change is one driving force behind the serious reduction in biodiversity and the impacts on water flows.

Loss of forests is a key example of how land-use change can have adverse impacts on our natural and social systems. Forests are an essential component of life, supplying wood, fibre and non-timber forest products as well as providing an extensive range of ecosystem services. They are also vital to watershed protection and soil formation, and play a major role in regulating climate.

As the world's population grows, unless consumption patterns change dramatically, our forests will have to produce more fibre for wood, paper and fuel. Overall wood use may triple in the next three decades. At the same time, increasing competition for land for food, bio-energy crops and livestock is putting our natural forests under increasing pressure. New Generation Plantations, intensively-managed forest plantations that maintain ecosystem integrity and protect and enhance high conservation value areas, can contribute to bridging the gap between demand and supply.³

Issues related to the loss of forests and reduction in biodiversity is directly linked. The Economics of Ecosystems and Biodiversity (TEEB) study highlights the growing costs of biodiversity loss and presents a compelling economic case for the conservation of ecosystems and biodiversity.

The main global concerns related to forests and biodiversity are:

- deforestation, illegal logging and the conversion of natural forests to agricultural crops or plantations;
- loss of protected and high conservation value areas; and
- loss of species and habitat biodiversity supported by natural forests.

Despite the efforts of various certification systems to address some of these challenges, the current level of global forest certification remains below 10%⁴. Although this figure is significantly higher in areas where Mondi operates, overall global certification is not growing enough to satisfy increasing demand. This makes it challenging to source an increasing proportion of certified wood. The shortage of certified wood in Europe has been exacerbated by subsidies for biomass.

Wood is one of our key raw materials, and we recognise the challenges the industry faces to ensure sustainable and responsible management of forests. We also acknowledge the inextricable link between forests and biodiversity. Within this context, we have identified a further two material issues, namely **Securing access to sustainable fibre in the short, medium and long term to meet the needs of the business and our customers** and **Operating in a world of constrained resources and recognising concerns regarding biodiversity, water and ecosystem services.**

"We are under-using the potential power of nature and the solutions it can provide to global challenges associated with climate change, food security and social and economic development."

The International Union for Conservation of Nature (IUCN)

³ See the [WWF: New Generation Plantations platform](#)

Visit www.teebweb.org for more information.

⁴ Refer to the [UNECE/FAO 2009 – 2010 Forest Products Annual Market Review](#).

People, societies and development

The United Nations (UN) estimates that by 2050 the global population would have increased to more than nine billion. With the majority of this growth happening in the developing and emerging world, the global middle class will rapidly expand. The future population is expected to become increasingly urban and diverse⁵.

As populations grow and income levels improve, significant opportunities will exist for business to help improve people's livelihoods and lifestyles in more sustainable ways. Improving access to health and education as well as a more outcome-focused approach to such services is key to improving livelihoods.

The UN's Food and Agriculture Organization's strategic objectives include: helping eliminate hunger, food insecurity and malnutrition; making agriculture, forestry and fisheries more productive and sustainable; reducing rural poverty and increasing the resilience of livelihoods from natural disasters.

Also critical to societies' wellbeing in the future is their economic productivity – the gross output of goods and services per person in the potential workforce, which shows a decline in coming decades largely in maturing economies. It will be increasingly difficult to create growth purely from services and, therefore, it is important to increase productivity within economic areas such as agriculture, forestry and fisheries by educating, attracting and retaining the future workforce in these sectors.

Similarly, the UN Development Programme refers to future 'demographic challenges' in societies. For example, as populations age, the percentage of the working-age population will be reduced, and countries that remain poor will struggle to meet the needs of an aging population. These challenges can be addressed by reducing unemployment, promoting labour productivity and increasing labour force participation.⁶

All organisations have a responsibility to keep their people safe. In order to achieve this, a safe and healthy working environment must be provided and the right safety culture developed. Regarding culture, the Bradley curve shows that in order to realise sustainable zero harm, an organisation must establish a culture of interdependence. In order to achieve this, they need to move through three phases – moving from a supervisory culture where employees are dependent on being told what to do, through to the independent phase where employees take responsibility for their own safety, and finally to the interdependent phase where all employees take responsibility for each other's safety. Leadership and line management must play a vital role in developing and sustaining the necessary safety culture and driving the continuous improvement efforts to achieve sustainable zero harm.

In light of the social context discussed above, and the anticipated trends regarding economic development and populations' demographics, we have identified two of our material issues to be **Safeguarding the wellbeing of employees and contractors and securing key talent and skills**; and **Maintaining our licence to trade by making a real and lasting contribution to the communities in which we operate**.



WBCSD Action2020⁷

In our 2012 *Shaping our sustainable future* publication, we reported on our sustainability performance within the framework of the World Business Council for Sustainable Development's (WBCSD's) pathway 2020 in support of its Vision 2050. The WBCSD encourages business through its 'Action2020' to move from vision to action by further defining what needs to be done by 2020, in order to ensure the vision of a sustainable world by 2050. It has identified the societal 'must-haves' to be met by 2020 within nine priority areas, including: climate change, ecosystems, water, basics needs and rights, skills and employment, sustainable lifestyles, and food, feed, fibre and biofuel.

We work with the WBCSD's focus area and sector teams and within other global platforms, including the scientific community and NGOs as part of our stakeholder engagement and active dialogue approach.

⁵ Refer to *Vision 2050: A new agenda for business*
WBCSD

⁶ UNDP Human Development Report 2013 – *The Rise of the South: Human Progress in a Diverse World*



⁷ Refer to *WBCSD's Action2020 – Setting the pace for progress*



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Our stakeholders

It is becoming increasingly clear that no individual sector – whether government, non-governmental organisation (NGO) or business – can make a significant, sustainable difference alone and that we need to work collectively. There is growing recognition that business can improve their own competitiveness, growth and profitability while simultaneously creating value for society.

We aim to develop sustainable, scalable solutions that address key challenges and opportunities and create shared value through:

- our products and markets;
- our supply chains;
- social and economic investment; and
- partnerships, memberships, dialogues and stakeholder engagements.

Central to creating shared value is engaging openly and transparently with stakeholders to help identify emerging issues, shape appropriate responses, guide our strategy and provide opportunities to identify mutually-beneficial solutions. We value and encourage the contribution of our stakeholders and their specific skills, expertise and networks which help provide sustainable solutions that have tangible and lasting impacts. For Mondi, our collaborations with NGOs and the scientific community are producing encouraging results. One such example is our involvement in a multi-stakeholder initiative in the Komi Republic of Russia to preserve high conservation intact forests. Another example is how on-going dialogue with our customers about the issues that are important to them has helped in the development of our Green Range products.

See [Our products](#) for a discussion on how feedback from our customers drives product innovation.

Our stakeholders



Our approach to stakeholder engagement

Our multi-stakeholder approach to external engagement includes informal and formal dialogue on a regular basis. Our formal and fully-transparent socioeconomic assessment toolbox (SEAT) process and community engagement plans (CEPs) demonstrate the level of our engagement in socially-material operations. In addition, FSC™ certification provides a global standard for the monitoring of stakeholder engagement in our forests. Other examples include engagement through membership associations and industry forums and by participating in research projects and surveys.

Please see the Mondi Group website at www.mondigroup.com for a full disclosure of the groups we support.

Memberships, associations and advocacy groups

We actively engage with our stakeholders to explain our position, understand and learn from their input and benefit from their contribution. We do this at global, regional and local levels appropriate to the nature and scale of the issue.

We believe that it is important to support associations, advocacy groups and institutions that bring together and represent stakeholder groups at global, regional or local levels. We recognise that debate, research and external monitoring organisations play an important role in regulating society and industry. Our support of these independent bodies provides us with valuable insight which then informs our strategy, performance and reporting. Further, our participation in forums,

and support of and membership in various associations, ensures that we stay in touch with current and anticipated developments.

Mondi is an active supporter, member and/or participant in:

The United Nations Global Compact (UNGC), a strategic policy initiative for businesses committed to ten principles on human rights, labour, environment and anti-corruption.

During 2008 we became a signatory to the UNGC, reinforcing our commitment to socially responsible business practices on a worldwide basis. To demonstrate a commitment to the UN Global Compact and its principles, we are required to provide an annual Communication on Progress (CoP) report to demonstrate our commitment to transparency and disclosure. In August 2013, we submitted our fourth CoP, signed by our chief executive officer, and met the minimum requirements for an Advanced Level criteria of reporting. We were also selected for inclusion in the new UNGC 100 stock index launched in September 2013.

Visit www.unglobalcompact.org and download our CoP report

The World Business Council for Sustainable Development (WBCSD), a coalition of 200 companies with a shared commitment to sustainable development.

Our chief executive officer is a core (forestry representative) member of the WBCSD Ecosystem Focus Area Action Team (FACT). The WBCSD Ecosystems Focus Area aims to support the business licence of member companies to operate, innovate and grow by proactively addressing business risks associated with accelerating ecosystem degradation and the loss of ecosystem services. More specifically, it serves to promote the development and uptake of best practice mitigation and market-based approaches that support the sustainable management and use of ecosystems services – both on a stand-alone basis and in co-operation with other stakeholders. We are also a core (industry) member of the WBCSD's Forestry Solutions Group, a group currently made up of 29 leading global forest products companies which addresses the future of forest certification, biomass neutrality and supply chain issues. These latter issues include procurement guides and dialogue with the Consumer Goods Forum, which has set targets for zero deforestation. We chair the Climate Action Team which is a sub-committee of the [WBCSD Forest Solutions Group](#) and participate in the WBCSD Energy and Climate FACT and Water Project.

The WBCSD launched Action2020 in Istanbul in 2013. Action2020 has taken input from the scientific community and business to implement medium-term actions with measurable targets as part of their long-term aspiration (Vision2050).

CDP, an international not-for-profit organisation providing a global system for companies to measure, disclose, manage and share information on carbon, water, forests and supply chain.

About 5,000 of the world's largest public companies engage with CDP which plays an important role in making available to investors high quality comparable data on company environmental performance covering carbon emissions, water usage, forestry and supply chain. In 2013, we disclosed information in all four areas.

Global, regional and local NGOs, including WWF, particularly in respect of the Mondi Wetlands Programme, the New Generation Plantation Project and the WWF Silver Taiga HCV project in north-west Russia, the forest certification schemes, the Global Reporting Initiative (GRI) and the Save Food initiative.

At a local level, our involvement includes both the Ezemvelo KZN Wildlife, the provincial authority responsible for biodiversity in KwaZulu-Natal and the South African National Biodiversity Institute National Grassland Programme in respect of our HCV areas in South Africa.

www.wwf.org
www.kznwildlife
www.sanbi.org

WWF International, WWF (Russia) and WWF (South Africa).

We are active participants in a number of key projects, including the global [New Generation Plantations project](#), the [WWF Mondi Wetlands Programme in South Africa](#), and the WWF Intact Forests project in Russia.

The HCV Resource Network is a global network which promotes a practical and consistent approach to HCV methodology.

Mondi co-chairs the HCV Resource Network steering group which promotes the network's objectives, helps coordinate decision-making and sets the network's strategic direction. The High Conservation Value (HCV) approach is an important tool for responsible resource management and responsible sourcing and is a key component of major voluntary sustainability standards schemes. The HCV Forests concept originated from the Forest Stewardship Council™ (FSC™) and provides services such as the provision of guidance on the use of the HCV approach, tools for assessment, management and monitoring, and the peer review of HCV Assessments.

In 2013, a model was developed to enable the HCV Resource Network to become financially independent, visit www.hcvnetwork.org

The Forests Dialogue (TFD), a global multi-stakeholder forum, comprising individuals from NGOs, inter-governmental organisations (IGOs), indigenous people, local communities, forest companies and local government who are committed to the conservation and sustainable use of forests and improved livelihoods.

We are an active participant and supporter of TFD and participates on the Steering Committee and in numerous dialogues. TFD has been particularly successful in helping people engage and explore difficult issues, find collaborative solutions, and make positive changes through constructive dialogue processes among all key stakeholders and is currently developing international multi-stakeholder dialogue initiatives on the following key global challenges:

- Food, Forests, Fuel and Fibre (4Fs)
- Free prior and informed consent (FPIC)
- Investing in locally controlled forests. This is in line with our commitment to find practical solutions for certifying small growers
- Forests and climate

In the past, TFD has led extensive dialogue initiatives on intensively managed planted forests; forests and poverty reduction; forests and biodiversity conservation; illegal logging and forest governance; and forest certification.

For more information on all TFD initiatives, go to www.theforestdialogue.org and www.environment.yale.edu/tfd.

In 2013 we became a member of Business in the Community (BITC), a UK-based, business-led charity, focused on promoting responsible business practice.

Our work with BITC in 2013 included:

- taking guidance on strengthening our community strategies;
- discussing an approach to measure the impact of our community investments; and
- improving our communication and implementation of our social strategy through networking with other BITC members.

We engage with academic institutions, including the following:

- In Europe, we have worked with the University of Bodenkultur in Austria on carbon sequestration topics. We also regularly engage with undergraduate and postgraduate students from various universities by providing them with a platform for research and guiding and supporting their academic work (See [Capacity building in our forest communities](#)).
- We support Stellenbosch University's [Mondi Ecological Network Programme](#) in South Africa. The project aims to improve the design and management of ecological networks in developed landscapes, including plantations.
- Mondi has also entered into various **partnerships** to provide access to wider information and research with the aim of obtaining benefits from research as quickly as possible.

Our partnerships include:

- a partnership with the University of Pretoria and a Mondi Chair in Plant Pathology. We also have a partnership with the Forestry and Agricultural Biotechnology Institute (FABI) at the same institute. In 2013, FABI responded to the increasing incidence of pests and disease in our plantations with practical measures to manage the Sirex wasp and the Chalcid wasp, two pests of pine and eucalyptus, respectively.
- We are an active partner in gene conservation through the Camcore group, based at the North Carolina State, through which we monitor development on genetic modified organism research.
- We are a patron organisation of the Institute of Commercial Forestry Research, based at the University of KwaZulu-Natal in Pietermaritzburg, which conducts applied research work on its behalf.

We are actively engaging with the forest certification schemes, NGOs, industry groups and key industry players, including along the supply chain.

Through these engagements we aim to address the mismatch between available certified wood and increasing demand. We need to focus on risk-based cost-effective certification and find practical solutions for small growers and sawmill residues.

In 2013 we joined Save Food to support its goal of ensuring that food is packaged in such a way that it remains edible for longer.

The initiative was launched by the Messe Düsseldorf Group in close collaboration with the UN's Food and Agricultural Organisation (FAO), and aims at encouraging dialogue on food wastage between industry, research, politics and civil society. Mondi works closely with many partners within the food industry and our food packaging solutions meet the needs of today's consumers while extending the shelf-life of our customers' products.

See [Our products](#) for a more detailed discussion on this.

We are engaging with the GRI on the GRI G4 initiative, which is challenging businesses to:

- Report on relevant material issues
- Explain how they are identifying and addressing their material issues
- Increase focus on environmental and social impacts across the whole supply chain

National and local governments, including the South African Land Claims Commission to transfer Mondi land to community beneficiaries.

Other examples include our multi-stakeholder partnership with the Mpumalanga Provincial Government on the Mondi Mkhondo Development Project to improve the socioeconomic conditions of the people living on Mondi owned land in South Africa and the Forest Academy of Komi, which we launched in partnership with the Komi Government in Russia to promote work in the forest sector by training personnel.

National industry associations.

We are a member of the Confederation of European Paper Industries (CEPI) in Europe, a Brussels-based organisation representing some 520 pulp, paper and board producing companies and 950 paper mills across Europe to champion the pulp and paper industry's achievements and the benefits of its products. We are a member of the executive committee of The Paper Manufacturers Association of South Africa (PAMSA) and a member of Forestry South Africa, both which engage stakeholders on matters of legislation and critical industry issues such as research, land resettlement, skills development, environment, sustainability, and recycling in South Africa.

We are a member of Chatham House, a world-leading source of independent analysis, informed debate and influential ideas on how to build a prosperous and secure world for all.

Chatham House undertakes independent and rigorous analysis with the aim of setting the agenda and shaping policy by encouraging new ideas and forward thinking in international affairs. High-profile speakers from around the world are regularly hosted in a programme of events and conferences. One of the four areas addressed is 'energy, environment and resources'.

We maintained our membership in the FTSE4Good and JSE SRI global sustainability indices during 2013.

These indices recognise those listed companies which are incorporating sustainability principles into their everyday business practices and provide a tool for investors to assess companies on a broader base. They also provide us with a transparent and evolving global corporate responsibility standard against which we can assess our sustainability performance and progress.

In 2013 we became a member of Corporate Register, a useful and practical tool for benchmarking our sustainability report and performance.

Corporate Register is a global corporate responsibility resources website that hosts a comprehensive directory of corporate non-financial reporting, profiling approximately 50,000 reports across 166 countries.

Communicating with key stakeholder groups

Shareholders and the investor community

Engagement channel	Key topics and concerns
<ul style="list-style-type: none">Formal reporting and accountability systems, processes and structures for the Johannesburg and London stock exchangesAnnual general meetingsRoad showsInvestor visits to sitesMondi briefings and presentationsMondi websiteAnnouncementsMedia releasesGroup reports including integrated and sustainable development reportsCDP	<p>Group financial performance issues and meeting our strategic objectives.</p> <p>Sustainability of the Group and its operations, in particular:</p> <ul style="list-style-type: none">safetycarbon emissionsenergyresponsible forestryland claimsproductspeoplewaterForestCarbonSupply chain

Governments

Engagement channel	Key topics and concerns
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Engagement channel	Key topics and concerns
<ul style="list-style-type: none"> • Meetings • Policy discussions • Conferences • Interaction through business organisations 	<ul style="list-style-type: none"> • Resource utilisation • Employment • Land claims and restitution • Level the 'playing fields' for all sectors • Local economic development programmes • Corporate social investment • Licence to operate • Industry specific matters

Employees

Engagement channel	Key topics and concerns
<ul style="list-style-type: none"> • Group policies • Biennial employee and climate surveys • Annual training needs assessments • Collective bargaining practices • Two-way manager and employee communication • Team briefings • Dialogue sessions • Intranet • Internal employee publications and electronic chief executive officer updates • Recruitment and retention campaigns • Performance development discussions and meetings • Leadership conferences • SEAT • CEPs • Employees' safety and health representatives • SD Reports • Making a Difference Day • Mondi Diamond Awards 	<ul style="list-style-type: none"> • Job security and wages • Career development • Employment equity • Corporate activity • Health and safety sustainability • Mondi's growth and development • Business updates • Achievements

Customers

Engagement channel	Key topics and concerns
<ul style="list-style-type: none">• Customer satisfaction surveys• Conferences, seminars and exhibitions• CDP reports• Water disclosure reports• Product certification and labelling• Customer visits, meetings and field visits• Direct contact with customers• Chain-of-Custody certification	<ul style="list-style-type: none">• Changing needs of customers and consumers• Our products• Innovation• Responsible forestry• Legality and source of raw materials• Recycling• Resource efficiency• Carbon and clean production• Waste disposal• Health and safety• Certification• Responsible sourcing and product certification to:<ul style="list-style-type: none">◦ exclude illegal wood and deforestation◦ support market credibility◦ help set operational benchmarks and process controls◦ identify product lifecycle impacts

Suppliers and contractors

Engagement channel	Key topics and concerns
<ul style="list-style-type: none">• Group contractor and supplier policies• New legislation: EU Timber Regulations and US Lacey Act• Surveys and questionnaires• Preferential procurement programmes• Enterprise development programmes	<ul style="list-style-type: none">• Safety and health• Quality control• Employment practices• Business training and support• Legality and origin of supplies• Supply chain transparency• Sustainability requirements <p>Go to Our supply chain for information on our specific actions during 2013.</p>

Communities

Engagement channel	Key topics and concerns
<ul style="list-style-type: none">• CEPs• SEAT• Community forums and annual meetings• Local NGOs• Site visits and open days	<ul style="list-style-type: none">• Land claims and restitution• Participation and FPIC (free prior and informed consent)• Benefit sharing and use of natural resources• Employment and local beneficiation• Mechanisation• Local economic development programmes• Skills development programmes• Sustainability and impact on local environment• Corporate social investment/social agreements• Environmental impact and rehabilitation• Health care, in particular HIV/AIDS <p>Go to Community engagement at Stambolijski and Świecie mills for highlights of our performance and actions in 2013.</p>

NGOs

Engagement channel	Key topics and concerns
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Engagement channel	Key topics and concerns
<ul style="list-style-type: none"> • Liaison with and technical cooperation with local and international NGOs • Direct partnerships and/or projects eg Mondi Wetlands Programme • Multi-stakeholder forums • WBCSD • Trade Associations (eg CEPI, FSA) • TFD • FSC™/PEF™ Certification • HCV Resource Network • SEAT • CEPs • Site visits 	<ul style="list-style-type: none"> • Biodiversity • Ecosystem values and services • Responsible forestry • High Conservation Value (HCV) areas • Carbon and clean production • Water • Economic growth • Poverty • Accountability for natural capital • Benefit sharing • Human rights • Traditional rights and use of natural resources • Transparency and traceability throughout the value chain • Forest and product certification • Food, forests, fibre, fuel and freshwater for all

Academic institutions

Engagement channel	Key topics and concerns
<ul style="list-style-type: none"> • Research and development • Industry-specific training programmes • Sector institutes 	<ul style="list-style-type: none"> • Improved operational practices, for example: biodiversity and responsible forestry • Resource efficiency • New technology and innovation • Forest protection • Adaptation and mitigation measures (climate change etc)

Media

Engagement channel	Key topics and concerns
<ul style="list-style-type: none"> • Group announcements and media releases • Interviews and recordings • Group reports • Site visits 	<ul style="list-style-type: none"> • Financial results • Corporate activity • Environmental issues • Marketing • Community related topics



David Hathorn

Stephen Harris



GRI content index



Data sheets

Letter from the chairman of the DLC sustainable development committee and chief executive officer

We live in a world where rapid change is the norm and, while the sustainability landscape continues to evolve, we believe that the material issues we have identified remain valid and will allow us to address both current and emerging issues. However, we will continue to engage with our stakeholders to identify future trends.

It is reassuring that the strategies, systems and processes, and indeed the people we have in Mondi, continue to deliver good sustainability performance. This comment is not solely reliant on our own observation but is evident from the recognition of Mondi's sustainability performance and reporting, see [Awards and recognition](#). Sustainability is integrated into our business decision-making, and we use external gap analysis and benchmarking to evaluate our performance compared to our peers and incorporate any findings into our approach.

In compliance with the South African Companies Act, a social and ethics committee was established in 2012 and it is pleasing to report that, during the past year, the committee's scrutiny of our social and ethics policies, practices and procedures has not identified any areas of major concern for Mondi. That is not to say that there is no room for improvement – there always is, and we continue to address a number of critical issues, as described below and throughout this report.

At the top of our agenda, for us personally and for our sustainable development committee members, is the issue of safety. In particular, the four contractor fatalities that we experienced in the Group during the year are a cause for great concern.

The executive team has placed a lot of focus and continuous effort on driving the establishment of a safe working environment and an appropriate attitude and culture towards safety and health in the day-to-day operations of the Group. There is strong evidence of the many measures that have driven this improved safety awareness and behaviour. Over the past five years, the Group has demonstrated a steady improvement in our total recordable case rate, contributing to our position as a safety leader in our industry. In addition, Group-wide initiatives such as *Making a Difference Day* (MADD) (see [Focus on our people](#)) and development of critical task safety training material are indicative of the executive team's commitment to further improving our safety performance.

What has been a bigger challenge for the Group is how to deal with the safety risks associated with activities that are not part of the daily routine work schedule - because such activities are, by necessity, only conducted on an ad hoc or infrequent basis, the risk of fatalities and life-altering injuries is heightened. As a result, Mondi's management has taken Group-wide steps to identify those activities that are considered of highest risk or those being of a low probability, high impact nature, and to take steps to engineer those risks out and/or implement robust controls and procedures to manage the residual risk. This is a key directive for 2014, with the aim of a greatly improved performance in the year ahead.

Over recent years, a large proportion of our capital expenditure has focused on improving energy efficiency, increasing electrical self-sufficiency and reducing our carbon footprint. In 2013, these investments included projects such as a bark boiler at Syktyvkar, Russia, a recovery boiler at Frantschach, Austria, and steam turbines at South Africa's Richards Bay mill and our Stambolijski mill in Bulgaria. There are further investments planned for 2014.

Another area of increased focus in 2013 was the integration of our new acquisitions* into the business. This was a priority not only in respect of production and marketing, but also in sustainability. We do not see any new sustainability challenges being brought to the fore with the acquisition of these businesses or their integration into the Mondi fold. Instead, the

QUOTE

The strategies, systems and processes, and indeed the people we have in Mondi, continue to deliver good sustainability performance.

* Our new acquisitions, in the latter part of 2012, include Nordenia and the Duropack corrugated packaging plants in Germany and the Czech Republic.

challenge going forward is to ensure that a consistently high standard of planning and reporting exists across all business entities. As a rule, we expect new operations to be fully integrated within two years of the acquisition date, but encourage this to happen sooner where possible.

Another issue of on-going concern is the monitoring of our supply chain to ensure that all parties endorse and work to the same high standards that Mondi sets for itself. The introduction of EU Timber Regulations (EUTR) has heightened the need for traceable and transparent supply chain management for our wood and fibre based products. There are many challenges, given the extent of our operations and the complexities of our supply chain; our heavy reliance on the supply chain in certain aspects of the business (for example, small growers in Europe and South Africa, and contractors in our forests); and the fact that many of the codes and standards to which we subscribe require a high level of commitment. Nonetheless, we recognise our responsibility in this regard, and continue to participate and uphold the requirements of the UNGC and other relevant associations, institutions and regulatory bodies.

The report that follows has been developed with a focus on those issues that are most material to us as a Group – these may be challenges or opportunities, with both needing to be explored. We are also conscious that we do not work in isolation and that we have an important role to play as both custodian and steward of our natural resources. For this reason, we have sought to share those issues that are significant within a global context. The work we undertake with NGOs such as WWF, and industry bodies such as the WBCSD, is highly relevant. We have sought external assurance on selected key performance indicators reported in our sustainable development report, this information is available in the [assurance statement](#). Further, we have asked UK-based business-led charity, Business in the Community, to consider our report and provide a third party review of the reasonableness of our sustainability approach in addressing our material issues.

In conclusion, we wish to pay tribute to our colleagues on the Boards, to the executive, to management and our employees. They together are Mondi, who are credited for past performance and who are responsible for its future successes. To them our message is simple: maintain our focus on performance and eliminate fatalities and life-altering injuries. There can be no other way forward.

Stephen Harris

Chairman of the DLC sustainable
development committee

David Hathorn

Chief executive officer

OUR APPROACH



GRI content index



Data sheets

Our 2015 sustainable development commitments

We are operating in a world of constrained resources, facing environmental and social challenges which are global in scale and local in nature. These challenges affect our business, our stakeholders and the communities in which we operate, and our response to them contributes to our future sustainability. It is therefore crucial for us to identify and understand our material sustainability issues within this global context. Stakeholder engagement and risk management processes also inform our material issues and the commitments we have set to monitor and improve our performance.

The table below provides an overview of our commitments in relation to our six material issues, and our progress against these in 2013. With the exception of our commitments on carbon and energy, which cover the period 2004 to 2014, all other commitments are set against a base year of 2010, to be met by 2015.

Securing access to sustainable fibre in the short, medium and long term to meet the needs of the business and our customers

Commitments	Progress	Key performance statistics
We will maintain our FSC™ certification of all owned, leased and managed forests.	In 2013, we maintained 100% FSC™ certification of our owned and leased forests.	100% of managed land FSC™-certified
We will procure over 60% of wood , virgin fibre and biomass products from credible certified sources. The balance will be sourced with products as defined in the FSC™ Controlled Wood Standard.	66% of our total procured wood in 2013 was CoC-certified to FSC™ or PEFC™ standards (a 6% improvement compared with our 2010 baseline of 60%) and the balance met the FSC™ Controlled Wood Standard.	66% of wood CoC-certified
We will continue to work with our South African forestry partners to provide support to land reform beneficiaries in an effort to sustain productivity after the land has been transferred.	To date, some 36,000 hectares of Mondi land under forestry have already been transferred to community beneficiaries, bringing the percentage of land transferred to claimant communities to 26% of the total area of 139,000 hectares under claim, and the percentage of settled claims to 23% of the total number of recorded claims.	23% land claims settled in South Africa, 26% of land transferred in South Africa to claimant communities
We will maintain our Chain-of-Custody certifications for our mills and certify Stambolijski by 2013.	All our mills (100%) have Chain-of-Custody (CoC) in place. Our Stambolijski mill received its FSC CoC certification in 2013.	100% of mills CoC-certified
We will promote the Mondi brand by increasing the proportion of fibre-based products which is certified against a credible forestry standard.	66% of our products based on wood procured directly by our mills, and 81% of our products based on pulp procured externally by our mills, were manufactured from CoC-certified sources. The balance in both cases was sourced from credible sources meeting the FSC™ Controlled Wood Standard.	66% of wood-based products and 81% of external pulp-based products from CoC certified materials

Maintaining our licence to trade by making a real and lasting contribution to the communities in which we operate

Commitments	Progress	Key performance statistics
We will continue to disclose our carbon and forestry footprint performance.	In 2013 we have once again disclosed our carbon and forestry footprint performance in CDP. We were not included in the leadership index this year due to the higher threshold set for inclusion but aim to improve our performance in 2014.	Continued disclosure of performance in CDP
We will continue to engage with the United Nations Global Compact (UNGC) and promote and support and implement its ten principles.	We continue to engage with UNGC and reported our Communication on Progress (CoP) in August 2013. We continue to report at an Advanced Level.	Advanced Level reporter at the UNGC
We will continue to engage with the WBCSD and	We support WBCSD's Action2020. Mondi's CEO	Active member of the WBCSD Forest

address the most contentious global sustainability matters affecting our business.	is a core member of the ecosystem FACT. We are an active member of the Forest Solutions Group and chair the Carbon Action Team.	Solutions Group
All mill operations to be certified to ISO 14001 and OHSAS 18001.	All our mills (100%) are certified to both ISO 14001 and OSHAS 18000 standards.	100% of mills certified to ISO 14001 and OHSAS 18001
All converting operations to be certified to OHSAS 18001 .	66% (55 of 83 operations) have achieved certification by the end of 2013.	66% of converting operations certified to OHSAS 18001
All forestry operations to be certified to ISO 14001 by 2013.	The South African forest operations are currently in the process of certification and the Russian forest operations are planning certification by June 2014.	100% of forest operations will be certified in 2014
We will reduce our level II environmental incidents by 50% by 2015 from the 2010 base year and maintain a 0 level III environmental incident performance.	We had 5 level II environmental incidents in 2013, an improvement of 75% against a 2010 base year.	75% reduction of level II environmental incidents
We will revise our community complaints system by 2012 and will focus on the reduction of odour-related complaints.	In 2013 we have revised our methodology on reporting complaints in order to categorise and report complaints and incidents separately.	Revised approach to community complaints implemented
All operations that are involved in producing food contact packaging to be certified to a recognised food hygiene standard .	Out of the 71 operations producing food contact packaging in 2013, 47 (66%) were certified to a recognised food hygiene standard, with the balance meeting Good Manufacturing Practice standards.	66% certified to food hygiene standards
All mills and forestry operations to have a rolling community engagement plan (CEP) and Russian and South African forestry and mill operations to have a SEAT process updated on a three-to-five year cycle.	All mills and forestry operations have a CEP in place. In 2012 we did SEAT reviews at our Richards Bay mill in South Africa and Syktyvkar mill in Russia, and in 2013 we conducted the first SEAT at our Stambolijski mill in Bulgaria.	First SEAT in Bulgaria, on-going CEPs at all socially material mills

Understanding and minimising our contribution to climate change and taking advantage of the potential opportunities presented by forestry in the mitigation of climate change

Commitments	Progress	Key performance statistics
By 2014, we will reduce our CO₂e emissions per unit of saleable production from our mills by 15%, against a 2004 base year.	We have exceeded our commitment, and as at the end of 2013 we have achieved a 30% reduction of our specific CO ₂ e emissions against a 2004 base year.	30% reduction of specific CO₂e emissions
By 2014, we will reduce our carbon based energy consumption per unit of saleable production from our mills by 15%, against a 2004 base year.	Our integrated mills have achieved a reduction of 22% by 2013, and non-integrated mills a reduction of 8%, against a 2004 base year. Overall we have exceeded our commitment and reduced our specific energy consumption by 20%.	20% reduction of specific energy consumption
We will progress towards being a carbon neutral company in the longer term, by increasing the proportion of renewable resources for primary energy needs against the 2010 base.	61% of the total fuel consumption by our pulp and paper mills in 2013 came from renewable energy sources, mainly biomass.	61% of fuel consumption of mills from renewables
We will progress towards becoming self-sufficient in electrical energy in the longer term.	A 90% electrical self-sufficiency was achieved by 2013, mainly as a result of energy-related investments such as the recovery boilers in Syktyvkar and Frantschach mills.	90% electrical self-sufficiency

Operating in a world of constrained resources and recognising concerns regarding biodiversity, water and ecosystem services

Commitments	Progress	Key performance statistics
We will implement Ecosystem management plans (EMPs) at all our forestry operations by 2013.	All our forestry operations have EMPs in place.	100% of forest operations with EMPs in place
We will report on seedlings planted , our tree improvements, the invasive species fight back and our work on pest and disease resistance.	In 2013, we planted 36 million seedlings. 70,784 hectares of land in our South African forests were maintained in terms of alien species. More information on our tree improvements, invasive species eradication and pest and disease resistance can be found in Our forests: ecosystem stewardship .	36 million seedlings planted, 70,784 hectares of land in South Africa alien species-maintained
We will report on land set aside for conservation purposes.	In 2013, 26% of our managed (owned and leased) forestry land was set aside for conservation purposes.	26% of managed land set aside for conservation.
Mondi participates in WWF New Generation Plantations (NGP) project and is committed to the concept.	In 2013, Mondi co-hosted the NGP Africa regional meeting and field visit together with WWF (SA). A number of Mondi's forests were used to illustrate the NGP principles.	Co-hosted NGP Africa meeting with WWF
We will carry out a water impact assessment (WIA) of our forestry operations and mills.	We have completed WIAs at our mills and forestry operations.	100% of mills and forestry operations undergone water impact assessments.
We will continue to work with our partners WWF and WESSA to support the Mondi Wetlands	Mondi remains the principle sponsor of the MWP. See Our forests for an update on our activities with	Continued support of MWP

Programme (MWP) in South Africa and will involve local communities in educational, restoration and conservation activities where reasonable.

the MWP.

We will continue to work with our stakeholders to **identify areas of high conservation value** in Komi (Russia) and in South Africa.

During 2013, one of the five intact HCV forest areas associated with Mondi's operations was registered for the establishment of the Koigorodsky National Park. To date, we have identified 572,907 hectares of HCV areas, 4,781 hectares in South Africa and 568,126 hectares in Komi, Russia.

572,907 hectares of HCV areas identified

Safeguarding wellbeing of employees and contractors and securing key talent and skills

Commitments	Progress	Key performance statistics
Avoid work related fatalities. employee and contractor fatalities.	There were two incidents resulting in four contractor fatalities in 2013. Decision taken to further increase focus on low-probability, high-impact events.	Four fatal injuries
Prevent work-related life-altering employee and contractor injury.	Two life-altering injuries were experienced at the Steti mill with two contractors losing fingers.	Two life-altering injuries
We will achieve a TRCR of 0.75 or below by 2015, including employees and contractors, against a 2010 base year.	We achieved a TRCR of 0.78 in 2013. We will review the current 2015 milestone after monitoring the combined performance in 2014, taking into account the new acquisitions.	TRCR of 0.78
Through a partnership approach with government and NGOs, Mondi will facilitate access to a comprehensive primary health care service, including the provision of ARTs for its employees and contractors.	45 employees and 97 contractors in our South African operations are currently on ART.	45 employees and 97 contractors on ART
We will continue to report the diversity of our workforce.	20% of our employees and 7% of our senior managers in 2013 were female.	20% of employees and 7% of senior managers female

Increasing the eco efficiency of our products

Commitments	Progress	Key performance statistics
We will increase the number of products in our Green Range , including non-fibre based products.	We will revise our approach in 2014 to reflect our extended product portfolio following our major acquisitions at the end of 2012.	Revised approach to Green Range in 2014
We will progress towards being a zero waste company by reducing the total waste to landfill by 20% by 2015 against a 2010 base year.	A 7% reduction was achieved by the end of 2013. We continue to investigate new and innovative approaches to eliminating or reducing our landfilled waste in order to meet our commitment by 2015.	7% reduction of landfilled waste
We will reduce TRS emissions from our mill operations by 20% in 2015, against a 2010 base year.	A 39% reduction was achieved by the end of 2013, mainly by closing loops and introduction and incineration of odour-containing off-gases in our boilers. We are currently focusing on the reduction of diffuse emissions.	39% reduction of TRS emissions
We will promote conservation, reuse and recycling practices to reduce specific contact water consumption by 10% by 2015, against a 2010 base year.	Mondi has withdrawn 308 million m ³ of water and used 208 million m ³ as contact water in our processes. This represents the maintenance of our specific contact water compared with 2010. Planned investments at our pulp and paper mills will further improvements to reduce water withdrawal for production and cooling purposes, as well as to increase reuse and recycling capacity.	Maintained specific contact water consumption
We will reduce our effluent load to the environment, either directly or indirectly discharged, by 10% against a 2010 base year.	A 9% reduction of COD emissions was achieved by the end of 2013, mainly by modernisation projects at our mills involving the modernisation of our waste water treatment plants.	9% reduction of COD emissions
We will continue to report our consumption of recovered fibres	1.4 million tonnes (roughly a third of our consumed pulp) was from recovered fibre in 2013.	1.4 million tonnes of recovered fibre

OUR APPROACH



2013 performance at a glance



[GRI content index](#)



[Data sheets](#)

- 100% of managed land Forest Stewardship Council™ certified
- 26% of managed land set aside for conservation
- 66% of wood Chain-of-Custody (CoC) certified
- 81% of external pulp CoC certified
- 100% of mills CoC certified
- 63% of converting operations CoC certified
- €431 million committed to green energy related projects between 2011 and 2016
- 30% reduction of specific CO₂e emissions against 2004
- 20% reduction of specific energy consumption against 2004
- 61% of fuel consumption of mills from renewable energy
- 100% of our mills and forestry operations undergone water impact assessments
- Four contractor fatalities
- Total recordable case rate (TRCR) of 0.78
- 66% of our converting operations OHSAS 18001 certified
- 39% reduction of total reduced sulphur (TRS) emissions
- 9% reduction of chemical oxygen demand (COD) emissions
- 7% reduction of landfilled waste
- First SEAT in Bulgaria
- Updated CEPs at all mills
- Core member of the World Business Council for Sustainable Development (WBCSD) Forest Solutions Group
- United Nations Global Compact Advanced Level reporter

OUR FORESTS



Operational excellence

In Our material issues within a global context we highlighted how economic productivity is a critical factor in ensuring societies' wellbeing in the future and how it is important for business to promote overall productivity and to educate, attract and retain its future workforce.

Over several years, Mondi has focused on developing operational practices that enable us to become globally more competitive within a context of international good practice. In this section, we focus on operational excellence through the modernisation of our forestry operations.

Modernisation: at the forefront of operational excellence

Specific challenges in the forestry industry include poorly-developed infrastructure; large geographical areas and distances; declining rural population as young, skilled people move to urban areas; an ageing rural workforce; increasing labour costs; and, in South Africa, high labour turnover and the impact of HIV/AIDS.

The modernisation strategy is geared to meet these challenges and to ensure decent working conditions so that Mondi is considered an employer of choice. The new systems, equipment and technologies being introduced in our operations bring many positive benefits. 2013 saw the focus shift from harvesting to roads, planning and silviculture.

Our modernisation goals include:

- providing a safer workplace for our employees by moving away from high-risk and heavy manual tasks;
- increasing our productivity, while lowering our overall operating costs;
- providing decent work through higher-skilled jobs with increased salaries and through improved ergonomic practices;
- ensuring that we maintain a consistent and sufficient workforce, as forest harvesting is arduous work with high labour turnover and absenteeism rates;
- developing long-term relationships with contractor companies, thereby enabling stable employment for forestry contractors, and operational and safety practices of the highest standard; and
- contributing to the viability of local communities.

Modernisation in the South African forests

Harvesting

Mondi's modernisation process, which began in 2008, included a change in forestry management systems and processes, optimisation of the forestry road network, the introduction of mechanised harvesting systems, an upgrade of information technology infrastructure and the replacement of vehicles with larger, more efficient vehicles. It also involved the restructuring of contractor businesses, supported by training and business development through [Mondi Zimele](#).

Over 90% of core harvesting operations have been mechanised. This has resulted in increased harvesting productivity and greatly reduced reliance on manual felling, debarking, cross-cutting and stacking of timber, delivering the many safety and ergonomic advantages associated with the 'no hands on timber' approach.

Light detection and ranging (LiDAR) technology, generating precise and directly georeferenced spatial information, is currently being introduced and will support the modernisation process by providing more accurate and comprehensive maps and site data.



QUOTE —————>

"Modernisation efforts have resulted in significant productivity gains, with room for further improvement. This will be achieved by introducing a new wood supply technology solution, 'Wood master', to optimise overall wood supply which in turn delivers important cost savings."

Axel Bender
Forestry Director, Syktyvkar mill

Silviculture*

Modernisation of silviculture operations has been fast-tracked over the past year. Modernisation efforts include:

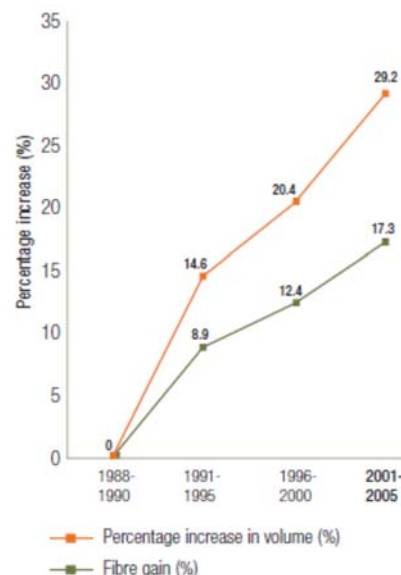
- upgrading of nurseries;
- modernisation and refurbishment of fire-fighting operations;
- ergonomic and productivity improvements of all silvicultural operations, including pitting operations; and
- improved planting, watering and fertiliser operations techniques.

Modernisation in the Russian forests

Modernised harvesting has been fully implemented at our Russian operations in Syktyvkar for a number of years. The modernisation process included replacing largely motor manual logging processes with the more flexible and fully mechanised forwarder, improving living conditions at the logging camps and an upgrade of the road infrastructure to optimise access to the harvesting operations. More recently, as part of the drive to optimise transport operations and reduce transport costs, some 117km of new roads were constructed by contractors in 2012 to 2013.

Another important aspect of the modernisation process was the establishment of silviculture operations. This was part of the effort to ensure re-establishment practices in our forests meet the requirements of the new Russian Forest Code, thus ensuring that future forests are well stocked.

Half-rotation wood and fibre gains from cuttings of selected trees planted



* Silviculture is the growing and cultivation of trees



OUR FORESTS



GRI content index



Data sheets

A focus on our people

In Our material issues within a global context we described the importance of increasing productivity within economic areas such as forestry by educating, attracting and retaining the future workforce in our sector and how opportunities exist for business to help improve people's livelihoods and lifestyles in more sustainable ways.

Mondi is able to enrich the economic and social conditions of the communities where we operate by creating employment and improving livelihoods, thereby contributing to the socioeconomic health and stability of these communities. Our forestry operations are located in rural areas in developing economies, where neighbouring communities are typically affected by geographical remoteness, poor infrastructure and depopulation of rural villages. In this section, we focus on some of the ways in which we support our employees and local communities.

Improved health and safety

The introduction of fully mechanised harvesting systems in South Africa and Russia has made a major contribution to improved safety and ergonomic performance due to reduced exposure of the workforce to sharp tools, chainsaws and other traditional manual forestry activities. The total recordable case rate has decreased in our forestry operations by 30% since 2009. The severity of these incidents has also decreased.

In the silviculture operations in South Africa, where the physical force demands on the body are generally lower than in harvesting and there is not the same exposure to dangerous equipment, the focus has been on eliminating prolonged, awkward, stooped postures and reducing force demands on the body.

Promoting professional forestry education in Komi, Russia

The population of Komi has decreased in the last seven years. In Russia, young people leave smaller towns in remote areas such as Komi for bigger cities with more diverse employment opportunities. Also, modernisation requires more skills and training but has necessitated a reduction in personnel. We collaborate with a number of key educational institutions and NGOs to train specialists in the forestry industry. A good example is our long-standing partnership with the Syktyvkar Forest Institute. Mondi has equipped three laboratories to train students in paper production and mechanics in forestry and safety training.

Our efforts to promote the forestry industry and broaden the national skillset go deeper. Three years ago we launched the Forest Academy of Komi in partnership with the Komi Government to promote work in the forest sector, train and retrain personnel, contributing to social stability in the local community. The initiative is strongly supported by academic institutions and NGOs such as Silver Taiga.

In 2012, 82 people attended a forestry-focused entrepreneurial programme through the Forest Academy of Komi. After completion of the programme, 32 people started their own businesses in areas such as forestry maintenance, agriculture and children's centres, creating 60 additional jobs in 2013. 49 people were employed by Mondi after being trained at the academy, eight of whom used to work in the logging operations. A further 17 employees also attended the School of Forestry Masters held at the academy during 2013.

An annual Komi Academy Award is held for students and their teachers. One of the main aims of the award is to promote and create awareness of the employment opportunities in the forestry, pulp and paper industry in the local scientific community. In 2013, 43 winners of the award were announced, each receiving a trophy and a cash prize.

IN THIS SECTION

Our forests: Focus on people

IN PRACTICE:

Creating value in our forest communities



Creating value in our forest communities

Community engagement in our forests

We believe we cannot operate effectively without engaging with our neighbouring communities on an on-going basis with the aim of building sustainable, mutually beneficial relationships and shared value. Co-operation with non-governmental organisations, industry bodies and academic institutions is vital to our strategy, particularly in respect of community development. Through a process of constructive engagement we can draw on the fundamental knowledge, expertise and resources of local bodies or communities to ensure the relevance of our socioeconomic development programmes.

We address issues related to the cultural heritage of indigenous communities affected by our operations, particularly those living close to our forests, in a sensitive manner and we endeavour to resolve these issues in a spirit of respect, trust and dialogue. We uphold the rights of indigenous people and, where necessary, rectify historical injustices even if these are not of our own making. Nothing came to our attention to suggest the occurrence of any incidents of violations involving rights of indigenous people during 2013.

Socioeconomic Assessment Toolbox (SEAT) processes and community engagement plans (CEPs) are in place at all our forestry operations and assist us in maintaining dialogue, so that communities may raise concerns they need to be addressed. The effectiveness of our CEPs is monitored to ensure that they deliver real and lasting social and economic benefits to our communities. In 2013, all our forest operations maintained and updated their annual CEPs. For more information, see our [SEAT and CEP processes](#).

Specific examples of how we engage with our communities are detailed below:

- **Health care projects**

In South Africa, we support a number of HIV/AIDS programmes, and sponsor a trauma centre in Merebank and four mobile clinics in our forestry operations. We support child-headed households by providing shelter and basic care through the Isibindi Programme and other Orphans and Vulnerable Children programmes. We also make regular donations to NGOs working in our mill communities.

- **Poverty alleviation and local economic development**

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 vital skills.

In Russia, in terms of the agreements in place with local municipalities, we invested over €900,000 in 2013 to support small businesses and local infrastructure projects in the surrounding communities and to promote training and development in the forestry, pulp and paper industry.

Many people in South Africa depend on forests for their livelihoods and creating and supporting sustainable livelihoods for these communities is important. One such initiative is the livestock programme, with steady progress made in training cattle owners to develop enterprises during the year.

A good example of local economic development and job creation in South Africa is Mondi Zimele. Mondi Zimele was established to support and promote small and medium sized enterprises and has created or sustained businesses with an employment footprint in excess of 4,200 jobs since its inception in 2007. See [Mondi Zimele](#) below.

IN THIS SECTION

Our forests: Focus on people

IN PRACTICE:

Creating value in our forest communities

• Education and youth in South Africa

We believe that education is the key to development in South Africa and this belief drives our choice of corporate social investment projects in South Africa. We continue to focus on improving the mathematics and science skills in schools in the Merebank and Richards Bay areas close to our mills, by sponsoring Saturday mathematics, science and accounting classes for grade 10 to 12 learners, for example.

Improving the literacy and English language skills of our employees is of critical importance and to this end we run various programmes including Adult Basic Education and Training at our operations.

The Mondi Mkhondo Education Centre provides career guidance, education and training to local people. The centre welcomes some 17,000 learners, educators and other visitors per year.

In 2013, Mondi provided bursaries to 14 students from land claimant communities and 53 students from rural communities through a partnership between Mondi and the Rural Education Access Programme (REAP). Our partnership with REAP enables us to support a greater number of students who have historically been marginalised.

Land claims in South Africa

In South Africa today, a portion of our landholdings are subject to land claims under the Restitution of Land Rights Act (No.22 of 1994). In previous years, we have reported progress on our commitment to report on the percentage of claims settled and land transferred to the communities, based on a different baseline of 82 land claims affecting some 139,000 hectares of our managed land.

In 2013, due to some developments including the disposal and de-gazetting of some land that affected both settled and unsettled claims, this baseline figure has been reduced to a total of 73 land claims involving some 122,000 hectares of our land.

To date, some 36,000 hectares of Mondi land under forestry have already been transferred to community beneficiaries, bringing the percentage of land transferred to claimant communities to 26% of the total area of 139,000 hectares under claim, and the percentage of settled claims to 23% of the total number of recorded claims. Due to changes in government priorities and government budget constraints, no Mondi-related claims were settled in 2013. Mondi will continue to make every effort to facilitate and expedite the settlement by government of all land claims affecting our operations.

The above mentioned Act provides for the restitution of rights in land to persons or communities dispossessed of such rights after 19 June 1913 as a result of past racially discriminatory laws or practices. Restitution of a right in land can take the form of restoration (the return of a right in land) or equitable redress (which includes the granting of an appropriate right in alternative state-owned land and payment of compensation). All claims had to have been lodged not later than 31 December 1998.

The issue is clearly a significant one for Mondi in South Africa and we are committed to restoring land to community ownership in South Africa. We have a highly successful and innovative model for engaging and settling with land claimant communities, and assist them to develop long-term sustainable solutions and forestry enterprises rather than merely land restitution. In this way communities derive an income from their land, and Mondi retains a reliable source of wood supply.

Following a successful land claim process, communities gain ownership of the land and derive a sustainable income from it, while at the same time progressively developing their own businesses to operate within the forestry value chain. Critical to Mondi's approach is to ensure that land claim beneficiaries receive meaningful and sustainable benefits, and that sources of fibre are both assured and sustainably managed into the future and retain their Forest Stewardship Council™ certification.

Mondi Zimele

Mondi Zimele, the small business development division of Mondi South Africa, has three core objectives:

- Develop sustainable empowerment contractors in Mondi's forestry value chain;
- Encourage job creation and local economic development through the support of small businesses in surrounding communities; and
- Facilitate the increased availability of sustainable fibre for Mondi mills from private growers with the emphasis on new community forestry businesses.

Mondi Zimele adds value through making available funding, business development support and market linkages to high potential prospects and businesses within the Mondi forestry value chain and surrounding communities.

Structured processes and tools are used to assist entrepreneurs in identifying key success factors and establishing appropriate controls in their businesses. The focus is on assisting the entrepreneur to employ the right business management practices together with clear market strategies to develop their business idea. The involvement of the Mondi Zimele team is from concept, through feasibility, funding and eventual implementation. Continuity of support leads to a strong sense of commitment and Mondi Zimele typically remains in support of small businesses for up to three years.

The word 'Zimele' is derived from the African languages and means 'to be independent' or to 'stand on one's own feet' which reflects Mondi Zimele's overriding ethos of 'Independence through Enterprise'.

Initially Mondi Zimele focused on accelerating and facilitating sustainable black economic empowerment in businesses operating in the value chains of Mondi. In 2011, Mondi Zimele expanded its focus to incorporate support for employment creating small businesses in communities around Mondi's areas of operation. The offering now also includes forestry development support to emerging forestry land owners and small growers. In 2012, Mondi Zimele further intensified its focus on job creation and small business development through a partnership with the Development Bank of South Africa which resulted in the establishment of the €9.6 million Mondi Zimele Jobs Fund.

Since inception Mondi Zimele has extended support to over 80 small businesses with a collective turnover in excess of €50.6 million per annum and an employment footprint of over 4,200 people.

Mondi's Mkhondo Development Project (MMDP)

In 2007 Mondi initiated the Mondi Mkhondo Development Project (MMDP), a public-private partnership between the Mpumalanga Provincial Government, Mkhondo Local Municipality, Gert Sibande District Municipality and Mondi. Community stakeholders are represented in this partnership by local committees elected by the residents involved.

The MMDP is home to 65 rural settlements on Mondi landholdings – approximately 9,590 people have set up their households here. The employment rate is as low as 31% in the area, and most inhabitants are extremely poor, with little or no access to basic services (94% of households do not have electricity and 85% have no access to water on site). While 90% of these people have no employment relationship, either present or past, with Mondi or its contractors, they have accumulated rights through their length of stay on the land.

The aim of the project is to improve the socioeconomic conditions of the people living on Mondi owned land within this region and in doing so, implement permanent and sustainable solutions to alleviate poverty. The MMDP model provides people with three choices: continue their pursuit of rural livelihoods in planned and serviced agri-villages; seek urban livelihoods in newly-serviced urban residential developments; or, remain where they are.

The Jabulani agri-village is currently being implemented as a pilot. The first phase of 34 housing units were completed during 2013 and the construction of the balance of 76 units began in November 2013. A multi-purpose centre was also built and the school extension and refurbishment project completed. Street lights have been installed and work has now commenced on the internal road network and an Early Childhood Development Centre.

Food4Forests

Mondi's settlement model encourages land claimants to directly participate in forestry businesses and value chain programmes. A business created by land claimants is participating in Mondi's Food4Forests programme, which provides meals to forestry contractors every day.

Providing hot and nutritious meals to 5,200 people a day in remote areas is a huge task with many logistical challenges. But the benefits of the programme, both for the wellbeing of employees and contractors and the productivity and safety of Mondi's forestry operations, are being felt. The health care service providers, who do the annual medical check-ups of field staff, have reported that their overall health has improved. There is also a reduction of safety incidents and absenteeism as a result of the programme.

Capacity building in our forest communities

In South Africa, there is a critical need for skilled professionals who can lead organisations towards sustainability in a complex and challenging environment.

The mondi Zimele model



QUOTE

"Our model is not about the provision of discounted capital in isolation. Our focus is on assisting the entrepreneur to employ the right business management practices together with a clear market strategy to develop their business idea; the funding is the final enabler in this process."

The Mondi Wetlands Programme (MWP) has established a professional development programme for students to support the development of young professionals in the field of wetland conservation, with the aim of contributing to the capacity development of individuals within government, the sugar and forestry industries, historically disadvantaged rural communities and tertiary institutions as well as among private wetland practitioners.

During 2013, two interns completed their Masters degrees and a third has embarked on PhD research with support from a fellow of the Stockholm Resilience Centre. Two new interns have joined the internship and there is potential for this project to grow further.

The Phase II of the catchment research, sponsored by the Water Research Commission, 'Working for Water' and Mondi, concluded at Mondi's Two Streams catchment in 2013. The catchment provided an ideal practical training ground for undergraduate hydrology students at the University of KwaZulu-Natal and over the period, the research has supported three honours degrees, three MSc degrees and four doctorates.



OUR FORESTS

We are affected by global challenges and work to be part of the solutions

Ecosystem stewardship

In Our material issues within a global context we discussed how land-use change can have adverse impacts on our natural and social systems and how we are not only affected by these changes but can also be a part of the solutions.

Ecosystem degradation and biodiversity loss through deforestation and illegal logging, growing competition for land for food, bio-energy crops and livestock, coupled with increasing rural poverty and a decline in rural populations are just some of the world-wide challenges that affect our industry.

Forests are an essential component of life, supplying wood, fibre and non-timber forest products to humanity, and providing an extensive range of ecosystem services. Forests serve as habitats for two-thirds of terrestrial animal and plant species; prevent soil erosion and water run-off; maintain the chemical balance of soil, air and water; recycle nutrients; break down pollutants; clean air and water; are vital to watershed protection and soil formation; and play a major role in regulating climate.

Our business and ecosystem services are inextricably linked. Our forestry practices have an impact on ecosystems and their regulatory (climate and water regulation, food control, waste disposal) and provisioning services (fresh water, fibre, food). Equally, we and our communities depend on ecosystems.



GRI content index



Data sheets

IN THIS SECTION

Our forests: Ecosystem stewardship

IN PRACTICE:

Sustainable forestry

Working in partnership towards ecosystem stewardship

Ecosystem Management Plans



OUR FORESTS

*We are affected by global challenges
and work to be part of the solutions*

Sustainable forestry

Underlying our overall approach to our business is responsible, sustainable forestry. For Mondi, this means consistently considering the productive capability, biological integrity and community needs of the forests that we own and manage, and from which we source the majority of our fibre needs.

The maintenance of ecosystem services such as recreation, health and wellbeing, timber and non-timber resources, biological diversity and the mitigation of climate change are increasingly recognised as integral components of sustainable forest management. Forests also provide livelihoods for people, and contribute to the economic, social and cultural lives of many indigenous communities.

Ecosystem degradation and biodiversity loss is a significant global concern and industry, including commercial forestry, can have a negative impact on biodiversity. The main global concerns related to forests and biodiversity are:

- deforestation through illegal logging and the conversion of natural forests to agricultural crops or plantations;
- loss of protected and high conservation value (HCV) areas; and
- loss of species and habitat biodiversity supported by natural forests.

We are not party to deforestation. For every tree that is felled in our plantation forests, at least one other is planted. In 2013, over 35 million new trees were planted by the Group (2012: 31 million). In our natural forests, felled areas are encouraged to regenerate naturally and poor regeneration is supplemented with plantings. Mondi is not involved in illegal logging and has strict fibre sourcing requirements. We do not use illegal wood, including mixed tropical hardwood species or other Convention of International Trade on Endangered Species species. We use no wood from genetically modified (GM) trees, nor do we grow GM crops. In 2013, 26% of our owned and leased land was set aside for conservation purposes.

Boreal forests in Komi, Russia

Global issues around **boreal forests** include illegal logging, the felling of intact pristine forests and other HCV areas, and felling in a way that does not mimic the natural dynamics of the boreal system which is a necessary condition for maintaining biodiversity. Natural boreal forests can be harvested on a sustainable basis and even enhanced through sound silviculture practices supported by Forest Stewardship Council™ FSC™ certification.

Sustainable forestry in boreal forests means protecting valuable habitats, especially HCV intact forests, and carrying out forestry operations in a way that mimics the natural forest dynamics that maintain biodiversity. We are guided by the Russian Forestry Code and (FSC™) standards, ensuring the retention of seed trees, promoting the effective re-establishment of boreal forests, and preserving important natural ecosystems such as riparian and wetland systems.

Plantation forests in South Africa

We manage our South African **plantation forests** for sustainable and/or increasing yields, supported by intensive breeding programmes, based on a wide genetic base, carefully situated in the landscape to maintain functioning ecosystems and biodiversity, and offer protection to HCV areas – including grasslands and wetlands. We continually improve on our cultivation methods, and endeavour to eradicate invasive species and control pests and diseases using non-harmful techniques. We are committed to the new generation plantation (NGP) concept which promotes the design and management of sustainable plantations, and participate in the WWF's global NGP project.



GRI content index



Data sheets

IN THIS SECTION

Our forests: Ecosystem stewardship

IN PRACTICE:

Sustainable forestry

[Working in partnership towards ecosystem stewardship](#)

[Ecosystem Management Plans](#)

A sustainable plantation forest aims to maintain ecosystem functionality at a landscape level, protect and enhance high conservation value areas, enhance local welfare and be financially profitable.

Achieving sustainable plantation forests

To achieve this we:

- identify and protect natural high conservation value areas such as wetlands, grasslands and natural forests and, where practical, link these areas as effective ecological networks to enhance their biodiversity value;
- consider the social values of forests and associated ecosystems;
- fully respect the rights of indigenous people and communities;
- engage in stakeholder dialogue; and
- practise resource efficient forestry operations.

Our plantation forests comprise the main commercial temperate and sub-tropical eucalyptus, pine and acacia species and their associated hybrids. None of these are Convention of International Trade on Endangered Species (CITES) species or are classified on the International Union for the Conservation of Nature Red List of Threatened Species as vulnerable, endangered or critically endangered.



OUR FORESTS

*We are affected by global challenges
and work to be part of the solutions*

Working in partnership towards ecosystem stewardship

Mondi is helping in several ways to preserve and protect the natural capital that provides the ecosystem goods and services. In production landscapes, this helps maintain biodiversity. In this section, we focus on how we, through our engagement with key partners, are continuing our work towards ecosystem stewardship. Mondi's involvement includes:

- certification of all our owned and leased forests;
- supporting the multi-stakeholder process to identify and protect the key intact forests in the areas of North-West Russia where we operate;
- identifying, classifying and helping preserve high conservation value (HCV) areas;
- contributing to the HCV Resource Network;
- participating in the WWF New Generation Plantations (NGP) project;
- being the major sponsor of the Mondi Ecological Network Programme (MENP) at Stellenbosch University, South Africa;
- being the major sponsor of the WWF Mondi Wetlands Programme (MWP);
- assessing the value of ecosystems;
- using national biodiversity tools and the Integrated Biodiversity Assessment Tool (IBAT);
- implementing ecosystem management plans;
- control of alien invasive species and the use of fire; and
- control and monitoring of pests and diseases.

Forest certification

Mondi owns or leases 316,000 hectares of plantation forest in South Africa and leases and manages 2.1 million hectares of boreal forests in Russia. We are committed to maintaining Forest Stewardship Council™ (FSC™) certification of all our owned, leased and managed forests. In 2013, we maintained 100% FSC™ certification of all our owned, leased and managed forests in Russia and South Africa.

High conservation value areas

We recognise our responsibility to conserve our HCV natural resources and, where possible, to help restore ecosystems that have been damaged by Mondi's activities or other historical activities.

We actively support the preservation of HCV areas in both South Africa and Russia. The identification and protection of HCV areas helps us to manage our impact on biodiversity. We are engaged in partnerships to identify, classify and preserve forest and other ecosystems designated as HCV areas owing to their ecological or social significance. As at December 2013, Mondi has set aside 638,810 hectares for conservation in Russia and South Africa (26% of our landholding).

The classification of HCV forests is highly dependent on the particular sociocultural and ecological context. HCV forests are determined following a broad and inclusive stakeholder consultation process.

Pleasingly, a number of agricultural communities via global sustainability round tables have adopted the HCV concept. This positive step promotes the use of HCV beyond the forestry sector and therefore has important implications for global conservation, and the development of standard terminology and methodology.



GRI content index



Data sheets

IN THIS SECTION

Our forests: Ecosystem stewardship

IN PRACTICE:

[Sustainable forestry](#)

Working in partnership towards ecosystem stewardship

[Ecosystem Management Plans](#)

Mondi continues to support the HCV Resource Network; a global network which promotes a practical, consistent approach to HCV methodology for land use. More information is available at www.hcvnetwork.org

The identification and protection of key intact forests of north-west Russia

Boreal forests are classified as slow-growth natural forests and are managed on a rotation of approximately 110 years. Mondi leases and manages 2.1 million hectares of boreal forest in the Komi Republic of Russia. Comprising mainly pine, spruce, birch and aspen and some larch species, elements of these boreal forests represent some of the last remaining intact forests of Europe. The boreal forests serve Russia and the rest of the world both as a source of timber and also as a symbol of biodiversity, and are an important moderator of global climate. Natural boreal forests that are sustainably managed are seen as climate-neutral.

We actively support and participate in a multi-stakeholder process led by the NGO Silver Taiga in Komi (north-west Russia) and WWF (Russia), and involving the Ministry of Natural Resources of the Russian Federation, Greenpeace and the forest communities to identify and protect some of the last remaining HCV intact forests in Europe. The delineation of five intact forests associated with Mondi's operations has been agreed. During 2013, one of these intact forests areas was registered for the establishment of the Koigorodsky National Park.

Mondi has given our leased HCV intact forest areas full protection status and does not harvest these 70,000 hectares.

Silver Taiga, in conjunction with Mondi, is helping to train Mondi staff in the identification of HCV areas. Wetlands and rivers are protected by Russian law and given the status of HCV areas but other examples are pockets of a rare larch, community areas and hunting grounds.

High conservation value areas in South Africa

We minimise the impact of our plantation and forestry activities on the environment by identifying and helping to protect important and vulnerable ecosystems such as indigenous forests, HCV wetlands and grasslands. Where valuable existing remnants of endangered ecosystems, such as mistbelt grasslands, are identified and located on our landholdings, we aim to connect these remnants and/or link them to larger viable areas on or off our properties via ecological networks or biodiversity corridors, to help maintain biodiversity.

We do not convert natural forests, riparian areas, wetlands or protected areas into plantations. The conversion of grasslands or degraded agricultural lands is subject to an environmental impact assessment and a national multi-stakeholder licence application procedure in order to ensure adequate protection of water resources and biodiversity, including HCV grasslands.

In South Africa, we have identified and mapped 13 nationally significant vegetation types by using our Environmental Conservation Data Base standard, which simplifies them further into five distinct vegetation categories: natural vegetation, wetlands, traditional weed areas, maintained areas and bare land. A biodiversity score which determines high, medium and low conservation status for each forest estate is based on all of the data sources and the greatest priority is given to HCV status estates.

Mondi identifies the conservation status of any species of special concern (endemic and threatened species) on our landholdings, in an effort to manage the habitats appropriately and thus conserve these species.

Baseline surveys of Mondi land were started in 2008 with a number of objectives: to allow the verification of a particular HCV area; establish floral and faunal species; and reveal the number of species that are threatened (critically endangered, endangered or vulnerable).

We support and work in close co-operation with NGOs and research bodies to actively manage land, fresh water systems and biodiversity. We have been involved in some of the early, pioneering work on ecosystems, playing a key role in the conservation of wetlands, grasslands and HCV ecosystems. In particular, we participate in the South African Biodiversity Institute's Grassland Programme and the Kwa-Zulu Natal (KZN) Biodiversity Stewardship Programme, and actively encourage other landowners and interested parties to do the same. As a result of these efforts, two of Mondi's areas in South Africa have been registered as private nature reserves and the largest part of the Mondi SiyaQhubeka Forests has been incorporated in the iSimangaliso World Heritage Park.

Following the identification of HCV areas within its boundaries, Mondi's Gilboa estate in Karkloof, KwaZulu-Natal, was the first forestry property to be proclaimed a private nature reserve in South Africa in. Located at the headwaters of three of KwaZulu-Natal's important river systems, the Umvoti, Myamvubu and Mholweni Rivers, it includes functional wetlands which provide significant services such as water purification and flood control. The Gilboa estate also has 283 hectares of 'endangered' Midlands mistbelt grasslands, home to various threatened species. In 2011, Gelykwater (829 hectares), an area rich in mistbelt grassland was

our second forestry property to be proclaimed as a private nature reserve. Mondi SiyaQhubeka Forests is a flagship for HCV conservation in our South African operations and the conservation partnership with the iSimangaliso World Heritage Park continues to provide benefits for conservation and our commercial forestry operations.

WWF New Generation Plantations (NGP) project

Plantation forests comprise even-aged monocultures and are established primarily for wood and fibre production. They are intensively managed and have relatively high growth rates and productivity. Provided rainfall is adequate, they generally tolerate a range of soils and growing conditions, including degraded and agricultural land.

The proportion of plantation forests has significantly increased in the past century as they have assumed greater importance as a source of quality wood and fibre. Research has shown that, if managed responsibly, intensively-managed plantation forests can play a significant role in the provision of ecosystem services and future wood supply.

Forest plantations currently occupy 5% of global forest cover but supply 40% of global commercial wood and fibre requirements. These forests can provide important economic and ecological value and can relieve the threat to natural forests. However, if not managed responsibly, they can incur significant environmental and social costs.

The global NGP project is a collaborative effort between WWF and several companies and governments. Mondi is an active participant in the project, aimed at promoting best practice in the design and management of forest plantations by identifying examples of well-managed and appropriately located plantations that contribute to healthy, diverse and multi-functional forest landscapes and are compatible with biodiversity conservation and human livelihoods.

In 2013, together with WWF (SA), Mondi co-hosted the NGP Africa regional meeting and field visit. Around 40 participants took part to learn how companies and conservationists are working together to develop and promote best practice plantations in production landscapes. A number of Mondi's forests were used to illustrate NGP principles.

Mondi's SiyaQhubeka Forests, located in KwaZulu-Natal, South Africa is an example of a good practice NGP. Through SiyaQhubeka Forests – a partnership between Mondi and our black economic empowerment partners, government and local communities – we have ensured that some 9,000 hectares of land, including a large plantation area, is incorporated into the iSimangaliso Wetland Park, providing protection for sensitive wetland and other HCV areas and much-needed additional space for elephant, rhinoceros, buffalo, cheetah and other game to roam.

It has been predicted that globally an additional 40 million hectares of plantations will be needed by 2050 to meet demand for wood, fibre and fuel. Mondi believes that plantations adhering to NGP principles, which do not convert natural forest, can be part of the solution to meeting this demand.

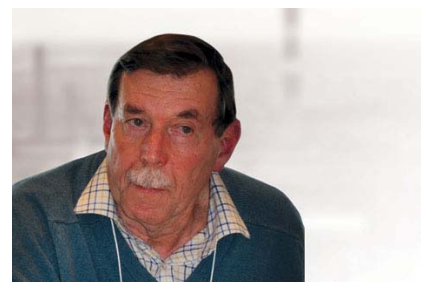
Mondi Ecological Network Programme (MENP)

Globally, natural ecosystems are being transformed and fragmented. Even the largest of natural reserves cannot ensure species survival in the face of these impacts and mitigation measures are being sought, including ecological networks which are aimed at stemming biodiversity loss. Ecological networks consist of interconnecting corridors with associated patches of natural or restored habitat in production landscapes. We are the main sponsor of the MENP and are working with Professor Michael Samways and his research team from the University of Stellenbosch in South Africa to understand and manage such ecological networks in our forests.

In 2013, a number of research papers focusing on the design and management of ecological networks were published internationally. Mondi is currently working with the MENP, WWF (SA), NGP and others to scale up the implementation of ecological networks in productive landscapes.

Prof Samways explains, "While we are not likely to see much more land being given complete protection as nature reserves, there are still many opportunities for conservation. The real progress now and in the future will be conservation on privately-owned land. This is, and will be, a two-pronged approach: land will be made to be more accommodating for important biodiversity; and it will be partially set aside, where there is development on one hand and conservation on the other. To achieve these goals it is important to marry production and conservation into an alliance where both benefit.

Says Professor Samways, "Mondi, as a significant land owner, has been dedicated for some years now to ensuring that timber is produced where biodiversity is conserved and ecosystem



"The NGP project provides a creative platform for the further development and promotion of best practice forestry plantations and it clearly has potential for application in other land uses,"

Peter Gardiner,
Mondi's Group Natural Resources Manager.

About new generation plantations

New generation plantations are intensively-managed forest plantations that:

- maintain ecosystem integrity;
- protect and enhance high conservation value areas;
- are developed through effective stakeholder participation processes; and
- contribute to economic growth and employment.

For further information see the
www.newgenerationplantations.org

Go to newgenerationplantations.org/en/casestudies/ for more information.

For more information, refer to the article published by James Pryke and Michael Samways on the

integrity is maintained. Mondi's operations in South Africa have been particularly exciting as they have been a world model for sustainability, using both land design and management as the foundation for sustainable approaches for many different crops around the world."

*Stellenbosch University's Ecological Network
Research Department website.*

Freshwater ecosystems and the Mondi Wetlands Programme (MWP)

Wetlands are the most threatened of all South Africa's ecosystems, with 48% of wetland ecosystem types critically endangered. The main pressures on wetland ecosystems include cultivation, urban development, mining, dam construction and poor grazing management, combined with catchment wide impacts.

Wetlands play a pivotal role in the management of water flows, including the purification and storage of water. They control erosion and reduce the severity of droughts and floods by regulating stream flow and recharging underground aquifers. Wetlands also play an important role in biodiversity protection, tourism, environmental education, grazing, subsistence agriculture, and are a source of food and plant materials for rural communities. Because our commercial activities use significant volumes of water, we also rely on healthy wetlands and riparian zones.

Our engagement with the Water Research Commission (WRC), University of KwaZulu-Natal, University of the Free State and the Council for Scientific and Industrial Research have all made an important contribution to improve our understanding of plantation water issues through projects carried out on Mondi land. In 2013, the conclusion of Phase II of the WRC's 'Working for Water' backed hydrological research on Mondi's Two Streams catchment has delivered practical research findings on the impacts of forestry on riparian areas.

Mondi remains the principle sponsor of the Mondi Wetlands Programme (MWP). The MWP has been recognised as the most successful non-governmental wetland conservation programme in South Africa and a pioneering force for wetland conservation outside reserves in the country. The programme has achieved international recognition for its success in supporting social change that encourages wetland users and owners to manage their wetland resources in a more environmentally relevant manner.

During 2013, the administration and staff of the MWP, as part of wider cooperation with WWF, were successfully transferred from The Wildlife and Environment Society of South Africa (WESSA) to WWF (SA). This new arrangement will facilitate additional funding to increase the influence of the MWP. The MWP and WESSA continue to cooperate on joint projects associated with the MWP.

With the support and expertise of the MWP, we have assessed the quality of services (values) that our key wetlands provide in our South African forestry areas and have drawn up management plans to maintain or improve the quality of wetland services. We continue to work within Mondi and with global initiatives to develop meaningful financial and quantitative systems to value ecosystem services.

Assessing the value of ecosystems

We respect the findings of The Economics of Ecosystems and Biodiversity (TEEB*) study, a major international initiative to delineate the global economic benefits of ecosystem services and biodiversity; to highlight the growing costs of biodiversity loss and ecosystem degradation; and to draw together expertise from the fields of science, economics and policy to enable practical actions in the future. TEEB's articulation of a compelling economic case for the conservation of ecosystems and biodiversity is aligned with our thinking. Ecosystem services can be defined as services that are generated by the natural environment, which enhance human wellbeing, and are directly used by people. As core members of the World Business Council for Sustainable Development (WBCSD) Ecosystems Focus Area, we continue to pilot aspects of the economics of ecosystems in catchment areas in South Africa.

* Refer to www.teebweb.org

Integrated Biodiversity Assessment Tool

In 2013, we adopted the Integrated Biodiversity Assessment Tool (IBAT) for our business, an innovative tool designed to facilitate access to accurate and up-to-date biodiversity information, which will help provide a holistic and strategic overview of Mondi's risks in relation to biodiversity and will complement our highly developed geographic information systems currently used in our forestry operations.

We used IBAT to map all our operations in relation to key biodiversity hotspots during 2013. We will be working in greater depth with the tool in 2014, generating data and assessing the results, in consultation with management teams at our operations.



OUR FORESTS

We are affected by global challenges and work to be part of the solutions



GRI content index



Data sheets

Ecosystem Management Plans

We have developed ecosystem management plans for all our forestry operations in South and Russia. They help us improve the way we identify, protect, preserve, manage, and in some cases, restore functioning ecosystems and biodiversity.

Control of alien invasive species and the use of fire

Fire as a management tool:

- controls the encroachment of invasive aliens;
- contributes to fire control by reducing fuel loads;
- maintains or develops grass cover for soil and water conservation;
- creates suitable habitats for animals; and
- increases plant productivity by removing litter and improving grazing value.

Alien invasive species potentially pose a serious threat to biodiversity and water resources as woody alien invasive species consume more water than indigenous grassland vegetation, shade out indigenous fauna and flora and, if located in wetland/riparian areas, can have a significant impact on fresh water and wetland systems.

Mondi manages invasive alien plant species with dedicated conservation teams that have been trained in the identification and removal of invasive alien plant species. This work is a significant part of conservation measures to manage and maintain the habitat quality of the various ecosystems. Mondi treats over 60% of the conservation land holdings annually, with 70% maintained at a weed-free level.

Together with clearing of invasive alien plants, controlled burning is the principal tool available to Mondi's plantation forestry management for its unplanted natural areas. The grasslands biome evolved with fire and fire is necessary to maintain the native vegetation.

Control and monitoring of pests and disease

The effects of climate change on our weather patterns are having notable impacts on the world's forests and the forest sector through longer growing seasons, expansion of insect species ranges, and increased frequency of forest fires. These effects are more pronounced in monoculture forest plantations.

Our intensive breeding programme is based on a wide genetic base, aims to produce stronger, more robust species. We continually work to improve on our cultivation methods, and endeavour to eradicate invasive species and increase pest and disease resistance using non-harmful techniques.

Mondi is in partnership with the University of Pretoria's Forestry and Agricultural Biotechnology Institute (FABI), a world-renowned institute established in part to help the development of food and fibre crops. In 2013, FABI responded to the increasing incidence of pests and disease in our plantations with practical measures to manage the Sirex wasp and the Chalcid wasp, two pests of pine and eucalyptus, respectively.

IN THIS SECTION

Our forests: Ecosystem stewardship

IN PRACTICE:

Sustainable forestry

Working in partnership towards ecosystem stewardship

Ecosystem Management Plans

OUR MANUFACTURING OPERATIONS



Operational excellence

In Our material issues within a global context we referred to the environmental challenges our societies are facing today and how business can play a role in helping to address some of these. Climate change, water and material consumption were discussed as well as the impact that industry has on these issues.

FACTS AND FIGURES

- €431 million committed to **green energy** related projects between 2011 and 2016
- **30%** reduction of specific **CO₂e emissions** against 2004
- **20%** reduction of specific **energy consumption** against 2004
- **61%** of fuel consumption of mills from **renewable energy**
- **100%** of our mills and forestry operations undergone **water impact assessments**
- **66%** of our converting operations **OHSAS 18001 certified**
- **39%** reduction of total reduced sulphur (TRS) emissions against 2010
- **9%** reduction of chemical oxygen demand (COD) emissions against 2010
- **7%** reduction of landfilled waste against 2010

PERFORMANCE

In this section, we explore the environmental issues linked to our manufacturing operations and report our performance in respect of energy and climate change, water use and emissions, air emissions and waste.

The European Integrated Pollution Prevention and Control (IPPC) Bureau's* summary of some of the main environmental issues linked to the production of pulp and paper is reflected here and our performance in each area is reported accordingly.

* The IPPC Bureau is an expert team organised by the European Union, which produces reference documents on best available techniques (BREFs).

Fuel and energy use, carbon emissions and climate change

Given that energy generation significantly contributes to greenhouse gas emissions, our climate change programme is mainly focused on more efficient use of energy and increasing our use of renewable energy. —>

Water use and emissions

Water is a critical resource for the paper industry, required during different stages in the production process, from growing wood to processing pulp into the final product. We are a significant user of water and are committed to managing it wisely and responsibly. —>

Emissions to air

One of our focus areas is total reduced sulphur (TRS) compounds from kraft pulp mills. While the scale of concentrations emitted does not pose a health concern, tracked amounts are enough to create an odour nuisance, giving rise to public complaints. —>

Solid waste

Mondi's process waste is carefully monitored. Our main waste streams are green liquor, boiler ash, lime mud, waste-paper rejects and sludge. We recycle, re-use or use our waste as a secondary fuel for energy generation. —>

IN PRACTICE

Through examples of how our operations in different countries tackle these issues, we demonstrate how we integrate responsible, sustainable and sound environmental principles through operational excellence:



INVESTING IN RENEWABLE ENERGY AT FRANTSCHACH AND SYKTYVKAR MILLS

We follow the ecologically-established cascading usage principle whereby we use wood to make paper and then burn residues to create energy. —>



RESPONSIBLE WATER MANAGEMENT AT MEREBAK AND SYKTYVKAR MILLS

In just over 10 years, second-class water has replaced 95% of the potable water formerly used at our Merebank mill. —>



GREEN DREGS: FROM WASTE PRODUCT TO BUILDING MATERIAL

Green dregs or green liquor sludge is a waste product of chemical pulping by the sulphate process. —>



ODOUR REDUCTION AT RICHARDS BAY MILL

At Richards Bay mill, the complaints regarding malodorous gases in the past led to the mill identifying odour reduction as one of the main areas requiring attention. —>

OUR MANUFACTURING OPERATIONS



Fuel and energy use, carbon emissions and climate change

Given that energy generation significantly contributes to greenhouse gas emissions, our climate change programme is mainly focused on more efficient use of energy and increasing our use of renewable energy, as well as moving from carbon intensive fuels to those with lower carbon intensity, such as natural gas.

In 2013, total energy use was 144 million GJ (2012: 148 million GJ) by our material operations. Total electricity requirements for producing pulp and paper amounted to 5.3 million MWh (2012: 5.5 million MWh), with 90% of this electricity generated by our own power plants.

Since 2004, we have increased our use of biomass in fuel consumption from 50% to 61%. Our initiatives to raise energy efficiency have helped us achieve a 20% reduction in energy intensity (energy consumption per tonne of saleable production) since 2004. In 2013, our direct (Scope 1) GHG emissions amounted to 3.91 million tonnes CO₂e¹ (2012: 4.26 million tonnes CO₂e) and indirect (Scope 2) emissions from purchased energy were 1.13 million tonnes CO₂e (2012: 1.16 million tonnes CO₂e) from our material operations.

Overall we have achieved an absolute CO₂e scope 1 and 2 reduction of 1.3 million tonnes since 2004². Our indirect emissions (Scope 3) from transporting our products and raw materials, employee commuting, business travel and raw materials are estimated to amount to 2.7 million tonnes CO₂e (2012: 2.0 million tonnes CO₂e), with the higher emissions in 2013 mainly caused by the increased volumes of procured polymers, as a result of our acquisitions of former Norderia packaging operations towards the end of 2012³.

Specific CO ₂ e emissions (tonnes per tonne of saleable product)	Specific Scope 1	Specific Scope 2	Specific total (Scope 1 and 2) CO ₂ e
2010	0.67	0.19	0.86
2011	0.70	0.16	0.87
2012	0.68	0.19	0.87
2013	0.62	0.18	0.81

¹ GHGs are often compared on the basis of their estimated potential to cause global warming. Factors can be used to convert a quantity of non-CO₂ GHG (such as CH₄ or N₂O) into an amount of CO₂ with an equivalent warming potential. Of importance in the pulp and paper industry, CH₄ and N₂O emissions are considered. Every gram of CH₄ is equivalent to 21 grams of CO₂ and each N₂O gram is equivalent to 310 grams of CO₂. Total GHG emissions can be calculated as the sum of several GHGs expressed as the equivalent amount of CO₂, abbreviated as CO₂e.

² We report our (GHG) emissions according to the GHG Protocol, published by the World Business Council for Sustainable Development and the World Resources Institute. We have reported our scope 1 and 2 GHG data in compliance with ISO 14064:1-2006. Environmental Resources Management Certification and Verification Services (ERM CVS) has provided a reasonable assurance statement on this data (reasonable assurance signifies a conclusion that the data is free from material misstatement) for material operations along with limited assurance for the converters. (See the [assurance statement](#)).

A corporate GHG inventory is the basis for accounting emissions-related risks and opportunities for Mondi. In the past we have focused on GHG reduction from our own operations, but we see the increasing need to also account for GHG emissions along our value chains and product portfolios - the so-called Scope 3 (indirect) emissions. We have reported our Scope 3 emissions since 2009 according to the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

³ Reported scope 3 emissions do not cover emissions from product use or from after-life product disposal.

CO ₂ e emissions from our material operations (tonnes)	Scope 1	Scope 2	Total CO ₂ e
2010	4,126,286	1,174,199	5,300,485
2011	4,304,138	996,851	5,300,989
2012	4,261,792	1,162,898	5,424,690
2013	3,914,452	1,129,899	5,044,351

Our major strategic investments initiated over the past two years and completed during 2013 include a new recovery boiler at the Group's Frantschach kraft paper mill in Austria, a recovery boiler economiser and turbine at the Stambolijski kraft paper mill in Bulgaria and a new steam turbine at the Richards Bay pulp and containerboard mill in South Africa. All were completed in



GRI content index



Data sheets

IN THIS SECTION

Operational excellence

Key performance features

Fuel and energy use, carbon emissions and climate change

Water use and emissions

Emissions to air

Solid waste

IN PRACTICE:

Investing in renewable energy at Frantschach and Syktyvkar mills

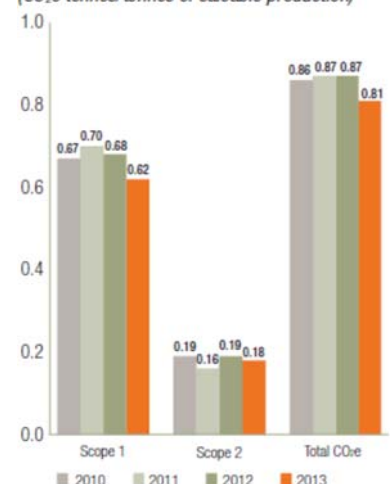
Responsible water management at Merebank and Syktyvkar mills

Green dregs: from waste product to building material

Odour reduction at Richards Bay mill

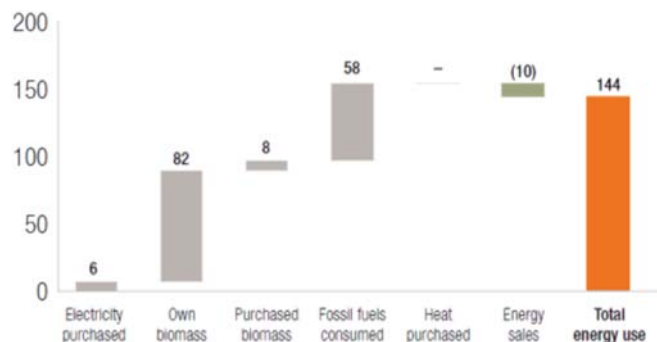
Specific CO₂e emissions from our material operations

(CO₂e tonnes/tonnes of saleable production)



the second half of the year, with the benefits of reduced energy costs, improved efficiencies and improved electricity self-sufficiency expected to be realised from 2014 onwards. In total approximately €140 million has been invested in these projects.

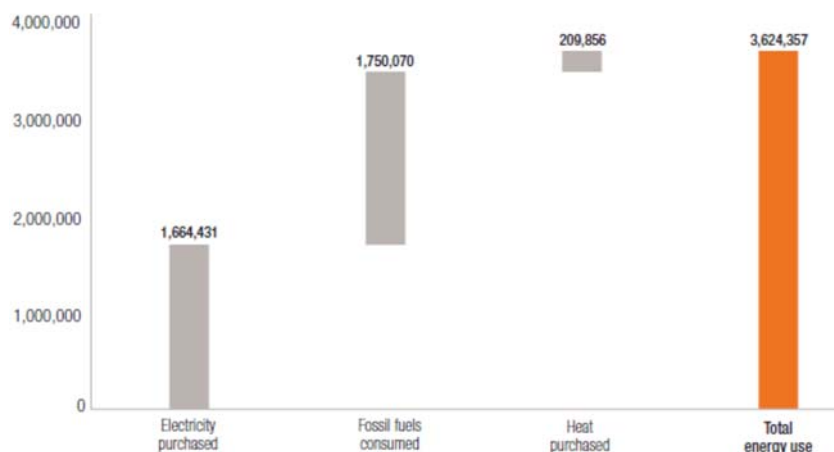
Energy use material operations 2013 (million GJ)



Energy use (GJ) material operations*	2010	2011	2012	2013
Electricity purchased	7,238,332	6,471,682	6,655,930	6,292,282
Own biomass	72,408,553	78,768,760	79,820,452	82,471,187
Purchased biomass	7,760,110	8,105,830	8,781,214	7,604,285
Fossil fuels consumed	62,240,045	64,022,553	63,852,690	57,826,324
Heat purchased	1,742,569	366,895	40,380	64,181
Energy sales	(8,042,657)	(10,858,806)	(11,268,382)	(9,916,875)
Total energy use	143,346,952	146,876,914	147,882,284	144,341,384

* For 2013, 'electricity purchased' and 'energy sales' exclude 'electricity for further distribution' which represents an internal transfer of electricity from some of our mills to their neighbouring converting operations. This value is instead captured in the electricity consumption of the respective converting operations. The energy balance and total energy use for material operations are not affected by this exclusion. For historic data (2012 and earlier) we had included 'electricity for further distribution' in both 'electricity purchased' and 'energy sales' in calculating the energy balance of our mills. Therefore, the 2013 and historic values for these two parameters are not comparable, however historic and current values for total energy use remain comparable with no impact on the calculation of our 2015 commitment on specific energy consumption. We believe that this new approach provides a more appropriate overview of the energy profile and energy balance for our mills.

Energy use converting operations 2013 (GJ)



Energy use (GJ) converting operations	2010	2011	2012	2013
Electricity purchased	1,122,762	1,124,704	975,818	1,664,431
Fossil fuels consumed	1,282,791	1,339,580	1,526,357	1,750,070
Heat purchased	159,017	165,521	129,337	209,856
Total energy use	2,564,570	2,629,805	2,631,512	3,624,357

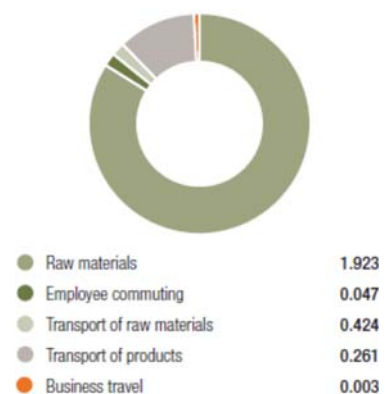
Electricity self-sufficiency (%)	2010	2011	2012	2013
Own electricity produced	83.1	93.5	93.0	89.5
Electricity purchased	26.9	25.2	25.7	25.6
Electricity sold	10.0	18.7	18.7	15.2

Fuel consumption for material operations (million GJ)	2010	2011	2012	2013
Produced from our own biomass	72.4	78.8	79.8	82.5
Purchased fuel	69.8	72.1	72.6	65.4

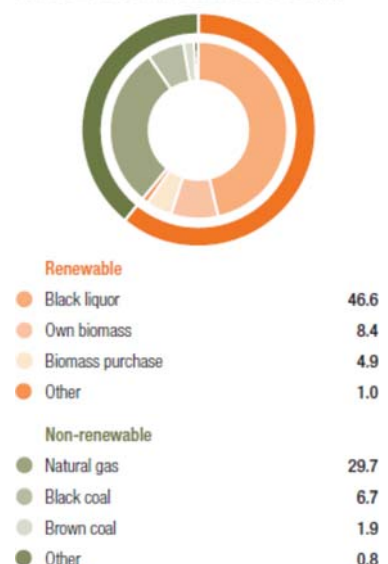
CO₂e emissions from our material operations (tonnes)



Scope 3 emissions 2013 (million tonnes)

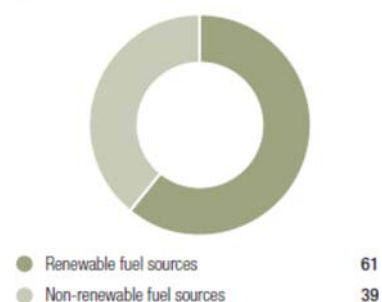


Fuel sources for our material operations – renewable vs non-renewable 2013 (%)

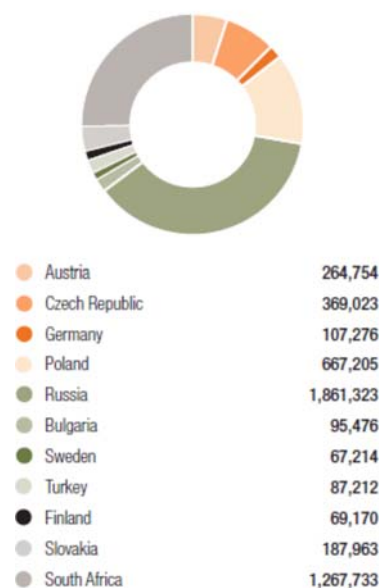


CO ₂ e emissions from our material operations by country 2013 (tonnes)	Scope 1	Scope 2	Total Scope 1 and 2 emissions
Austria	186,696	78,058	264,754
Czech Republic	352,006	17,017	369,023
Germany	106,737	539	107,276
Poland	410,457	256,748	667,205
Russia	1,859,925	1,398	1,861,323
Bulgaria	31,430	64,046	95,476
Sweden	15,250	51,964	67,214
Turkey	60,924	26,288	87,212
Finland	39,794	29,376	69,170
Slovakia	100,026	87,937	187,963
E&I Division	3,163,245	613,371	3,776,616
South Africa Division	751,207	516,526	1,267,733
Group total	3,914,452	1,129,897	5,044,349

Renewable and non-renewable fuel consumption sources for material operations 2013 (%)



CO₂e emissions from our material operations by country 2013 (tonnes)



OUR MANUFACTURING OPERATIONS

Water use and emissions

Water is a critical resource for the paper industry, required during different stages in the production process, from growing wood to processing pulp into the final product. We are a significant user of water and are committed to managing it wisely and responsibly.

In 2013, we maintained our level of contact water consumed per tonne of saleable product compared with 2010. Planned investments at our pulp and paper mills will bring further improvements in 2014 and 2015. Total water input stood at 308 million m³ (2012: 307 million m³).

We have completed water impact assessments (WIAs) at all our pulp and paper mills and forest operations, using an internal methodology which considers climate change-related impacts on water supply and biodiversity as well as the potential impact due to production changes or competing water use by agriculture and other industries. The assessment also highlights the potential for water saving and recycling/reuse of process water. This will continue to help us manage existing and future risks related to water, and minimise our footprint on local water resources.

The water we discharge after production is thoroughly treated before being released into the natural environment. This is important, as impurities in water discharges and changes in water temperature can harm the prevailing natural ecosystems. We ensure that the water we release is ecologically safe and meets regulatory requirements. In 2013, 280 million m³ (2012: 288 million m³) of water was discharged by Mondi's operations.

Total water input (potable and non-potable)	2010	2011	2012	2013
Potable water input	31,389,149	31,241,107	29,762,268	28,791,667
Non-potable water	283,829,690	281,989,578	276,982,334	279,434,256
Second-class water	11,158,333	12,271,228	11,757,353	10,361,089
Surface water	252,624,975	248,355,294	246,247,103	249,992,902
Ground water	20,046,382	21,363,056	18,977,878	19,080,265
Waste water from 3 rd parties	41,325,349	37,261,038	39,606,995	39,212,851
Total (m³)	315,218,839	313,230,685	306,744,602	308,225,924

Effluent (water discharges) (m ³)	2010	2011	2012	2013
Water discharge via on-site or off-site treatment	232,482,459	236,528,086	238,274,102	229,832,212
Effluent direct to surface water without treatment	85,866,479	93,279,736	89,297,491	88,936,025
Effluent to irrigate land	82,518	64,181	51,267	24,338
Total water output	318,431,456	329,872,003	327,622,860	318,792,575
Waste water from 3 rd parties and other Mondi operations	41,325,349	37,261,038	39,606,995	39,212,851
Total water output (excluding 3rd parties)	277,106,107	292,610,965	288,015,865	279,579,724

Water footprint

In 2011, we calculated our water footprint at a Group level as well as at each operation using the methodology of the Water Footprint Network's Water Footprint Assessment Manual, which takes

IN THIS SECTION

> Operational excellence

Key performance features

Fuel and energy use, carbon emissions and climate change

> Water use and emissions

Emissions to air

Solid waste

IN PRACTICE:

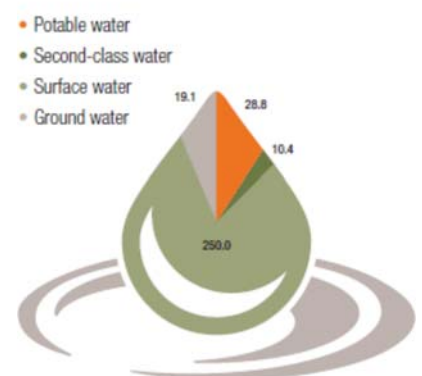
Investing in renewable energy at Frantschach and Syktyvkar mills

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Green dregs: from waste product to building material

Odour reduction at Richards Bay mill

Total water input sources 2013 (million m³)



into account country-specific annual averages recorded by the Food and Agriculture Organisation. Based on the information provided through water footprints, Mondi is developing projects aimed at reducing water usage and tightening reduction targets.

The water footprint of a product is defined as the total amount of fresh water needed to produce it. An operation's water footprint consists of three components:

Green water: the consumption of rainwater stored in the soil as moisture.

The green water footprint is the volume of water evaporated from rainwater stored in or on vegetation, or stored in the soil as moisture. The water footprint during the forestry stage contains both a green and blue component. These two components cannot easily be determined separately as trees use rainfall water and tap from groundwater resources simultaneously. Therefore, water consumption during fibre growth in forests is counted and reported as green water.

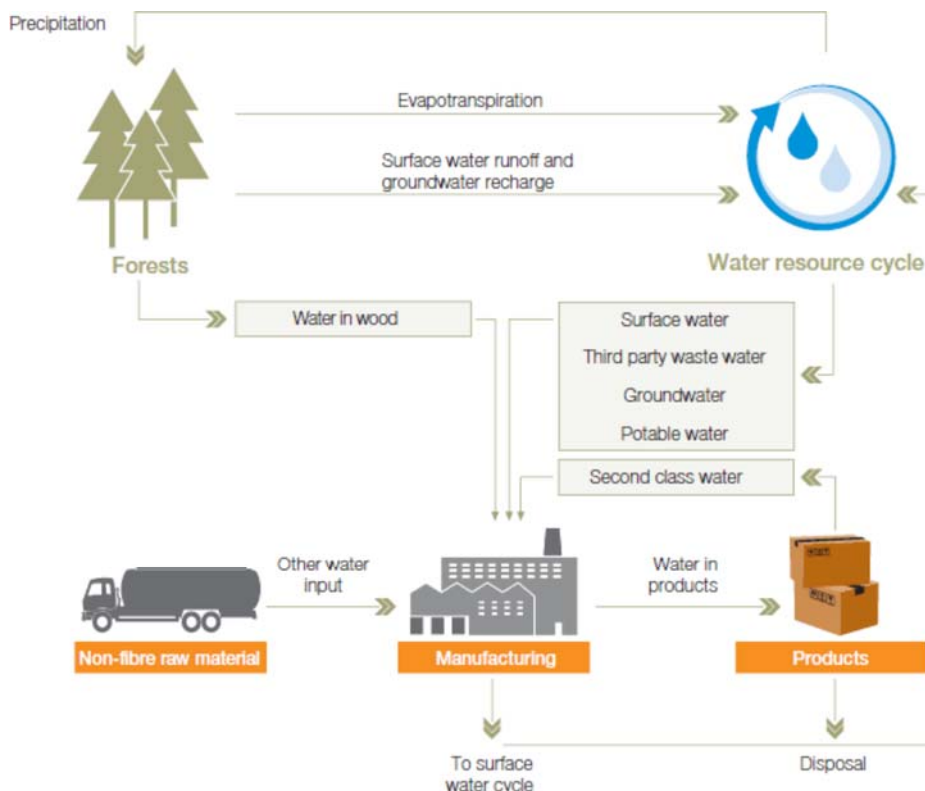
Blue water: the consumption of potable, surface and groundwater.

The industrial stage has only a blue water component. Mondi is reporting its blue water footprint as the sum of potable, ground, surface and second-class water as, from a social viewpoint, the consumption of potable and groundwater must be reduced as much as is reasonable, especially when operating in water-scarce areas.

Grey water: the volume of fresh water required to assimilate the load of pollutants based on existing ambient quality standards.

According to the Water Footprint Assessment Manual, the grey water footprint of a process is an indicator of the degree of freshwater pollution that can be associated with the process. It is defined as the volume of freshwater required to assimilate the load of pollutants based on existing ambient water quality standards. We use internationally accepted chemical oxygen demand limits for the calculation of our grey water footprint.

The green and blue water used in the forestry stage is not lost but is returned to the water cycle through evapotranspiration – see the water life-cycle diagram below. While afforestation can affect groundwater availability, forests also store and thus regulate water and advance the purification process.

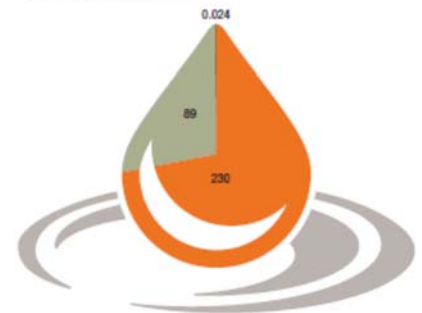


Blue water is used in the industrial stage for cooling, energy production, production and washing processes, while contaminated water is treated at waste-water treatment plants so it can be returned to the local source without impacting the aquatic cycle.

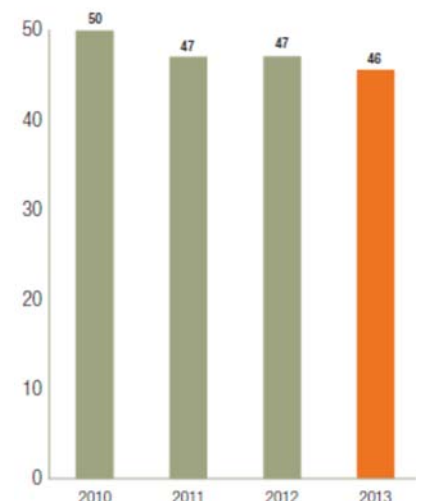
Mondi is working to reduce its blue water usage by carefully examining the production process for any inefficiencies. This includes identifying where any blue water can be recycled: taking water from a production stage and, instead of sending it to the waste-water treatment plant,

Total water output (including waste water from third parties) 2013 (million m³)

- Water discharge via on-site or off-site treatment
- Effluent direct to surface water without treatment
- Effluent to irrigate land



Emissions to water (COD) (000 tonnes)



trying to use it in another stage of production. Mondi also seeks to harness the economic and environmental value of the energy content of warm and hot water. The grey water footprint is the volume of polluted surface water. Within Mondi, grey water only appears in the waste water discharged from the production process, normally after treatment in waste-water treatment plants.

Emissions to water

Two key indicators of discharges to water in the pulp and paper production sector are: chemical oxygen demand (COD), reflecting the organic load being discharged by the operations in the form of grey or waste water after treatment; and adsorbable organic halogens (AOX), reflecting adsorbable halogen compounds present in water released from the pulp bleaching process.

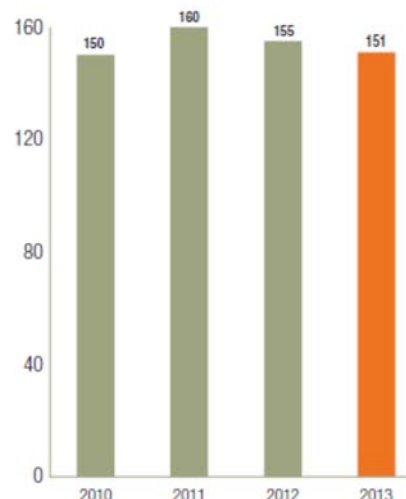
Emissions to water (tonnes)	2010	2011	2012	2013
COD	49,923	46,987	47,049	45,552
AOX	150	160	155	151

Progress was made in reducing COD emissions by 9% between 2010 and 2013. In 2013, COD tracked at 45,552 tonnes (2012: 47,049 tonnes). The Group's volume of COD lies within the Best Available Technique (BAT) range.

AOX emissions have been reduced by 61% since 2005. This was due to elemental chlorine no longer being used during bleaching. In 2013, AOX emissions stood at 151 tonnes compared with 155 in 2012. Mondi continues to investigate ways of further reducing AOX emissions. The Group's volume of AOX also lies within the BAT range.

During 2013 we experienced releases of approximately two tonnes of titanium oxide (TiO₂) into the lake (categorised as level II environmental incidents) at our Lohja mill in Finland. Measures have been taken to avoid recurrence.

Emissions to water (AOX) (tonnes)



OUR MANUFACTURING OPERATIONS



Emissions to air

One of our focus areas is total reduced sulphur (TRS) compounds¹ from kraft pulp mills. While the scale of concentrations emitted does not pose a health concern, tracked amounts are enough to create an odour nuisance, giving rise to public complaints. In 2013, 84% of all registered public complaints related to odour.

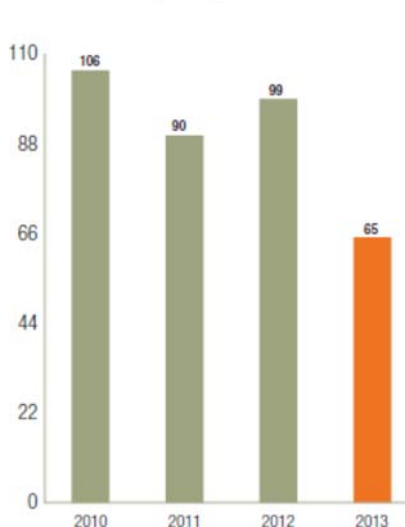
¹ Hydrogen sulphide (H₂S), methyl mercaptan, dimethyl-sulphide and dimethyl-disulphide.

Mondi is working to reduce the emissions of malodorous gases, which includes the incineration of TRS-containing gases in recovery boilers. In addition, the use of mobile equipment helps to detect diffuse emissions (small leaks), as well as TRS monitoring stations outside of Mondi's boundaries. In 2013, our TRS emissions amounted to 65 tonnes (2012: 99 tonnes). The Group's volume of TRS lies within the BAT range.

Air emissions (tonnes)



TRS emissions (tonnes)



SO₂ is emitted mainly as a result of the combustion of coal for energy generation. Our SO₂ emissions amounted to 3,955 tonnes for the year (2012: 4,185 tonnes). We continue to move from the use of sulphur-containing coal towards renewable sources for energy generation where it makes business sense.

NOx emissions are related to the combustion of fossil fuels and biomass at our onsite energy generation plants. We have implemented programmes to increase the efficient use of our existing boilers and have introduced de-NOx systems in the purification of exhaust gases. In 2013, our NOx emissions amounted to 11,348 tonnes (2012: 11,514 tonnes) while our particulate emissions amounted to 1,646 tonnes in 2013 (2012: 1,614 tonnes). The planned and future modernisation of some of our boilers will continue to result in measurable reduction in NOx and SO₂ emissions.

Due to the newly set European Union limits for industrial NOx emissions, Mondi is investigating how to meet legislative requirements by 2016 through planned upgrades where necessary.



GRI content index



Data sheets

IN THIS SECTION

Operational excellence

Key performance features

Fuel and energy use, carbon emissions and climate change

Water use and emissions

Emissions to air

Solid waste

IN PRACTICE:

Investing in renewable energy at Frantschach and Syktyvkar mills

Responsible water management at Merebank and Syktyvkar mills

Green dregs: from waste product to building material

Odour reduction at Richards Bay mill

Ozone-depleting substances (ODS), such as chlorofluorocarbons, hydrochlorofluorocarbons (HCFCs) and halons, can harm the environment. Their production and use is regulated by the Montreal Protocol, which regulates the phase-out of ODS internationally. In 2013, 6,130 kilograms of ODS were emitted (2012: 5,583 kilograms), mainly HCFCs with low ozone-depleting potential.

The loss of ODS is also associated with certain amounts of greenhouse gas emissions, but the volumes reported for the Group are less than 0.2% of our total CO₂ emissions, and therefore are not considered material.

Volatile organic compounds, fugitive emissions, persistent organic pollutants and poly-aromatic hydrocarbons are either not relevant to our operations, or else released in minimal and immaterial amounts, and therefore not monitored at a Group level.

Emission of ozone-depleting substances (kg)	2010	2011	2012	2013
HFC	1,993	6,333	2,865	4,826
HCFC	158	963	2,712	1,301
CFC	36	744	0	3
Halons	0	0	6	0
Total loss of ozone-depleting substances	2,187	8,040	5,583	6,130

OUR MANUFACTURING OPERATIONS



Solid waste

Mondi's process waste is carefully monitored. Our main waste streams are green liquor, boiler ash, lime mud, waste-paper rejects and sludge. We recycle, re-use or use our waste as a secondary fuel for energy generation.

Where recycling or reusing is not possible, our treatment options include: treatment for change of physical status and/or chemical composition (such as drying and filtration) or for treatment to change hazardous to non-hazardous; combustion in incineration facilities (preferably with energy recovery); and landfilling.

Between 2010 and 2013 we achieved a reduction of 7% of our total waste to landfill.

By using recycled fibre in our products where possible, we avoid related greenhouse gas emission and landfilling of recyclable fibre. In 2013, roughly a third of our pulp used was from paper for recycling (1.4 million tonnes).

In 2013, our total waste to landfill amounted to 272,783 tonnes, an increase of 2% on 2012. During 2013, we delivered 2,107 tonnes of hazardous waste to landfill, mainly clean-up waste from an oil leakage incident at our Richards Bay mill in 2012. Mondi remains committed to further reducing its waste to landfill by reusing and recycling.

Certain Mondi operations still have some hazardous waste to landfill which is not process-related. Hazardous waste to landfill which is not process-related includes oily waste residues, fluorescent tubes and cleaning of sumps (which may contain oil).

Waste to landfill (tonnes)	2010	2011	2012	2013
Non-hazardous waste to landfill	292,590	299,436	264,938	270,676
Hazardous waste to landfill	1,108	794	1,704	2,107
Total waste to landfill	293,698	300,230	266,642	272,783
Hazardous waste (tonnes)	2010	2011	2012	2013
Hazardous waste to landfill	1,108	794	1,704	2,107
Hazardous waste incinerated	1,210	1,407	1,845	2,265
Hazardous waste sent for recycling/re-use	2,431	1,393	1,273	2,485
Hazardous waste for treatment	14,676	11,515	7,089	9,652
Total hazardous waste	19,425	15,109	11,911	16,509
Non-hazardous waste (tonnes)	2010	2011	2012	2013
Non-hazardous waste for treatment	4,063	812	576	1,419
Non-hazardous waste to internal or external incineration	47,283	67,432	66,384	65,951
Non-hazardous waste recycled	733,185	866,873	911,755	872,385
Non-hazardous waste to landfill	292,590	299,436	264,938	270,676
Total non-hazardous waste	1,077,121	1,234,553	1,243,653	1,210,431
Total debris (tonnes)	2010	2011	2012	2013
Non-hazardous debris	33,220	54,672	77,070	11,203
Hazardous debris	3	10		1,514
Total debris	33,223	54,682	77,070	12,717

IN THIS SECTION

> Operational excellence

Key performance features

Fuel and energy use, carbon emissions and climate change

Water use and emissions

Emissions to air

> Solid waste

IN PRACTICE:

Investing in renewable energy at Frantschach and Syktyvkar mills

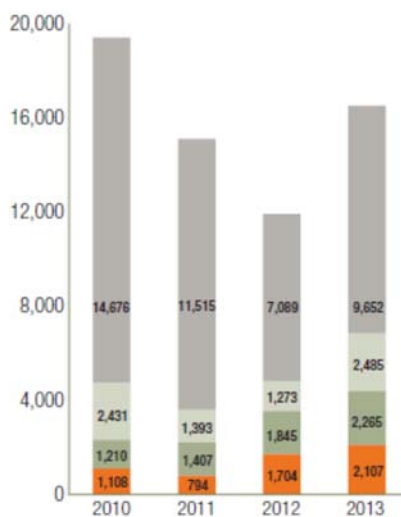
Responsible water management at Merebank and Syktyvkar mills

Green dregs: from waste product to building material

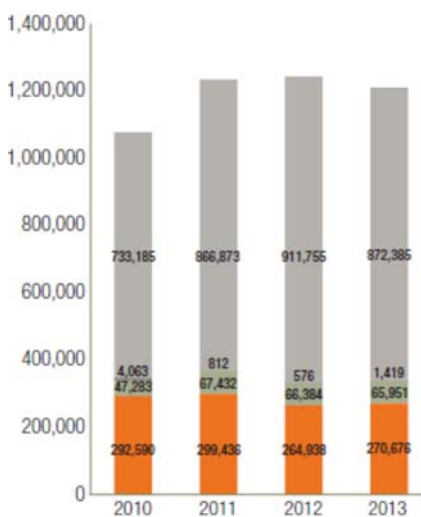
Odour reduction at Richards Bay mill

Total waste to landfill (000 tonnes)



Hazardous waste (tonnes)

- Hazardous waste to landfill
- Hazardous waste incinerated
- Hazardous waste sent for recycling/re-use
- Hazardous waste for treatment

Non-hazardous waste (tonnes)

- Non-hazardous waste to landfill
- Non-hazardous waste to internal or external incineration
- Hazardous waste for treatment
- Non-hazardous waste recycled

Total solid waste (tonnes)	2010	2011	2012	2013
	1,129,769	1,304,344	1,332,634	1,239,657

Notes:

Reuse and recycling are reported together under 'hazardous waste sent for recycling/reuse' or 'non-hazardous waste sent for recycling/reuse'. Composting amounts have been reported under 'non-hazardous waste sent for recycling/reuse' or have been excluded from the reported waste streams in cases where Mondi has been authorised by the local authorities to re-classify specific compost to a product status.

Usually waste streams with high biomass content are used internally for energy generation. The input of these biomass-containing by-products is reported as fuel in the energy section. The biomass content of our fuel consumption has been broken down into purchased and own biomass.

Deep-well injections are not relevant for our business. Short time on-site storage is relevant only for several operations, but this data is not collected at Group level (only disposal on third party and own landfill sites is reported). Disposal methods are site-specific and according to local legal requirements and permissions. The responsibility for waste management is delegated to the operational level.

OUR MANUFACTURING OPERATIONS



Investing in renewable energy at Frantschach and Syktyvkar mills

Pulp production, by its very nature, provides the opportunity to attain energy self-sufficiency. We follow the ecologically-established cascading usage principle whereby we use wood to make paper and then burn residues to create energy. It is part of our strategy to utilise the latest technology to optimise this process.

The International Energy Agency* has projected that the biomass share in electricity production could increase from the current 1.3% to some 3% to 5% by 2050, with the estimated total biomass potential standing at 10% to 20% of primary energy supply by the same year.

Our energy-related investments have focused on installing new recovery boilers at Syktyvkar (Russia), Frantschach (Austria), Ružomberok (Slovakia) and Świecie (Poland) so that we harness the green energy created through recovery boilers.

* Refer to www.iea.org/techno/essentials3.pdf

How green energy is created through recovery boilers

A recovery boiler is a power plant subsystem used to recapture energy that would otherwise be lost in waste products that were not completely combusted. The energy is recycled to the primary energy generating system to produce more power. In the case of Mondi's pulp or paper mills, recovery boilers are an integral part of the pulp production process – there is no alternative way of extracting additional energy from black liquor (a term referring to the combination of water and residue such as lignin, left behind from the pulping process).

The black liquor is then burned in the combustion chamber of the recovery boiler, creating heat and, subsequently, steam. The steam drives equipment to transform waste heat into mechanical energy which is then converted into electrical power.

New energy investment at Frantschach

During 2013, a new recovery boiler was commissioned at Frantschach. As a result, the mill has been able to increase its power-generating capacity by more than 30%, greatly contributing to containing the operational cost structure and profitability of the mill.

The kraft pulp process generates by-products in the form of biofuel which the mill can either use internally in energy generation or sell as green energy. From an environmental impact point of view, there has been a significant reduction in Frantschach mill's carbon footprint, while increasing its energy efficiency. Some 96% of the mill's electrical energy needs are now met by renewable sources.

Frantschach is now in a position to supply an annual 50,000 MWh of 'green' energy to the grid. Gottfried Joham, managing director of Mondi Frantschach elaborates, "We have received very positive feedback from the local government, and the community appreciates that the new boiler now provides up to 30% more heat to the city of Wolfsberg – helping to meet its energy demand."

Commitment to sound environmental principles

"The successful completion of the projects would not have been possible without our close partnership with the Andritz Group," says Gottfried. In addition to Frantschach, Andritz, the



GRI content index



Data sheets

IN THIS SECTION

Operational excellence

Key performance features

Fuel and energy use, carbon emissions and climate change

Water use and emissions

Emissions to air

Solid waste

IN PRACTICE:

Investing in renewable energy at Frantschach and Syktyvkar mills

Responsible water management at Merebank and Syktyvkar mills

Green dregs: from waste product to building material

Odour reduction at Richards Bay mill



QUOTE

"Mondi adheres to sound environmental principles, and is one of the most active companies in Europe in the area of renewable energy investment."

Wolfgang Leitner
CEO, Andritz

international technology company responsible for supplying the plant, equipment and technology for the recovery boiler, has partnered with Mondi on other modernisation projects, including at Syktyvkar and Ružomberok.

Speaking of the project, chief executive officer of Andritz, Wolfgang Leitner, commented, “Old recovery boilers are the main sources of air emissions during pulp production in the industry, and Mondi is committed to minimising its emissions through modernisation projects and investments in best available technology. Mondi adheres to sound environmental principles, and is one of the most active companies in Europe in the area of renewable energy investment.”

Syktyvkar mill: continuing to deliver benefits

In September 2010, Mondi completed a phased expansion of its Syktyvkar mill. The project included building a new recovery boiler with a daily production of 3,560 tonnes of dry solids to replace the mill's three pre-existing recovery boilers. The recovery boiler now fully meets the mill's electricity needs and electricity and heat surpluses are sold to the electricity grids of the Komi Republic and Ezhva district of Syktyvkar. Total electricity production grew by 12.2% in 2013 in comparison to 2008, with the volume of electricity delivered to external consumers increasing by almost 20%.

The commissioning of the new recovery boiler has significantly reduced the mill's emissions, especially in terms of sulphur dioxide and dust, which were reduced by more than 90% compared with the period before installing the new recovery boiler. The need to dispose of biomass to landfill has been eliminated. Lars Mallasch, Mondi Europe and International Division's head of capital expenditure says: “The performance is in line with our expectations. Process improvements constantly decrease the need for consumption of thermal energy – leading to a further reduction in the use of fossil fuels.”

OUR MANUFACTURING OPERATIONS



Responsible water management at Merebank and Syktyvkar mills

Syktyvkar's STEP and Waste Water Treatment Plant

The STEP investment between 2008 and 2010 resulted in a reduction in water consumption for production and an increase in recycled water usage for energy production. As a consequence, the volume of water intake from the Vychegda River decreased by 16.7 million m³ or 14.9% in 2013, compared with 2008. In pulp production, the specific fresh water consumption decreased by a significant 32%.

To further meet our Group-wide commitment to reducing water consumption and minimising the volume of COD discharged to the aquatic environment, our Syktyvkar mill is upgrading its WWTP. This project, which is due for completion in 2016, will introduce improvements at four different stages of waste water treatment: mechanical treatment; biological treatment; treatment in lagoons; and finally the control of waste water treatment.

Sergey Tsyganov, Syktyvkar mill's environmental manager, explains, "We have worked together with the local authorities for the project's implementation. Mondi Syktyvkar accepts and treats storm and municipal waste waters as well as waste water from other industries in the Syktyvkar area where there are inadequate treatment facilities."

Merebank mill and the use of 95% second-class water

In just over 10 years, second-class¹ water has replaced 95% of the potable water formerly used at our Merebank mill. In a further development, the quality of our treated water has reached the high standard necessary for steam generation.

The major motivation was South Africa's water scarcity. Previously, potable water was used for all process requirements at the mill as well as for domestic consumption. There is no associated negative impact on pulp and paper quality.

Gladys Naylor, environmental manager, Mondi South Africa Division, says, "Merebank's objective is to continue to reduce the amount of water required to make each tonne of paper, thereby further improving its water use efficiency."

In 1993, EWS (eThekweni Water Services), the local municipality waste water treatment plant in south Durban which treats domestic and industrial sewage before final disposal out to sea, developed a reclamation process for the production of high-quality reclaimed water and tested it on laboratory and pilot scales in 1994 and 1995. These results along with studies conducted by Mondi confirmed the mill could use second-class water or upgraded sewage.

Mondi engaged with eThekweni Water and Waste in the selection of the service provider, which led to the establishment of the first private water-recycling plant in South Africa, Durban Water Recycling (DWR). This plant is the culmination of a 20 year Build, Own, Operate and Transfer (BOOT) contract awarded to treat 10% of the city's wastewater.

As a means of further reducing our reliance on potable water, Veolia Water Solutions and Technologies was commissioned to install a reverse osmosis (RO) plant at the mill in 2013. This RO plant treats the second-class water to a standard required for the production of steam. The RO water has now substituted potable water fed to Mondi boilers and hence further reduced potable water usage in the mill. The benefits of this venture will continue to deliver positive environmental outcomes.

Concludes Gladys, "The water recycling project shows that a combination of innovation, sound environmental principles and water treatment technology can deliver significant improvements in water resource management. The project further demonstrates the success which can be achieved through public private partnerships which harness the strengths of both sectors."

IN THIS SECTION →

> Operational excellence

Key performance features

Fuel and energy use, carbon emissions and climate change

Water use and emissions

Emissions to air

Solid waste

IN PRACTICE:

Investing in renewable energy at Frantschach and Syktyvkar mills

> Responsible water management at Merebank and Syktyvkar mills

Green dregs: from waste product to building material

Odour reduction at Richards Bay mill

¹ Waste water treated to fulfil the conditions required for use in paper production.

OUR MANUFACTURING OPERATIONS



Green dregs: from waste product to building material

Our Frantschach mill in Austria produces some 5,000 tonnes of green liquor sludge per year. Green dregs or green liquor sludge is a waste product of chemical pulping by the sulphate process. The green dregs are drained by filtration units at the end of the process and have historically been deposited to landfill.

However, all of this changed in 2011, when Manfred Hacker, the pulp mill manager, and Karin Morianz, head of purchasing, got together with Wietersdorfer and Peggauer (W&P) Cement Company to develop a way of using Mondi's green dregs in the cement clinker production process. Trials were conducted in that year to see how this could be done and W&P constructed equipment to accommodate the process. The first delivery of green dregs to the cement company took place in mid-2012.

Says Elke Juri, Frantschach's environmental manager: "Since then, we have attempted to transport sludge to W&P on a daily basis. If there is too much in any one day, we do deposit the excess. We pay for this processing of our waste, so it makes sound environmental and business sense. In just a few years the landfill area would be full and we would have to expand the deposit area."

The mill has reduced its landfilled green liquor sludge from 9,000 tonnes in 2010 to 1,000 tonnes in 2013. The mill's target for 2014 is for all its green liquor sludge to be utilised by the cement industry, which will make this waste product's name most appropriate indeed.



GRI content index



Data sheets

IN THIS SECTION

Operational excellence

Key performance features

Fuel and energy use, carbon emissions and climate change

Water use and emissions

Emissions to air

Solid waste

IN PRACTICE:

Investing in renewable energy at Frantschach and Syktyvkar mills

Responsible water management at Merebank and Syktyvkar mills

Green dregs: from waste product to building material

Odour reduction at Richards Bay mill

OUR MANUFACTURING OPERATIONS



Odour reduction at Richards Bay Mill

At Richards Bay mill, the complaints regarding malodorous gases in the past led to the mill identifying odour reduction as one of the main areas requiring attention and began work on the odour reduction project in 2009.

Project objectives and targets were set and a task team made up of representatives from the different business units (BUs) was established. The task team meets twice a month to discuss progress in identifying new equipment needs, and incidents within their BUs which relate to operational control issues to reduce emissions during normal operation of the plants.

In addition to identifying equipment needs, the management team set about working with operators and mill employees on their role in environmental impacts. This was done by allocating 8% of the employees' performance bonus every three months for achieving our environmental targets on odour. Says Candice Webb, environmental manager at the Richards Bay mill, "The management team wanted all employees to be aware that their day-to-day actions can have an impact on the mill's environmental performance."

This was communicated to employees through a series of newsletters, toolbox talks, notice board articles and the annual Making a Difference Day Campaign. It also became compulsory that every maintenance, repair and cleaning task required the completion of an Environmental Risk Assessment in addition to a Safety Risk Assessment, which helped entrench environmental awareness throughout the workforce.

"Over the past four years the mill's employees have gained a higher awareness of sustainability issues related to the operation of the mill," adds Candice. Since 2008 the mill has noted an 80% reduction in the number of odour complaints logged through the local monitoring organisation, the Richards Bay Clean Air Association (RBCAA). In order to continue to improve on this positive performance, Environmental Compliance was introduced as one of the six Key Strategic Focus Elements for the Richards Bay mill in early 2013. This means that management's KPIs are linked to each of the key elements, which ensures the KPIs are cascaded through the BUs and consolidated in the performance bonus targets. Our Mondi Diamond operational framework helps us to align our efforts across all six elements and the associated awards recognise our teams that contribute to the mill achieving its strategic objectives.

Odour abatement project phases

The €5 million invested in phases 1 and 2 of the odour abatement project addressed the point source emissions.

Phase 1

Commissioned in 2010, phase 1 included the installation of carbon filters for the concentrated non-condensable gas vents. The filters remove the odorous compounds from the gases being emitted to the atmosphere. The secondary condensate system was also upgraded to prevent further distribution of odorous compounds and reduce the carry-over of these compounds to other areas, in particular the lime kiln. Five monitoring stations were set up to measure the total concentration of reduced sulphur compounds in the ambient air.

Phase 2

In 2010, it became evident that the chip bin was a source of TRS emissions and this became the focus, with new equipment being installed and commissioned in 2012. This consisted of a chip bin reboiler generating clean steam, which is free of the odorous TRS gases contained in normal flash steam.



GRI content index



Data sheets

IN THIS SECTION

Operational excellence

Key performance features

Fuel and energy use, carbon emissions and climate change

Water use and emissions

Emissions to air

Solid waste

IN PRACTICE:

Investing in renewable energy at Frantschach and Syktyvkar mills

Responsible water management at Merebank and Syktyvkar mills

Green dregs: from waste product to building material

Odour reduction at Richards Bay mill

Since commissioning, the filters have significantly reduced the odour from the mills venting points, with recent calculations confirming in excess of 99% efficiency.

Phase 3

In early 2012, sampling from the dissolving tank outlets indicated that an estimated 55kg per day of TRS was being emitted from the dissolving tanks due to blocked scrubbers. It was agreed the dissolving tanks and their associated scrubber upgrades would form phase 3 of the project. This was successfully commissioned during the October 2013 annual shut-down, with an accompanying reduction in background odour being detected at monitoring stations.

Phase 4

During 2013, the odour task team completed the process of scoping phase 4, which is the upgrade of the high-volume low concentration (HVLC) gas system. Continuous pressure monitoring and odour sampling of the HVLC system has shown that the existing system is insufficient to carry the HVLC gases to the recovery boilers. The timing and scope of this project is currently under review.

Diffuse emissions were and are being addressed in phases 3 and 4.

Objectives and targets for the future

“The Richards Bay mill has set a further target of reducing odour complaints in 2014 by 20% based on the number of complaints received in 2013,” concludes Candice.

OUR MANUFACTURING OPERATIONS



GRI content index



Data sheets

A focus on our people

The social and economic context of the regions in which we operate has important implications for the sustainability of our business. As outlined in Our material issues within a global context, populations' growth and rise on the economic ladder, coupled with other demographic issues, present significant challenges and opportunities for us to help improve people's livelihoods in more sustainable ways. These include improving health and education, and enhancing economic productivity of communities.

FACTS AND FIGURES

- **Four** contractor fatalities
- Total recordable case rate (TRCR) of **0.78**
- First SEAT in **Bulgaria**
- **Updated CEPs** at all mills

PERFORMANCE

We provide employment and livelihoods for thousands of people across the world. Through this we create and share value and contribute to the socioeconomic health and stability of our communities. Our community engagement programmes and corporate social investments further add value by addressing the most pressing needs of our stakeholders and local communities.

In this section we report on our performance with regards to our employment and training practices, safety at our manufacturing operations, our community engagement plans and social investments

Safeguarding the wellbeing of employees and contractors

We have a goal of zero harm in the workplace, which is supported by a risk based approach. Our Group safety and health policy defines how we manage this across all operations.

Our employment practices

At the end of 2013, Mondi employed 24,400 people (2012: 25,700) across 30 countries. We also provided employment for an average of 5,200 contractors at our mills (primarily for construction and maintenance purposes) and 7,800 contractors within our forestry operations.

Community engagement and corporate social investment

An important aspect of maintaining our licence to trade is addressing the needs of the communities in which we operate. Mondi's approach has always been to take stakeholders and effective engagement seriously.

IN PRACTICE

Through examples of our operations in different countries, we provide insight into what we do to improve the lives of our people and our communities:



CREATING A SUSTAINABLE SAFETY CULTURE

To create a truly sustainable safety culture, we believe strong and active leadership is a basic and very important component.



COMMUNITY ENGAGEMENT AT STAMBOLIJSKI AND SWIECIE MILLS

We use the SEAT process, open and transparent sessions of dialogue with our stakeholders facilitated by an independent third party, to engage with our communities.



TRAINING AND DEVELOPMENT OF OUR PEOPLE IN SYKTYVKAR

Our social and economic role in this region is significant, and developing and managing our employees is a key priority.



Safeguarding the wellbeing of employees and contractors

Safety

We have a goal of zero harm in the workplace, which is supported by a risk based approach. Our Group safety and health policy defines how we manage this across all operations.

Each and every operation has safety procedures in place and to ensure that these procedures are uniformly applied, we are implementing an internationally accredited safety management system, OHSAS 18001, in our operations. To date, all of our mills and 66% of our converting operations have this in place. Regular audits of plant and equipment standards provide us with on-going assurance that gaps are identified and that unsatisfactory procedures, controls and systems are improved and/or eliminated.

Our total recordable case rate (TRCR) has steadily improved over the past five years, a significant achievement. However, it is unacceptable that we experienced four contractor fatalities in 2013. In February two people were fatally injured when scaffolding collapsed on a project site during work in the new pulp storage tower at our Syktyvkar mill and in October a further two people lost their lives after being struck by falling debris during planned maintenance work in one of the recovery boilers at our Richards Bay mill. Both incidents were thoroughly investigated by designated investigation teams consisting of members from the operation as well as the Group and the findings shared with all Mondi operations. As an outcome of the investigations into these two incidents, all our operations have assessed their top five risks. Action plans are being developed with the aim of engineering out the risks and, where it is not possible to do so, implementing robust procedures and controls to manage residual risks.

Comprehensive integration plans were developed for the new acquisitions in 2013 and support provided from the Group as well as various established Mondi operations to ensure understanding and assist with implementation of the systems, methodologies and requirements.

Occupational health

When it comes to our occupational health systems, we tailor them to the specific needs of each of our operations, always emphasising the elimination of the health risks, prevention of occupational health cases and the correct use of personal protective equipment (PPE). Our major occupational-health focus areas are:

- reducing ergonomic risk (See [Our forests: operational excellence](#) for a discussion on how modernisation programme has helped eliminate ergonomic risk);
- noise management; and
- dealing with HIV/AIDS in South Africa, which continues to cause illness and death amongst employees, contractors and members of the community.

Noise management

Our noise management programmes have been particularly successful over the last few years and in 2013 no new cases of noise-induced hearing loss were identified (2012:0).

Dealing with HIV/AIDS in South Africa

Our HIV/AIDS management system is based on World Health Organization guidelines and is



GRI content index



Data sheets

IN THIS SECTION

Focus on our people

Key performance features

Safeguarding the wellbeing of employees and contractors

Our employment practices

Community engagement and corporate social investment

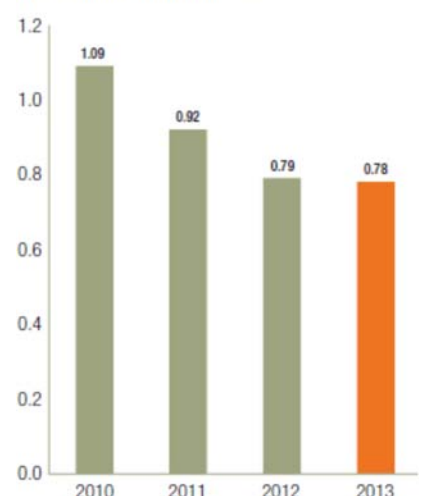
IN PRACTICE:

Creating a sustainable safety culture

Community engagement at Stambolijski and Świecie mills

Training and development of our people at Syktyvkar mill

Total recordable case rate (TRCR)
(per 200,000 hours worked)



aligned to the International Labour Organisation Code of Practice on HIV/AIDS, the World of Work and we achieved SANS 16001 accreditation in 2009. Our policy deals with the prevention of discrimination, the management of HIV-associated illnesses and disabilities, the treatment of HIV infection, measures to reduce the impact of HIV, anti-retroviral treatment (ART) and disease monitoring.

To prevent discrimination of those employees with HIV/AIDS, strict confidentiality is maintained by all clinics.

Each of our South African mills has an HIV committee in place comprising management, unions and employees. Our management system ensures the proper placement of employees who need to be accommodated as a result of disease or injury. Employees deemed physically and psychologically unfit for work are eligible for boarding, as facilitated by Mondi's occupational health staff in South Africa.

To ensure that employees, contractors and their families have access to medical care, we have facilitated four mobile clinics to provide HIV/AIDS voluntary counselling and testing (VCT), as well as primary health care to community members in our remote forestry areas. Monthly promotions are conducted by our mobile clinics and two formal campaigns are held on an annual basis.

Our annual wellness day is another example of how we focus on improving employees' understanding of their condition thereby managing the impact of HIV/AIDS in the workplace.

VCT is freely available to all employees. ART is also available to all employees, and 45 employees and 97 contractors in our South African operations are currently receiving this treatment from our mobile clinics. ART begins when an employee's CD4 count reaches 350 (a more sensitive measure than the Department of Health's level of 250).



Our employment practices

At the end of 2013, Mondi employed 24,400 people (2012: 25,700) across 30 countries. We also provided employment for an average of 5,200 contractors at our mills (primarily for construction and maintenance purposes) and 7,800 contractors within our forestry operations.

Our chief executive officer is ultimately responsible for managing employees and contractors and he is supported at a divisional level. In 2013, our workforce was made up of 80% men and 20% women (2012: men 80% and women 20%). Around 7% of our senior managers are women and, in South Africa, previously disadvantaged individuals make up 39% of management (2012: 43%). The Mondi Group has two female directors representing 22% of the Boards.

Our goal is to ensure the provision of a fair, safe and healthy workplace for all employees, free from discrimination, harassment and abuse. The Fundamental Rights Convention of the International Labour Organisation informs our employment practices. And, although labour and collective bargaining practices differ from country to country, basic labour rights and fair employment practices are embedded across the Group. We treat all our employees with dignity and respect and any form of forced labour, degrading treatment, physical punishment, harassment or abuse in the workplace is not tolerated. Our global employment policy prohibits harassment of any kind in the workplace, and appropriate mechanisms, such as grievance procedures are in place to support this

Compliance to the Universal Declaration on Human Rights is reported on an annual basis to the United Nations Global Compact and our Communication on Progress is available at www.mondigroup.com/sustainability.

Gender diversity	Male	%	Female	%
Directors	7	78	2	22
Senior managers	252	93	19	7
Employees	19,421	80	4,979	20

In South Africa we support the process of transformation towards a non-discriminatory society and economy and our Transformation Committees work towards improving employment equity through:

- equalising opportunities for previously disadvantaged individuals;
- maintaining an environment free from discrimination;
- respecting diversity; and
- implementing affirmative action initiatives in a manner that is sensitive, reasonable, justifiable and fair.

Training and developing our employees

Education is critical for the economy of the future, and indeed the sustainability of our business. It empowers people and helps them make informed choices, but it also helps us attract and retain our future workforce. If we are to succeed as a globally competitive organisation, we need a skilled, trained and committed workforce. Without access to adequately skilled labour, we cannot operate successfully. One such way in which we secure access to the skills we need is by providing training and development, and this is also an opportunity we embrace to improve people's lives. In 2013, a total of 854,000 (2012: 811,000) hours of employee and contractor time were devoted to training and development.



GRI content index



Data sheets

IN THIS SECTION

Focus on our people

Key performance features

Safeguarding the wellbeing of employees and contractors

Our employment practices

Community engagement and corporate social investment

IN PRACTICE:

Creating a sustainable safety culture

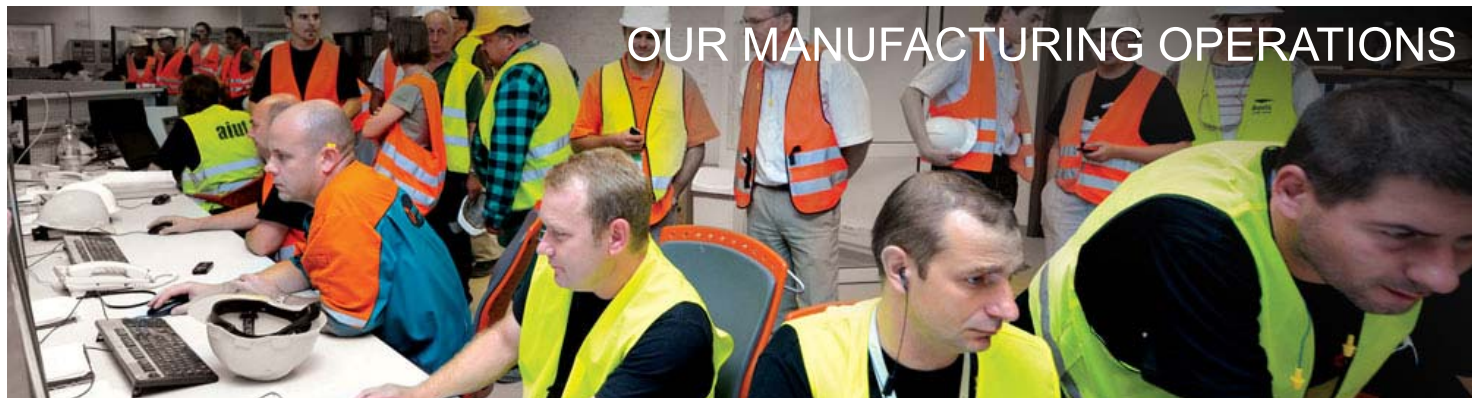
Community engagement at Stambolijski and Świecie mills

Training and development of our people at Syktyvkar mill

Employees per region 2013 (%)



Emerging Europe	28
Russia	25
South Africa	7
Other	3
Western Europe	32
North America	5



Community engagement and corporate social investment

An important aspect of maintaining our licence to trade is addressing the needs of the communities in which we operate. Mondi's approach has always been to take stakeholders and effective engagement seriously.

Nothing illustrates this better than our commitment to conducting regular socioeconomic assessment toolbox (SEAT) processes and implementing community engagement plans (CEPs) at all socially material mills and forestry operations. We also make use of the Forest Stewardship Council's™ global standard for monitoring stakeholder engagement in our forests. Engagement is particularly important when it comes to community development and we co-operate with non-governmental organisations, industry bodies and academic institutions. In 2013 all socially material mills updated their annual community engagement plans, and our Stambolijski mill conducted its first SEAT process.

Community engagement is supported by corporate social investment (CSI), which is defined as contributions (monetary, time, resources or gifts in kind) which bring benefits that are additional to those associated with our core business activities.

Corporate social investment activities consider:

- the principles of sustainable development;
- the priorities of local people;
- alignment with our business objectives; and
- the cost effectiveness of projects.

We ensure that we invest in those programmes that are most relevant to the needs of our employees and the communities in which they live and work. During 2013, Mondi contributed €9.9 million towards CSI projects, including some charitable donations (2012: €14.3 million).

Corporate social investment spend (€'000)	2010	2011	2012	2013
Community health and welfare	691	205	219	211
Education and youth	679	797	835	574
Environment	29	81	102	456
Community development	6,427	5,828	4,895	4,302
Arts, culture and heritage	146	903	235	313
Housing	837	333	288	235
Other	3,802	9,150	7,716	3,907
Total	12,611	17,300	14,300	9,997



GRI content index



Data sheets

IN THIS SECTION

Focus on our people

Key performance features

Safeguarding the wellbeing of employees and contractors

Our employment practices

Community engagement and corporate social investment

IN PRACTICE:

Creating a sustainable safety culture

Community engagement at Stambolijski and Świecie mills

Training and development of our people at Syktyvkar mill



GRI content index



Data sheets

Creating a sustainable safety culture

Several factors are at play when creating a successful safety programme. Encouraging employees to take responsibility for their own and their colleagues' safety, safety awareness, skills training and effective communication are all important. But to create a truly sustainable safety culture, we believe strong and active leadership is a basic and very important component. Safety is a consequence of how we manage our people.

Effective safety leadership is first and foremost about caring for our people. From the outset employees must be involved in safety initiatives to ensure their success.

We consider our employees to be key stakeholders in all safety, health and environment (SHE) processes, and their views must be heard in order to develop new systems successfully and to improve upon existing ones. To make this possible we set up a SHE working group during 2013 to suggest new ways of improving engagement on all SHE-related issues

The outcome of this working group has already been met with success – a guidance document listing ten tools to facilitate employee engagement has been developed. These include:

1. Incident feedback and discussion sessions;
2. Safety cultural awareness workshops;
3. Employee safety and health committee;
4. Children's safety and health calendar;
5. Safety and health posters of the month;
6. Safety and health engagement survey;
7. Safety recognition system;
8. Managing directors' safety and health lunches;
9. Reviewing of safety and health operating procedures; and
10. 24-hour safety and health awareness campaigns.

During 2014, each of our operations will tailor these tools to suit site-specific needs and roll them out with the assistance of the working group and the respective SHE managers.

Performance in 2013

Our total recordable case rate (TRCR) has steadily improved over the past five years, a significant achievement, but there is great concern that we have continued to experience fatalities. We reported four fatalities in 2013 (See [Safeguarding the wellbeing of our employees](#)). As a result of these incidents, all Mondi operations have assessed their top risks and are implementing more robust controls to manage the risks.

Our Major Incident Cause Evaluation system has played a major role in improving the quality of the investigations conducted after a safety incident, as well as in the development of the action items to help prevent repeat occurrences. Guidance documents, training material and reporting templates and management reports support the investigation teams.

Managing risk

Risk is inherent to any business. With some of our employees working in potentially hazardous environments, it is essential to conduct risk assessments in ways that allow risks of low probability but high potential impact to be suitably identified and addressed. This contributes to the elimination of fatal incidents across the Group. We are also revising the way in which risks are assessed, with the goal of simplifying the current methodology, so that all our employees and contractors, at all levels of the operations, are able to understand how to identify the risks

IN THIS SECTION

Focus on our people

Key performance features

Safeguarding the wellbeing of employees and contractors

Our employment practices

Community engagement and corporate social investment

IN PRACTICE:

Creating a sustainable safety culture

Community engagement at Stambolijski and Świecie mills

Training and development of our people at Syktyvkar mill

QUOTE

"By engaging with employees from the outset we are able to get everyone's buy-in, making implementation easier and increasing the likelihood of success."

Brian Darlington

Mondi's Group head of safety and health

and implement suitable control measures. All operations have revised their top five safety risks and developed suitable action plans to engineer risks out and, in turn, ensure continuous improvement towards creating safer workplaces. These action plans will be closely monitored through to completion in 2014.

As with our own employees, we value the safety and health of contractors across the Group. Contractors frequently work at a number of different companies, exposing them to numerous safety standards and the potential for procedure confusion. In order to minimise this, each operation appoints contract managers who serve as the link between the contractor company and ourselves – providing the contractor with all necessary support and guidance. Our guidance documents, detailing safety standards and procedures, are an invaluable tool in facilitating sound contractor safety management.

Training: helping us achieve our safety targets

“Training is an extremely important element in ensuring our SHE performance improves year-on-year and even more so in our drive for zero fatalities and life-altering injuries,” explains Brian. We provide material for the sites to hold three to four training sessions a year focusing on selected elements of our nine safety rules.

Working safely at heights and moving and rotating equipment were the topics covered in 2012 and 2013 and this has resulted in additional focus on these high-risk tasks. Safety guidance material is developed at a Group level. However, sites are required to add in site specific content and we encourage our safety managers to develop training plans specific to the operation’s needs and to make use of practical demonstrations for employees.



Making a Difference Day (MADD)

Every year, we dedicate a whole day to helping individuals and teams understand how we can together achieve our goal of zero harm and improve our health and environmental performance. In 2013 our safety focus was on “working at heights” and “operating moving and rotating equipment”.

The purpose of MADD goes deeper than just creating awareness around specific safety goals. Employee feedback from the day shows that these targets are well known and communicated throughout the year. “MADD is more about creating awareness around safety and health topics in general; it’s about walking the talk. All employees – including management – are involved in the activities of the day, showing that we care about each other’s safety and health,” says Robert Hofmans, Business Segment SHE Manager.

Each site is given the opportunity to discuss the safety or health issues most relevant to them. At Mondi Heerlen in the Netherlands, an expert on hearing damage told Mondi employees of his experience of damaging his hearing at a young age by not wearing hearing protection. Robert emphasises the impact this had. “Hearing this first hand and seeing the effects of ignoring SHE rules had an enormous impact on our employees. A large number of people have now gone for voluntary hearing testing at the on-site doctor.” We subsequently upgraded our hearing protection equipment, helping our employees minimise the risk of hearing problems later on in life.



Community engagement at Stambolijski and Świecie mills

We use the SEAT process, open and transparent sessions of dialogue with our stakeholders facilitated by an independent third party, to engage with our communities. Dialogue with our stakeholders helps us to address the impacts of our operation on the surrounding communities and stakeholders.

Our social investment programmes are aligned with the business objectives while addressing the needs of the communities in which we operate. “SEAT is a unique platform for our stakeholders to voice their concerns, views and expectations,” says Alexander Krickler, managing director of Mondi Stambolijski where a SEAT process was completed during the year.

The SEAT process also allows us to update our understanding of the socioeconomic context of the locations where we operate, enhance our channels of communication with all our stakeholders, and increase awareness of our mill in the community. This better equips us to mitigate existing and future risks and identify opportunities to add value to our business.

“Initiatives like SEAT can help us to better understand how stakeholders perceive our operation and its positive and negative impacts on the surrounding communities and stakeholders. It supports us in streamlining our risk-management system and developing community engagement plans (CEPs),” explains Alexander. Stambolijski’s CEPs are based on the findings and trends identified during the SEAT process, ensuring that the priorities of the surrounding communities are addressed.

Outcomes

Mondi Stambolijski is one of the largest companies in the region, the biggest wood consumer in Bulgaria and an important local employer, currently employing 320 people. Consequently, our impact on the region is significant – including positive contribution to the economic development of Bulgaria. Our regional footprint also means high stakeholder expectations are placed on the organisation, largely relating to:

- employment;
- environmental performance;
- communication with all relevant stakeholders;
- increasing European Union requirements; and
- future investments, which could increase operational capacity and ensure the sustainable economic growth of the region.

The findings of the SEAT process confirmed the trust, close ties and openness existing between the mill and all its stakeholders. “We have strengthened our ties with all our key stakeholders as we believe that only transparent and honest communication can help us develop effective and long-term socioeconomic development plans for the business and the community,” concluded Alexander.

Community engagement plans in Świecie: best practice

Mondi Świecie is another example of how the SEAT process helps shape our CEPs. Mondi’s Human Resources Development Manager at Świecie, Joanna Bednarska, explains, “The SEAT process gave us perspective. We identified and addressed key social and economic impacts and focused our engagement programmes on the priorities of the community. It provided the opportunity to assess the effectiveness of existing initiatives and identify where improvements might be made.”

IN THIS SECTION —————>

> Focus on our people

Key performance features

Safeguarding the wellbeing of employees and contractors

Our employment practices

Community engagement and corporate social investment

IN PRACTICE:

Creating a sustainable safety culture

> Community engagement at Stambolijski and Świecie mills

Training and development of our people at Syktyvkar mill



QUOTE —————>

“We have strengthened our ties with all our key stakeholders as we believe that only transparent and honest communication can help us develop effective and long-term socioeconomic development plans for the business and the community.”

Alexander Krickler

Managing Director, Mondi Stambolijski

While the process was initiated some years ago, Mondi Świecie continues to be actively involved with its stakeholders, including the 1,092 employees, most of who are from Świecie and surrounding communities. The CEPs are based on thorough analysis of the feedback received from stakeholders. “Mondi Świecie’s CEPs are clear, flexible and designed for the long term,” says Joanna. What really sets Świecie’s CEPs apart is the adoption of a Let’s decide together programme, whereby all employees are given the opportunity to participate in community investments. Every employee is able to submit proposals for providing support for a specific project. The main issues of local concern relate to unemployment, poverty, quality of education, crime and the quality of the local medical facilities. As long as the proposed project addresses one of these needs, Mondi considers providing financial support. “For us, the increasing number of employees participating in this process is the best indicator of success,” says Joanna.



QUOTE —————>

“Mondi Świecie’s community engagement plans are clear, flexible and designed for the long term.”

Joanna Bednarska
Human Resources Development Manager



OUR MANUFACTURING OPERATIONS

Training and development of our people at Syktyvkar mill

Mondi's Syktyvkar mill is located in the Republic of Komi, north-western Russia. The economy of the republic is dominated by fuel, forestry, logging, wood processing and pulp and paper industries.

This is one of the largest mills and one of the largest employers in the region, currently employing 6,024 people, and providing work for many contractors. Our social and economic role in the region is significant, and developing and managing our employees is a key priority.

Olga Fotieva, the human resources (HR) director of Mondi Group Russia, says: "Effective systems, structures and processes are central to this goal – we set common targets, collaborate with each other and take shared responsibility and reward for the end results of HR related projects." Providing support to line management is equally important. "A manager's job is largely a human resources one. It's about involvement, being a role model and leading by example. If our managers understand this, it is much easier to initiate and implement change, manage tensions, engage and motivate people and mitigate certain risks," explains Olga. Within this, leadership development is a top priority, with the aim of developing our managers' academic knowledge as well as equipping them with tools for practical application.

The mill runs its own training centre for its employees. This offers training in 18 production professions and provides permits to use and maintain certain equipment. "We focus on multi-skilling. The majority of our employees have several licences and permits, to allow for a mobile and flexible workforce that can move from one area to another," explains Olga. The training centre has a state licence for its professional training, and the course certificates are recognised across Russia. "Our target is not only to fulfil our needs, but to strengthen the overall potential of the forest industry in the region by addressing industry-wide skills shortages."

Managers and senior staff are given the opportunity to enhance their professional and personal skills. In 2013 the mill established the Mondi Academy Russia which offers courses in time management, negotiation skills, presentation skills, project management and others. So far the demand has been high.

IN THIS SECTION →

> Focus on our people

Key performance features

Safeguarding the wellbeing of employees and contractors

Our employment practices

Community engagement and corporate social investment

IN PRACTICE:

Creating a sustainable safety culture

Community engagement at Stambolijski and Świecie mills

> Training and development of our people at Syktyvkar mill



QUOTE →

Our target is not only to fulfil our needs, but to strengthen the overall potential of the forest industry in the region by addressing industry-wide skills shortages

Olga Fotieva

HR director of Mondi Group Russia



GRI content index



Data sheets

The need for transparent, sustainable supply chains is growing as more organisations, including many of our customers, are demanding this approach in order to better understand and secure their business and manage reputational risks.

FACTS AND FIGURES

- **66%** of wood Chain-of-Custody (CoC) certified
- **81%** of external pulp CoC certified
- **100%** of mills CoC certified
- **63%** of converting operations CoC certified

The launch of the G4 guidelines by Global Reporting Initiative (GRI) in 2013 has given further momentum to organisations to develop sustainability management policies that include not just their own operations, but also address impacts throughout the whole supply chain.

We are guided by the principles of the UN Global Compact in engaging with our suppliers and, as a long-term commitment and goal, achieving sustainability across our value chain. We believe that sustainable supply-chain management can be a strong driver of value and success – for us as much as for the communities in which we operate and from whom we source our raw material, and for all our stakeholders.

By spreading good business practices around the globe, a sustainable supply chain has great potential to contribute to more-inclusive markets and advance accountability and sustainable development.

IN PRACTICE

Examples of what Mondi is doing to integrate sustainability across its value chain:



DEVELOPING A TRANSPARENT AND RESPONSIBLE SUPPLY CHAIN

A responsible and transparent supply chain will become a prerequisite to secure existing and future business.



SECURING A SUSTAINABLE WOOD SUPPLY

Ensuring that our forestry practices are sustainable throughout the supply chain, is a fundamental business imperative.



Developing a transparent and responsible supply chain

Mondi deals with some 30,000 suppliers from around the world and our procurement teams are organised for the different products we procure, to use economies of scale on a global or regional level as appropriate, but also utilise local knowledge and opportunities where they exist.

Mondi is committed to developing and maintaining transparent and sustainable supply chains, not only for wood, but also other key products including chemicals and films.

We recognise that developing transparent and responsible supply chains provides a number of challenges. They need to be addressed within a global framework, but must be managed in a multi-national, decentralised way, and in the most appropriate way for each respective product we procure. A responsible and transparent supply chain will become a prerequisite to secure existing and future business.

An annual evaluation of key suppliers is conducted in cooperation with local procurement teams. Says Beatrix Praeceptor, Mondi E&I Procurement Director, "The annual evaluation allows us to assess suppliers' performances with regard to their quality of service and reliability of supply, as well as their environmental and safety practices. Where appropriate, the results are fed back to the business partner and any necessary improvements are jointly identified."

In 2013, we piloted a revised procedure within our chemicals procurement team inviting strategic suppliers to share their sustainability performance. The objective of this exercise is to develop deeper understanding of our suppliers' sustainability performance and to work together to improve transparency and responsible business conduct throughout our supply chain. The areas of our suppliers' performance that we place emphasis on include management and certification systems; carbon emissions; water discharges; waste to landfill; transport fuel efficiency; employee safety; human rights; child labour; and corruption.

"We intend to widen the scope of this project in 2014 to include other relevant expenditure areas, such as printing, resins, film and transport," says Beatrix.

Our sustainability standards are clearly stated in the Group's [Code of Conduct for Suppliers](#).

Reducing Scope 3 carbon emissions through optimised logistics

In order to further reduce our carbon footprint from indirect emissions along our supply chain, we are looking to optimise our logistics, and reduce our Scope 3 emissions from transport, which represents around 30% of the total.

Scope 3 emissions are indirect GHG emissions that occur in the value chain. Our Scope 3 emissions from transporting our products and raw materials, employee commuting, business travel and raw materials are estimated to have amounted to 2.7 million tonnes CO₂e in 2013 (2012: 2.0 million tonnes CO₂e) with the higher emissions in 2013 mainly caused by the increased volumes of procured polymers, as a result of our acquisitions of former Nordenia packaging operations towards the end of 2012¹.



GRI content index



Data sheets

IN THIS SECTION

Our supply chain

Key performance features

IN PRACTICE:

Developing a transparent and responsible supply chain

Securing a sustainable wood supply



QUOTE

"Our goal is to switch as much as possible from road to alternative transport modes where it makes business sense."

Christian Müller

Head of transportation and Indirect Spend, Mondi E&I

¹ Reported Scope 3 emissions do not cover emissions from product use or from after-life product disposal.

Scope 3 emissions (million tonnes CO ₂ e)	2012	2013
Raw materials	1.291	1.923
Employee commuting	0.049	0.047
Transportation of raw materials	0.428	0.424
Transportation of products	0.231	0.261
Business travel	0.003	0.003
Total	2.002	2.658

Currently, Mondi transports some 60% of its outbound products by road and the remaining 40% by rail or ship. Shipping is used for short distances within Europe as well as for long-distance transportation.

Despite increased traffic on the road, it is still the most effective transport mode from a cost and flexibility perspective. Marco Polo, a European Union initiative promoting a switch to greener transport modes for European freight traffic, aims to decrease the gap between road and rail options. This €450 million funding programme of the European Commission encourages companies to shift freight transport from the road to sea, rail and inland waterways. In support of this initiative and in order to benefit from this opportunity in decreasing our carbon footprint, we have shifted some 80,000 tonnes from road to rail through this programme.

Despite the economic challenges, Mondi is optimising logistics in a number of ways:

- the use of combined transport when it makes good business sense, such as trailers being transported on railcars for a long-haul route; or containers being taken by rail from the mill to the port for shipping. Some 50% of our volume out of Austria to the Benelux countries is delivered using combined transport;
- the use of short-haul sea shipping;
- using rail transport where possible. Mondi delivers some 70% of volume to Switzerland by rail and also uses rail transport to Turkey and Greece. We also participate in dedicated company train concepts for major flows to our mills in Austria, Poland and Sweden. Company train concepts are initiatives between forest product companies designed to improve and combine transport logistics for participants. In Sweden, Mondi uses Scandfiber, a logistics company established by Sweden's main paper producers, for nearly all outbound transportation from the mill to Europe;
- shifting from road to rail where feasible through supporting programmes such as Marco Polo; and
- using existing road transport in the most efficient way by using the full load capacity wherever possible to reduce the total number of journeys required.

Says Christian Müller, Head of Transportation and Indirect Spend Mondi E&I: "There are challenges associated with optimising our logistics, mostly related to cost. Rail and combined transport are more expensive than truck deliveries and combined transport isn't available to all destinations. These options only make economic sense on long-distance routes.

"Despite these challenges our goal is to switch as much as possible from road to alternative transport modes where it makes business sense. This will not only help us avoid traffic jams, lack of drivers and driving restrictions, but also ensure a reduced carbon footprint across our transport chain," says Christian.

Collaboration with partner companies that share our sustainability goals is key to success. LKW Walter, a leading European company that offers environmentally friendly transport solutions, comments on its collaboration with Mondi: "We are pleased to report annual carbon emissions reductions of over 155,000 tonnes. We have had much success through cooperation with companies that are committed to working along their value chains to decrease their transport related carbon emissions where possible. Mondi is a great example of this collaboration, and together we have worked on optimised transport solutions that are both economically sensible and environmentally responsible," says Johann Anderl, CEO of LKW Walter.

"We are encouraged by the fact that we have already reduced CO₂ emissions by increasing our load to transport ratio and the move from truck to train," concludes Christian.

Scope 3 emissions 2013 (million tonnes)



Raw materials	1.923
Employee commuting	0.047
Transport of raw materials	0.424
Transport of products	0.261
Business travel	0.003



QUOTE

"We have worked (with Mondi) on optimised transport solutions that are both economically sensible and environmentally responsible."

Johann Anderl
CEO of LKW Walter



Securing a sustainable wood supply

Securing access to sustainable and credible sources of fibre, to meet the needs of our business in the short, medium and long term, is one of the most significant issues facing our business. Ensuring that our forestry practices are sustainable, from the management of our own forests through to the procurement of our wood and fibre throughout the supply chain, is a fundamental business imperative.

Renewable materials		2011	2012	2013
Wood	million m ³	16.8	16.2	16.4
Pulp	million tonnes	3.5	3.8	3.9
Paper for recycling	million tonnes	1.5	1.5	1.4

Sustainable forestry

Sustainable forestry is key to our overall business approach. In the context of fibre procurement, this means the responsible sourcing of the remainder of our raw input materials, and consideration for the way in which they are produced and used.

Mondi owns or leases 2.4 million hectares of land in South Africa and Russia, all of which is FSC™ certified. In central and western Europe we do not own or lease forests, and wood is supplied from external sources, mainly state forests that are sustainably managed and from private growers with a long tradition of responsible forestry. Of the total amount of wood procured in 2013, 66% was certified to FSC™ or PEFC™ (2012: 65%).

We are not party to deforestation or illegal logging. For every tree that is felled in our plantation forests, at least one other is planted. Mondi has strict fibre sourcing requirements that ensure we do not use illegal wood, including mixed tropical hardwood species or other species listed under the Convention of International Trade on Endangered Species. We use no wood from genetically modified trees, nor do we grow genetically modified crops.

Challenges of sustainable fibre supply

Despite the efforts of various certification systems, the current level of global forest certification remains below 10%. Although this percentage is significantly higher in areas where we operate, it is not increasing at the necessary rate to satisfy increasing demand, making it challenging to source an increasing proportion of certified wood. The shortage of certified wood in Europe has been exacerbated by subsidies for biomass for energy generation.

Certification

Both the FSC™ and PEFC™ were required to adjust their systems to ensure compliance with the EU Timber Regulations (EUTRs) and have been strengthened as a result. Even for certified forests, the EUTRs require that forest owners (operators) apply appropriate due diligence in their processes.

- All wood, fibre and biomass sourced from our owned, leased and managed areas are FSC™ certified.
- In sensitive, high risk areas* Mondi sources its wood from FSC™-certified forests.
- Mondi also encourages certification by PEFC™ as a credible alternative in low-risk countries.
- 66% of Mondi's total wood supply is certified to FSC™ (47%) or PEFC™ (19%) standards.
- All our mills have Chain-of-Custody certifications, with the latest, Stambolijski in Bulgaria, receiving certification in July 2013.
- All of our uncertified wood supplies must meet the requirements of the FSC™ Controlled Wood Standard that ensures due diligence in meeting legal compliance and no deforestation.
- We will have implemented ISO 14001 in all our owned and managed forests by June 2014.



GRI content index



Data sheets

IN THIS SECTION

Our supply chain

Key performance features

IN PRACTICE:

Developing a transparent and responsible supply chain

Securing a sustainable wood supply



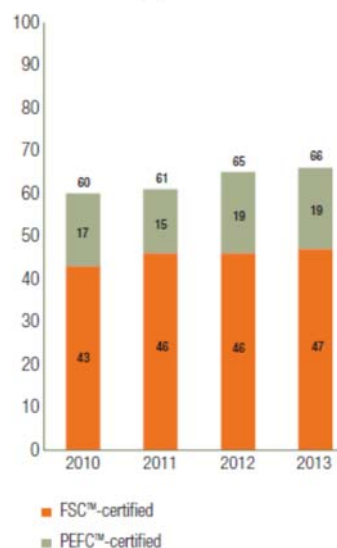
QUOTE

"The world is becoming more transparent. Mondi is recognised as a transparent company and in terms of origin, species and all socioenvironmental aspects, our sourcing of wood, fibre and biomass from our own and external suppliers must also be transparent and robust."

Manfred Schachenmann

Head of Wood Supply, Operations: Mondi E&I

Certified wood (%)



Uncertified wood and fibre requirements

For the balance of uncertified wood fibre (34%) we make sure that the fibre meets our policy for Procurement of Wood, Virgin Fibre, Biomass and Finished Product Requirement, which stipulates the FSC™ Controlled Wood standard as minimum and meets the EU Timber Regulations and the US Lacey Act. This ensures that no wood or fibre originates from illegal or controversial sources and no sourcing leads to deforestation.

Availability of certified wood and small growers

In order to secure the availability of certified products from small growers in South Africa, Mondi supports small forestry business development.

Says Viv McMenamin, Director of Land and Forests: Mondi South Africa Division, “In 2013, Mondi procured timber from more than 3,000 emerging small woodlot growers in KwaZulu-Natal in South Africa, collectively known as Khulanathi, which means ‘grow with us’ in isiZulu. Valued at over €3.9 million, this is an important revenue stream for the rural communities surrounding the Richards Bay mill, making a significant contribution to local social upliftment.”

Key to the success of Khulanathi is Mondi Zimele, the enterprise development agency established to support contractors, create jobs, develop suppliers and ensure a secure fibre supply for the Mondi mills.

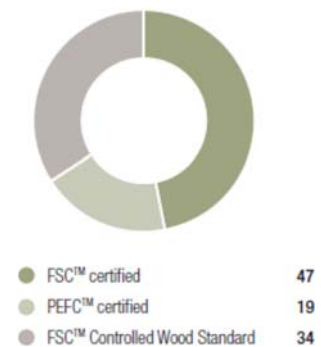
See [Our forests: creating value in our forest communities](#) for further details.

Engagement and dialogue

In order to achieve a sustainable certified supply of wood, we continue to engage with the certification systems, NGOs, World Business Council for Sustainable Development (WBCSD), other industry and relevant organisations and our suppliers to secure an increasing supply of certified-fibre input.

* High-risk areas refers to countries in which there is potential for unacceptable activities, such as illegal logging, violation of traditional and human rights, deforestation and destruction of high conservation value areas with unique biodiversity.

Certification of wood 2013 (%)





OUR PRODUCTS

As outlined in Our material issues within a global context, we consider increasing the eco-efficiency of our products to be one of our material issues. Increasing material consumption and waste by societies and industry places strains on the world's natural capital, and we believe much of this challenge can be addressed by designing innovative and responsible products.

We aim to develop products that meet today's socio-demographic and consumption needs and use less material, extend the shelf life of products, and are adapted to improving recycling infrastructure. We believe that developing smart packaging and paper products can help address global challenges such as climate change and food waste, among others.

In practice, this is achieved through new product innovations as well as by reviewing and, where necessary, redesigning our products, so that we reduce our material consumption and, ultimately, our environmental footprint. This is made possible through collaboration and co-innovation between us, our customers and our suppliers, as the manufacturing footprint of our packaging products can only represent a small fraction of their total environmental footprint. We use a life-cycle approach in our efforts to reduce this footprint.

The delivery of environmentally and socially responsible packaging and paper products is an important component of the services we provide to our broad customer base. Our products are subject to various voluntary and compulsory standard-testing procedures to ensure that a high level of product safety is maintained.

Nothing came to our attention in 2013 to suggest the occurrence of:

- incidents of non-compliance with regulations and voluntary codes relating to customer safety and health;
- fines in respect of non-compliance in the process of the provision and use of our products;
- incidents of non-compliance relating to the regulation and voluntary codes we subscribe to concerning product and service information and labelling;
- non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship; or
- complaints regarding breaches of customer privacy and losses of customer data.

Product certification and hygiene management

We seek and maintain credible product-level environmental credentials. Third-party certification supports our credibility in the market, providing customers, consumers and stakeholders with assurance that we manage and procure raw materials responsibly. This is an important component of our marketing strategy.

Our product-level environmental credentials include:

- Forest Stewardship Council™ (FSC™) or Programme for the Endorsement of Forest Certification™ (PEFC™) signifies that certified fibre is sourced from responsibly managed forests. 66% of our products based on wood procured directly by our mills, and 81% of our products based on pulp procured externally by our mills, were manufactured from CoC-certified sources. The balance in both cases was sourced from credible sources meeting the FSC Controlled Wood Standard*.
- Eco-product certification, such as the Blue Angel and EU Ecolabel against which we certify some of our mills in the Uncoated Fine Paper business in Europe, demonstrate that products have been manufactured according to environmentally sound principles;
- The implementation, maintenance and improvement of an environmental management system

IN PRACTICE

These examples highlight how we develop innovative products, in collaboration with our customers and other partners in our supply chain:



GROWTH THROUGH CUSTOMER-FOCUSED DEVELOPMENT

Mondi's Research and Development (R&D) Innovation Centres and all R&D-related activities focus on further developing products and optimising processes. —————>

For more details of our products' certifications, as well as additional product information please visit www.mondigroup.com/products.

at ISO 14001-certified mills;

- 100% of our mills have been certified to ISO 14001 standards;
- Supply chain and life-cycle assessment, including water and carbon footprints, and visibility over our supply chain, through wood sourcing and other tracing mechanisms; and
- Of the 71 operations producing food contact packaging in 2013, 47 (66%) were certified to a recognised food hygiene standard**, with the balance meeting Good Manufacturing Practice standards***.

* The raw materials used for our fibre-based products consist of wood, purchased pulp, paper for recycling and finished paper. Wood (in the form of wood chips and wood logs, sourced from our leased forests in Russia and our own plantations in South Africa, or purchased from the market) covers the absolute majority of our fibre needs. Our current Group-level reporting systems allow us to monitor the CoC-certified wood and externally purchased pulp volumes in detail while CoC certification of our other fibre needs - paper for recycling and finished paper - are currently not available at a Group level. We are working towards improving our reporting systems to cover certification details for all sources of fibre and will publicly report on these in our future reports.

** The food hygiene standards that Mondi's operations are certified against include: ISO 22000, EN 15593, BRC/IoP, HACCP or AIB.

*** Good Manufacturing Practice helps ensure quality control in many countries where our products are made.

A life-cycle approach

Each step in the life cycle of our products has an impact on the environment and we manage the environmental, safety and health impact of our products throughout their life cycle (this approach is based on the Life-Cycle Initiative developed by the United Nations Environmental Programme).

Integrating recycling into our business model

Environmental and business concerns go hand-in-hand with reducing waste. Our waste management approach is in line with the European Union's waste hierarchy, and recycling is fully integrated across our business processes. Paper is the world's most-widely recycled product and roughly a third of our pulp consumption comes from paper for recycling (1.4 million tonnes in 2013).

The Green Range

The Green Range was developed by our Uncoated Fine Paper (UFP) business, and was further extended to include smart and eco-efficient packaging solutions. Mondi is developing appropriate criteria for both the packaging and paper-based businesses. We will revise our approach to the Green Range in 2014 to reflect our extended product portfolio following our major acquisitions at the end of 2012.

All Mondi UFP-branded papers meet the Green Range criteria meaning that they are certified either by the FSC™ or the PEFC™, are from 100% recycled materials, or entirely chlorine free. In 2013, 38% of all our UFP product sales were from the Green Range (2012: 38%). We will increase the number of products in our Green Range, including non-fibre based products across other business units as well. We will revise our approach in 2014 to reflect our extended product portfolio following our significant acquisitions made towards the end of 2012.



A new product joins the Green Range

High-speed inkjet printing technology is one of the fastest growing digital printing technologies in the market. In 2013, Mondi UFP introduced a range of high-speed inkjet papers that are optionally available as carbon neutral. This has a positive impact on the environmental performance of printed products as the paper itself makes up roughly 70% of the carbon footprint of a printed product. This paper grade is designed for fast absorption, which means that ink can be absorbed at high speeds, reducing the amount of heat used for drying the paper. This leads to a reduced power consumption of the machine.

In terms of environmental performance, all Mondi high-speed inkjet papers bear the EU Ecolabel and are FSC™ or PEFC™ certified.



Recognising innovation excellence: product-related awards in 2013

Mars Africa's Royco soup packet won a 2014 **WorldStar Award for Packaging**. In partnership with Aripack Consumer Flexibles and the customer, Mars Africa, Mondi Extrusion Coatings developed an innovative packaging material for food packaging. As a result, Mars Africa has reduced the carbon footprint of their instant and packet soup range by 25%. Removing an ingredient - aluminium foil - was the key to success. As a replacement, Mondi Extrusion Coatings developed a non-foil, co-extruded paper laminate that protects the product and gives it a long shelf life. By introducing a special sealing polymer, the sealing temperatures were significantly lowered, resulting in much lower energy use and higher efficiency on the filling lines.

Mondi Kraft Paper was among three award winners in the **INTEGRATE Global Suppliers Innovation Programme** organised by CEMEX. Mondi was recognised for its bags made of high-porous sack kraft paper which offer significant weight reductions and higher strength, coupled with improved operating performance. CEMEX initiated its Innovation Programme to foster collaboration with its suppliers and promote innovation. According to Hans Finsterer, director of overseas sales of Mondi Kraft Paper, “Product innovation is a high priority at Mondi. We know that ideas developed together with our customers have the highest benefit for all parties involved. Mondi’s high-porous sack kraft paper portfolio meets the strictest demands regarding quick filling, strength, porosity, stiffness and attractive POS printing. Cement bags produced from Mondi’s high-porous sack kraft paper deliver cost savings to both the bag converter and the cement producer. The weight reduction and smaller number of plies result in lighter and stronger bags that deliver significant cost savings.”



OUR PRODUCTS

Growth through customer-focused development

New product developments demand new processes to enable us to deliver innovations in the most economical and ecologically-responsible way. Mondi's Research and Development (R&D) Innovation Centres and all R&D-related activities focus on further developing products and optimising processes. Strategic partnerships enable us to anticipate market trends and new technologies.

Terra Bag - Bag to Nature

Terra Bag is a biodegradable industrial bag with humidity protection that can be equipped with an Easy Seal valve - the first of its kind to be developed. It is certified according to EN 13432, a European standard for the composting and biodegradation of packaging.

"Innovation in the Mondi E&I Industrial Bags business is driven both externally and internally," explains Christina Fadler, its Marketing Communications Manager. "Externally by specific customer requests and internally by our engineers, researchers and product specialists who all come up with ideas on how to improve a bag."

There are specific mechanisms in place for customers to provide their feedback. A customer satisfaction survey is carried out every two years and any feedback is communicated back to the customer.

Consumer market trends clearly show the increasing importance of product sustainability and the growing emphasis on brand awareness, and we work together with our internal and external stakeholders to achieve this.

The sales and marketing team is always involved from the early stages of the innovation process to make sure that the marketing strategy is developed in tandem with the product and that all the necessary promotional material is available when the product is ready to be launched. "A successful product launch is based on the collaboration of all those involved in its development - sales and marketing, product specialists, application engineers and finance, and even across our business units. If any challenges occur we can solve them on a case-to-case basis, working together on a solution," says Christina.

ProVantage Baywhite

ProVantage Baywhite is a premium-quality uncoated white top kraftliner produced at Mondi Richards Bay, South Africa. It is made of 100% virgin kraft fibre, which guarantees a superior appearance for high-quality printing. This high quality is at the heart of how Mondi markets the product. "It has a bright surface and good printability for high quality printing on container packaging products. It's known as a decorative paper, meaning its print qualities are superior for customers who need to advertise their products on the outside of the container," says Nick Cook, head of sales, marketing and logistics at the Richards Bay mill.

Customers provide feedback to Mondi through a number of channels: sales representatives; technical service visits; customer visits to the mill; and through the customer survey. In terms of proactive product development, a good level of understanding and communication between the sales and marketing specialists and the sustainability/environmental professionals is critical.

The sustainability of ProVantage Baywhite specifically, is a major selling point. It is part of Mondi's Green Range, FSC™ Chain-of-Custody certified and is fully recyclable and biodegradable.



GRI content index



Data sheets

IN THIS SECTION

Our products

Approach to product development

IN PRACTICE:

Growth through customer-focused development



QUOTE

"We welcome feedback and involve our customers in new product development as much as possible."

Christina Fadler

Mondi E&I Marketing Communications Manager for Industrial Bags



FIBROMER®

The requirements of composite materials are changing. Our primary customers, such as converters and manufacturers, demand polymers that are not only strong and stable but that can also be customised and preferably obtained from a sustainable source. "It was in response to this changing environment that Mondi launched FIBROMER® at the beginning of 2013," says Daniel Schwarzbach, head of R&D for kraft paper at Mondi E&I.

FIBROMER® is a polymer reinforced with cellulose fibre. The polymer is made up of kraft pulp (a renewable resource) and a polymer granule. This means that pulp fibres, traditionally used for making paper, are mixed into the plastic, making FIBROMER® more sustainable, stronger, thicker, less flexible and lighter. These advantages also make it possible to customise FIBROMER® to the needs of our customers, depending on the application for which it is needed.

Whilst launched in 2013, Mondi first started researching and developing FIBROMER® more than 10 years ago. Partnerships with the scientific community were particularly important during this process. "Mondi's kraft paper business unit lacked sufficient in-depth knowledge of plastic injection moulding, so a specialist plastics company came up with a customised solution. Mondi now owns this technology," explains Daniel. Partnerships with our primary customers - especially in the automotive industry - were also invaluable.

"FIBROMER® is a green alternative to existing solutions. It involves a larger proportion of renewable materials (kraft pulp fibre), and offers extended end-of-life options. FIBROMER® is also suitable for energy generation through incineration as it is fully combustible - a very important feature in the automotive industry, one of our most important markets."

ProVantage Kraftliner Aqua

ProVantage Kraftliner Aqua was first launched into the market in 2007. After careful monitoring of its end-use applications and incorporating feedback from our customers, we re-launched the product in 2013 with improved functionality, sustainability and quality. ProVantage Kraftliner Aqua is water resistant for at least three days (currently the only available grade in Europe to meet this requirement), a feature important for our customers who use the product primarily for packaging food. There has been a strong increase in the demand for sustainable packaging for fruit, vegetable and other food, and ProVantage Kraftliner Aqua can meet that demand.

ProVantage Kraftliner Aqua replaces wax-coated paper, which has advantageous sustainability implications. "We minimise the use of resources as no paraffin is needed for the wax coating - this reduced the environmental footprint of the product. The paper is 100% biodegradable, recyclable and sourced from a renewable resource," says Waltraud Seiner, marketing manager for containerboard at Mondi E&I.

Biodegradable paper-based packaging can also support the growing need of fruit and vegetable farmers to deliver organic products through environmentally responsible solutions.

PerFoamPack

Mondi's Consumer Goods Packaging business places a strong focus on product development and innovation. "As an innovation leader, we aim to challenge the markets with new technologies and concepts," explains Silke Salbert, Consumer Goods Packaging communication and business intelligence manager for Mondi E&I. The way we approach innovation goes hand-in-hand with development partnerships with our customers.. Innovation can be a complex process and we involve various stakeholders. "You have to have a strong innovation culture and commitment from management to bring projects to life," Silke adds.

In today's environment, one of the key drivers of fast-moving consumer goods companies is the need to develop more sustainable packaging solutions. PerfoamPack is a new packaging solution that offers a reduction in used materials and enhanced functionality. It is a co-extruded polyolefinic film with a micro-cellular expanded middle layer, which lowers weight without reducing thickness and compromising performance. It offers the conventional mechanical properties required to protect the packaged product, like a regular packaging film, but significantly reduces the use of raw materials (by up to 30%) which translates into a lighter film with a direct cost reduction and a significantly improved carbon footprint.



QUOTE

"FIBROMER® is a green alternative to existing solutions. It involves a larger proportion of renewable materials, and offers extended end-of-life options."

Daniel Schwarzbach
Head of R&D for kraft paper, Mondi E&I



OUR ECONOMIC PERFORMANCE



In Our material issues within a global context we referred to the social challenges and anticipated trends regarding economic development and populations' demographics that our communities are facing today and how some of these can be addressed through providing employment and promoting labour productivity. In this section we demonstrate how we create and share sustainable value throughout our supply chain, through payments to our employees, provision of equity and loan capitals, payments to our suppliers, taxes paid, and reinvestments in the Group.

Our strategy to deliver value

We are confident that our strategy is sound and that we have the ability to adapt and execute it successfully across the business cycle as we:

- build on our leading market positions in our core packaging and uncoated fine paper markets;
- continue to invest in our high-quality asset base, focusing on those assets which enjoy inherent cost advantages;
- help our customers succeed by seeking to develop smarter, more cost effective processes and work with them to find inventive, innovative, advanced solutions; and
- continue to improve productivity and find new ways to keep our costs down.

One of our focus areas over the last year has been on integrating and optimising the significant acquisitions made towards the end of 2012 and executing major capital projects initiated over the past three years. Our strong culture of continuous productivity improvement, our relentless focus on cost management and the benefits of restructuring activities completed during the year ensured that fixed cost increases were contained to well below inflationary levels.

Mondi remains strongly cash generative with net debt reducing to €1,621 million, compared to €1,872 million at 31 December 2012, notwithstanding the €405 million (2012: €294 million) invested in capital expenditure projects during the year. Cash generated from operating activities exceeded €1 billion for the first time.

Creating sustainable value

As a business with a significant global footprint, we are committed to creating sustainable value in the following ways:

- investing in the long-term growth and development of our business;
- finding inventive, innovative, advanced solutions that meet our customers' needs;
- following our customers into high-growth emerging markets, where together we can offer cutting edge products that deliver exceptional value;
- focusing on achieving best practice and complying with regulatory standards;
- creating and sustaining valuable and meaningful employment, recognising diversity and creating a working environment where opportunities unfold for our people;
- working diligently to ensure the safety and well-being of our employees and contractors;
- minimising our contribution to climate change;
- active stewardship of our land and fresh water ecosystems to maintain biodiversity;
- sustainable forest management through credible certification and Chain-of-Custody along the supply chain;
- enhancing the eco-efficiency of Mondi products through resource efficiency and responsible use

of materials throughout their life-cycles; and

- contributing to the development of people and communities at and around our operations.

Value added statement 2013:	€million	%
Turnover	6,476	–
Purchased materials and services	(4,478)	–
Value added	1,998	–
Distributed to		
Employees	957	48
Providers of equity capital	198	10
Providers of loan capital	115	6
Direct taxes paid	126	6
Reinvested in the group	602	30
	1,998	100

Corporate social investment spend (€000)	2010	2011	2012	2013
Community health and welfare	691	205	219	211
Education and youth	679	797	835	574
Environment	29	81	102	456
Community development	6,427	5,828	4,895	4,302
Arts, culture and heritage	146	903	235	313
Housing	837	333	288	235
Other	3,802	9,150	7,716	3,907
Total	12,611	17,300	14,300	9,997

Capital expenditure

Capital expenditure of €405 million was €111 million higher than the prior year as expenditure on a number of our previously announced energy and debottlenecking investments ramped up.

Investing in green energy is considered key to our on-going success, with €431 million committed to such projects at various of our large, integrated pulp and paper mills between 2011 and 2016.

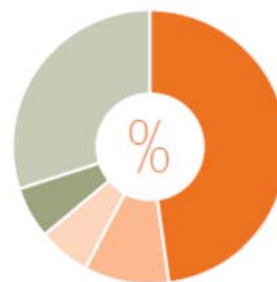
Our major strategic investments initiated over the past two years and completed during 2013 include the rebuild of the bark boiler at our Syktyvkar uncoated fine paper and containerboard mill in Russia, a new recovery boiler at our Frantschach kraft paper mill in Austria, a recovery boiler economiser and turbine at our Stambolijski kraft paper mill in Bulgaria and a new steam turbine at our Richards Bay pulp and containerboard mill in South Africa. With the exception of the bark boiler completed in the first half of 2013, these projects were completed in the second half of the year, with the benefits of reduced energy costs, improved efficiencies and improved electricity self-sufficiency expected to be realised from 2014 onwards. In total approximately €140 million has been invested in these and other smaller energy-related projects.

Operating and financial highlights

Our Integrated report and financial statements 2013 provide a comprehensive review of the operational and financial performance of our Group. Key financial measures for the year include:

Key financial measure	2012	2013
Group revenue	€5.8 billion	€6.5 billion
Underlying operating profit	€574 million	€699 million
Basic underlying earnings per share	69.2 euro cents per share	95.0 euro cents per share
Capital expenditure	€294 million	€405 million
Net debt	€1,872 million	€1,621 million
Return on capital employed	13.6%	15.3%

Distribution of value added 2013



- 48 Employees
- 10 Providers of equity capital
- 6 Providers of loan capital
- 6 Direct taxes paid
- 30 Reinvested in the Group

€431 million
committed to
green energy
related projects
between 2011 and 2016

IR See our *Integrated report and financial statements* for more information.



OUR FUTURE

We will develop new commitments that are practical and measurable, and will share these with all our people and key stakeholders



GRI content index



Data sheets

The road ahead

We are committed to on-going active engagement with all our stakeholders regarding the material issues and future trends that impact on our business, as these provide important input for the development of our future sustainable development strategy.

We will do this through active dialogue and stakeholder engagement, by taking the time to explain our approach and understand alternative perspectives. Our business and SD teams will be directly involved in these discussions with our stakeholders, including NGOs, and we plan to implement practical measurable solutions that make both good business and sustainability sense.

We are improving communication with our employees to increase their understanding of the future challenges of sustainability within our business.

We have already made good progress engaging with our people on safety issues and we plan to apply the lessons we have learnt to address environmental and social issues. During our *Making a Difference Day* we will give a greater profile to environmental and social issues. We will increase the engagement with our converting operations and have established a converters' environmental network group. We are also developing our social sustainability network group in our mills and plan to share best practices to develop a global framework, which addresses local priorities. Our global procurement and SD teams are working together to develop more sustainable supply chains.

The challenges and opportunities we face include:

- **Safety**

We must ensure that Mondi is a safe place to work for all our employees and contractors. In order to address low-probability, high-impact events, all sites have reassessed their top five risks and developed action plans to engineer out these risks and where not possible, implement robust procedures. Through strong and focused leadership, we will continue to manage the effectiveness of these plans and address our procedures and controls. As all four fatalities were contractors, we are reviewing our contractor safety management, particularly at our material operations.

- **Availability of and access to certified fibre**

The lack of available certified fibre will continue to be a challenge for our business, especially given the commitment of some of our larger customers to increase their demand when supply is already limited. We will continue to engage in active dialogue directly with the certification bodies (FSC™ and PEFC™) and, together with WBCSD Forest Solutions Group, industry associations and NGOs. It is important that everyone understands the challenges and works together on practical solutions.

- **Energy**

Energy is an important sustainability issue within our industry and we have made a number of significant investments in recent years to improve our performance. In addition to those already in production, Ružomberok will be commissioned in H2 2014 and Świecie in H2 2015. These investments will further improve our mills' energy efficiency and self-sufficiency.

- **Water**

We will continue to focus on responsibly managing our water usage. We will use the



QUOTE

"In 2011, we implemented our five year sustainability commitments. These commitments have helped organise, direct, monitor and improve our sustainable development efforts during the past three years. We are now developing new commitments for the 2016 to 2020 period."

Neil Burns

Group Head of Sustainable Development

information gained from our water impact assessments to develop action plans. We believe these actions, in addition to our investments in the Syktyvkar waste water treatment plant and upcoming investments in Świecie during 2014, will allow us to further reduce our water footprint. We are committed to on-going active engagement with all our stakeholders regarding the material issues and future trends that impact on our business, as these provide important input on the development of our future sustainable development strategy.

- **Waste**

We will continue to focus on reducing the waste we produce, and specifically on achieving our commitment to reduce waste to landfill by 20% by 2015. We have reduced this by 7% since 2010. We are now focusing on new and innovative solutions to deliver on our commitment.

- **Communities**

We will continue to engage with the communities in which we operate, using our existing CEP and SEAT framework. This provides a global framework to manage local priorities, identify and manage expectations and explain our approach.

- **Ensuring the integrity and sustainability of our supply chain**

By working together with our suppliers and customers to better understand the challenges and opportunities, we can improve the overall effectiveness of our entire supply chain. The new GRI G4 reporting initiative encourages businesses to place more emphasis on reporting their impact along the entire supply chain. We will focus on improving our understanding of our footprint beyond our borders to find manageable practical solutions.

- **New generation plantations**

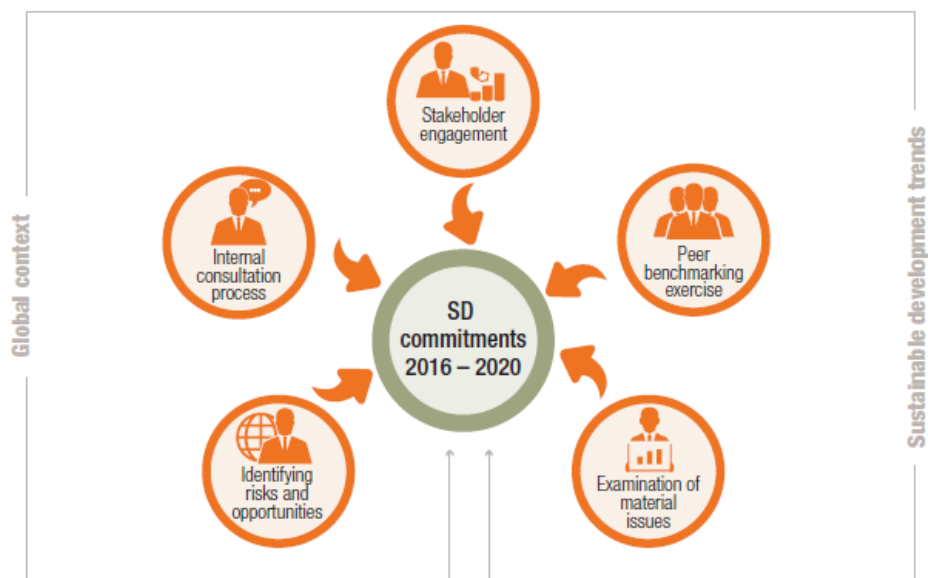
We will continue to be actively involved in the development of the WWF New Generation Plantations Platform as we believe this provides a great example of how such an approach could be applied beyond forestry on a landscape level.

Our new five-year sustainable development commitments

Our sustainability commitments are driven from our risk management process, our material issues, business opportunities and broad stakeholder engagement. In 2011, we implemented our five-year sustainability commitments. These commitments have helped organise, direct, monitor and improve our sustainable development efforts during the past three years. We are now developing new commitments for the period from 2016 to 2020. We will actively engage in a comprehensive consultation process within and beyond the organisation to develop these commitments.

We will develop new commitments that are practical and measurable, and most appropriate and meaningful for our business, our stakeholders and the communities in which we operate. It is important that these new commitments are shared with all our people and our key stakeholders.

Establishing our sustainable development commitments



Mondi and WWF to sustain ecosystems through responsible business practices

Mondi and WWF International have decided to work together in a three-year strategic partnership that focuses on increasing environmental stewardship in the packaging and paper sectors. The partnership agreement links Mondi with one of the world's largest conservation organisations, sending a strong signal that addressing environmental sustainability makes good business sense. The partnership will focus on minimising the impacts of Mondi's operations on forests, climate and water, and encouraging sustainable practices in the industry.



GRI content index



Data sheets

Business in the Community: external comment

Business in the Community provided feedback on our printed report, *Sharing our sustainable future*.

Business in the Community (BITC) provided feedback on Mondi's 'Shaping our sustainable future' 2012 report. Over the last year the company has made significant changes to its report and invited us to provide feedback to the 2013 version in order to evaluate the progress made and identify further steps for improvement. It is encouraging to see some of our recommendations being implemented, and we are looking forward to the opportunity to help shape Mondi's reporting practices even further.

The report is aimed at a wide range of stakeholders and serves as Mondi's platform for highlighting its priorities within a broader global context. It is accompanied by Mondi's integrated report and financial statements for 2013 and an online sustainable development report, which together contain detailed information on the company's performance with regards to environmental, social and governance issues.

This statement provides our assessment of Mondi's report; it expresses our views on whether the company adequately identified its material issues and how these are being addressed, as well as the structure and fairness of the report. BITC did not engage in formal verification or assurance of the accuracy or completeness of the information or data presented in the report. Views expressed in this statement are based on the review of the 'Sharing our Sustainable Future 2013' report only.

Mondi's approach to sustainable development

Mondi's strategy and business

The report provides a comprehensive overview of The Mondi Way and how its operational framework supports the business in achieving its objectives 'in a sustainable way'. The company outlines its risk and opportunity management processes and describes how sustainability is integrated into strategic decision making, in particular prior to introduction of new operations, practices, processes and products.

Mondi's ambition

Mondi works with the World Business Council for Sustainable Development's focus areas and sector teams around the Action2020 initiative. It is a positive step and we look forward to seeing how their commitments will be developed for the 2016 to 2020 period.

All of this demonstrates that sustainability is not a separate part of the business but that it is, indeed, integrated into the way Mondi does business.

Governance

The Group's Board has the ultimate responsibility in upholding ethical standards across all operations. Commitment to sustainable development is reinforced in a letter from the chairman of the DLC sustainable development committee and Chief Executive Officer. The letter refers to some of the Group's focus areas including safety, carbon footprint, integration of new acquisitions and supply chain, and discloses some of Mondi's key challenges, including four fatalities experienced in the Group during the year. We commend the company's efforts and transparency in reporting on this issue.

Stakeholders

The report provides a list of eleven key stakeholders that Mondi engages with on an ongoing basis. This overview provides much more detail compared to the 2012 report. It showcases the importance the company places on stakeholder engagement and reflects the global context



within which they operate. Examples of engagements provided throughout the report demonstrate the commitment given to ongoing dialogue. The report also includes the list of organisations of which Mondi is an active supporter, member and/or participant. Mondi takes the disclosure one step further by directing the reader to the online sustainable development report, which contains information on the type and level of engagement with each stakeholder group.

Mondi's response to global sustainability issues

Mondi identified the most material sustainability challenges the company and its stakeholders are facing and provides many examples of how it addresses these challenges at the local level. The identification of material issues involved a dialogue with the company's stakeholders at multiple levels, which we consider to be good practice. See [Our material issues within a global context](#) of the report for the comprehensive list of issues.

The company clearly explains why it focuses on these issues and outlines its business case for each of them. The report also identifies what could be considered Mondi's 'unique contribution' to the '9 billion challenge'¹: promotion of responsible management of forests as one of the key ecosystems in protecting the planet.

¹ Refer to the *BITC's Big Boardroom Agenda* for more information on the unique contribution concept.

In addition to this, we would encourage Mondi to create a better link between its business case for 'People, societies and development' and the data provided in the 'Actions' section (see recommendations in [Our manufacturing operations: a focus on our people](#) section).

In 2013, Mondi restructured the report in order to make it easier for the stakeholders interested in specific operations to understand the scope of respective activities. The new structure of the report better reflects Mondi's operational framework (i.e. operational excellence, people development, sustainable development, cutting edge products and customer focus), and outlines how the two main lines of business, forestry and manufacturing operations, support this framework.

Our forests: operational excellence

This section outlines how Mondi's modernisation programme enables the company to address key challenges affecting the forest sector. In 2013, the Group's focus shifted from harvesting to roads, planning and silviculture. The examples of modernisation programmes in South Africa and Russia demonstrate the positive impact of these initiatives, such as increased forest yields and improved safety of the workforce. We encourage Mondi to also clarify the impact of these initiatives on some of the issues identified at the beginning of that section ([Operational excellence](#)), including an ageing rural workforce and, in South Africa, high labour turnover and the impact of HIV/AIDS.

Our forests: a focus on people

This section focuses on how Mondi's forest operations contribute to the wellbeing of its workforce and local communities and the development of the forest industry.

The company goes beyond health and safety standards and supports the wellbeing of its workforce, which was effectively demonstrated by the example of the logging camps in Komi, Russia.

In order to make sure that its community investment activities are focused on the needs of local communities, Mondi conducts socio-economic assessments of the areas where the business operates. These plans are covered in more detail in another section of the report ('[Our manufacturing operations: a focus on our people](#)') and the reference to this section is provided.

We commend Mondi's commitment to building up the capacity of the forest industry by developing a pipeline of talent and supporting its small-sized suppliers. Mondi Zimele, small supplier development programme, is a great initiative focused on building the capacity of Mondi's current and future small-sized suppliers. It promotes responsible business practices and ensures Mondi's access to sustainable fibre. The report would benefit from providing more detail of the outcomes of this support from the suppliers' and communities' perspective. Some of this information, e.g. jobs created, was included in the 2012 report.

Our forests: ecosystem stewardship

Mondi proactively collaborates with NGOs, governments and other organisations around the protection of ecosystems and biodiversity. The company goes beyond complying with legislation, and its activities are often mentioned as good practice examples at relevant industry events. In 2013 the company has started to use its Integrated Biodiversity Assessment Tool on Group level, which is expected to increase the understanding of potential biodiversity risks further.

As part of its commitment to biodiversity, the Group has set aside 26% of its forestry landholding for conservation and maintains 100% FSC certification of all owned, leased and

managed forests in Russia and South Africa, which is a significant achievement.

Our manufacturing operations: operational excellence

This section provides an overview of how Mondi addresses its key environmental impacts, including carbon emissions, water use, emissions to water and air, and solid waste. We commend Mondi's work on driving performance improvement, which was demonstrated in all areas except for solid waste and water use.

In 2013 Mondi successfully completed water impact assessments at all its paper and pulp mills. This exercise has increased the company's understanding of water issues and its management. Responding to Business in the Community's recommendations to the 2012 report, Mondi provided a visual breakdown on the type of water used during the production process and examples of its responsible management practices.

We encourage Mondi to present the data in this chapter in a more accessible way by introducing infographics explaining the company's manufacturing operations and showcasing at which stages the impacts are taking place and in which quantities. We would also suggest providing a comparison of performance between Mondi's manufacturing operations and other parts of the business. This could also be done by signposting the reader to where more detailed information is available.

Our manufacturing operations: a focus on our people

In this section Mondi focuses on its key employee issues, including diversity, safety, and learning and development. Health and safety is probably the most crucial aspect for Mondi when it comes to its workforce, and we commend the Group's efforts and transparency in reporting on this issue. As mentioned in our previous feedback, we suggest the company builds on these efforts and includes a wider range of indicators around wellbeing and diversity. We also recommend making it clearer whether the data in the "Employment" section covers the company's forestry operations.

In addition to the above, the Group outlines its commitment to local communities and describes its socio-economic assessment process as a framework to evaluate the effectiveness of its community investment projects. Building on our 2012 feedback, Mondi provided a detailed example of its employees' role in community investment. To take this one step further, we recommend mentioning the criteria used to prioritise Mondi's community investment. The criteria, which were included in the 2012 report, will enable the reader to gain a better understanding of the overarching approach.

Our supply chain

In the 2013 report, Mondi outlined its approach to developing a transparent and responsible supply chain, which includes gaining a better understanding of the impacts across the whole supply chain and working together with key suppliers and customers around its sustainability challenges. The Group provides clear examples of how it reduces its Scope 3 carbon emissions through optimised logistics and secures sustainable fibre via promotion of sustainable forestry. We recommend referring to the subsection "[Securing a sustainable wood supply](#)" in the "[Our forests operations](#)" section in order to better facilitate the navigation of forestry stakeholders throughout the report. Adopting a collaborative approach is best practice in responsible supply chain management and we look forward to seeing how Mondi progresses this area in coming years.

Our products

Mondi uses a life-cycle approach when managing the impact of its products and demonstrates great effort in product design to reduce material use and waste. Following our previous recommendations, the company provides several examples of how it engages with its customers and how their feedback is used in developing greener products. Mondi also mentions that it integrates recycling into its business model. We encourage the Group to include more information about this in its report. Finally, as mentioned last year, we also recommend outlining the Group's approach to influencing end user behaviour. It is important to consider this aspect to accurately design close-loop recycling of all products.

Overall report and quality format

The report is comprehensive and presented in a reader friendly format. The report structure enables Mondi's stakeholders to understand its business model and strategy, as well as how these are being supported by the company's operations: forestry and manufacturing.

The report gives numerous links to the other two reports (Integrated report and sustainable development report), giving stakeholders access to more detailed information on the Group's activities and performance.

There is a clear link between the Group's 2015 sustainable development commitments and its material issues, as shown under [Our material issues within a global context](#). There is an

opportunity for Mondi to give more information on how the Group sees the new 2016-2020 commitments contribute to each of the four pillars of its business strategy.

Conclusions

In our opinion Mondi's 'Sharing our sustainable future 2013' report allows the company's stakeholders to easily grasp the scope of its material issues and why these are relevant to the business. The report offers detailed and easy-to-read information and provides examples of how Mondi's operations contribute to finding and implementing solutions to different challenges. The Group has made great progress in addressing these and included an impressive list of initiatives for the next two years. We are looking forward to seeing the company's 2016-2020 commitments and encourage Mondi to develop longer-term commitments.



Data summary: economic

Value added statement 2013:	€million	%
Turnover	6,476	—
Purchased materials and services	(4,478)	—
Value added	1,998	—
<i>Distributed to</i>		
Employees	957	48
Providers of equity capital	198	10
Providers of loan capital	115	6
Direct taxes paid	126	6
Reinvested in the group	602	30
	1,998	100

Key financial measure	2012	2013
Group revenue	€5.8 billion	€6.5 billion
Underlying operating profit	€574 million	€699 million
Basic underlying earnings per share	69.2 euro cents per share	95.0 euro cents per share
Capital expenditure	€294 million	€405 million
Net debt	€1,872 million	€1,621 million
Return on capital employed	13.6%	15.3%



GRI content index



Data sheets

IN THIS SECTION

Data summary: economic

Data summary: social

Data summary: environmental



SUPPLEMENTARY INFORMATION

 [GRI content index](#)  [Data sheets](#)

Data summary: social

Gender diversity	Male	%	Female	%
Directors	7	78	2	22
Senior managers	252	93	19	7
Employees	19,421	80	4,979	20

Corporate social investment spend (€000)	2010	2011	2012	2013
Community health and welfare	691	205	219	211
Education and youth	679	797	835	574
Environment	29	81	102	456
Community development	6,427	5,828	4,895	4,302
Arts, culture and heritage	146	903	235	313
Housing	837	333	288	235
Other	3,802	9,150	7,716	3,907
Total	12,611	17,300	14,300	9,997

Social: safety

Number of work-related fatalities	2010	2011	2012	2013
Employees	1	1	1	0
Contractors	1	2	1	4

	2010	2011	2012	2013
Total recordable case rate (per 200,000 hours worked)	1.09	0.92	0.79	0.78

Social: health

	2010	2011	2012	2013
Noise-induced hearing loss (number of new cases)	34	16	0	0

IN THIS SECTION

[Data summary: economic](#)

Data summary: social

[Data summary: environmental](#)

SUPPLEMENTARY INFORMATION

Data summary: environment



GRI content index



Data sheets

IN THIS SECTION

[Data summary: economic](#)

[Data summary: social](#)

[Data summary: environmental](#)

Energy use (GJ) material operations	2010	2011	2012	2013
Electricity purchased	7,238,332	6,471,682	6,655,930	6,292,282
Own biomass	72,408,553	78,768,760	79,820,452	82,471,187
Purchased biomass	7,760,110	8,105,830	8,781,214	7,604,285
Fossil fuels consumed	62,240,045	64,022,553	63,852,690	57,826,324
Heat purchased	1,742,569	366,895	40,380	64,181
Energy sales	(8,042,657)	(10,858,806)	(11,268,382)	(9,916,875)
Total energy use	143,346,952	146,876,914	147,882,284	144,341,384

Energy use (GJ) converting operations	2010	2011	2012	2013
Electricity purchased	1,122,762	1,124,704	975,818	1,664,431
Fossil fuels consumed	1,282,791	1,339,580	1,526,357	1,750,070
Heat purchased	159,017	165,521	129,337	209,856
Total energy use	2,564,570	2,629,805	2,631,512	3,624,357

Electricity self-sufficiency (%)	2010	2011	2012	2013
Own electricity produced	83.1	93.5	93.0	89.5
Electricity purchased	26.9	25.2	25.7	25.6
Electricity sold	10.0	18.7	18.7	15.2

Fuel consumption for material operations (million GJ)	2010	2011	2012	2013
Produced from our own biomass	72.4	78.8	79.8	82.5
Purchased fuel	69.8	72.1	72.6	65.4

Scope 3 emissions (million tonnes CO ₂ e)	2012	2013
Raw materials	1.291	1.923
Employee commuting	0.049	0.047
Transportation of raw materials	0.428	0.424
Transportation of products	0.231	0.261
Business travel	0.003	0.003
Total	2.002	2.658

CO ₂ e emissions from our material operations by country 2013 (tonnes)	Scope 1	Scope 2	Total Scope 1 and 2 emissions
Austria	186,696	78,058	264,754
Czech Republic	352,006	17,017	369,023
Germany	106,737	539	107,276
Poland	410,457	256,748	667,205
Russia	1,859,925	1,398	1,861,323
Bulgaria	31,430	64,046	95,476
Sweden	15,250	51,964	67,214
Turkey	60,924	26,288	87,212

Finland	39,794	29,376	69,170
Slovakia	100,026	87,937	187,963
E&I Division	3,163,245	613,371	3,776,616
South Africa Division	751,207	516,526	1,267,733
Group total	3,914,452	1,129,897	5,044,349

Specific CO ₂ e emissions (tonnes per tonne of saleable product)	Specific Scope 1	Specific Scope 2	Specific total (Scope 1 and 2) CO ₂ e
2010	0.67	0.19	0.86
2011	0.70	0.16	0.87
2012	0.68	0.19	0.87
2013	0.62	0.18	0.81

CO ₂ e emissions from our material operations (tonnes)	Scope 1	Scope 2	Total CO ₂ e
2010	4,126,286	1,174,199	5,300,485
2011	4,304,138	996,851	5,300,989
2012	4,261,792	1,162,898	5,424,690
2013	3,914,452	1,129,899	5,044,351

Total water input (potable and non-potable)	2010	2011	2012	2013
Potable water input	31,389,149	31,241,107	29,762,268	28,791,667
Non-potable water	283,829,690	281,989,578	276,982,334	279,434,256
Second-class water	11,158,333	12,271,228	11,757,353	10,361,089
Surface water	252,624,975	248,355,294	246,247,103	249,992,902
Ground water	20,046,382	21,363,056	18,977,878	19,080,265
Waste water from 3 rd parties	41,325,349	37,261,038	39,606,995	39,212,851
Total (m³)	315,218,839	313,230,685	306,744,602	308,225,924

Effluent (water discharges) (m ³)	2010	2011	2012	2013
Water discharge via on-site or off-site treatment	232,482,459	236,528,086	238,274,102	229,832,212
Effluent direct to surface water without treatment	85,866,479	93,279,736	89,297,491	88,936,025
Effluent to irrigate land	82,518	64,181	51,267	24,338
Total water output	318,431,456	329,872,003	327,622,860	318,792,575
Waste water from 3 rd parties and other Mondi operations	41,325,349	37,261,038	39,606,995	39,212,851
Total water output (excluding 3rd parties)	277,106,107	292,610,965	288,015,865	279,579,724

Emissions to water (tonnes)	2010	2011	2012	2013
COD	49,923	46,987	47,049	45,552
AOX	150	160	155	151

Air emissions (tonnes)	2010	2011	2012	2013
Total NOx emissions from process	11,316	11,616	11,514	11,348
Total particulate emissions	2,937	1,536	1,614	1,646
TRS from processes	106	90	99	65
Total SO ₂ emissions from processes	3,805	4,244	4,185	3,955

Emission of ozone-depleting substances (kg)	2010	2011	2012	2013
HFC	1,993	6,333	2,865	4,826
HCFC	158	963	2,712	1,301
CFC	36	744	0	3
Halons	0	0	6	0
Total loss of ozone-depleting substances	2,187	8,040	5,583	6,130

Waste to landfill (tonnes)	2010	2011	2012	2013
Non-hazardous waste to landfill	292,590	299,436	264,938	270,676
Hazardous waste to landfill	1,108	794	1,704	2,107
Total waste to landfill	293,698	300,230	266,642	272,783

Hazardous waste (tonnes)	2010	2011	2012	2013
Hazardous waste to landfill	1,108	794	1,704	2,107
Hazardous waste incinerated	1,210	1,407	1,845	2,265
Hazardous waste sent for recycling/re-use	2,431	1,393	1,273	2,485
Hazardous waste for treatment	14,676	11,515	7,089	9,652
Total hazardous waste	19,425	15,109	11,911	16,509

Non-hazardous waste (tonnes)	2010	2011	2012	2013
Non-hazardous waste for treatment	4,063	812	576	1,419
Non-hazardous waste to internal or external incineration	47,283	67,432	66,384	65,951
Non-hazardous waste recycled	733,185	866,873	911,755	872,385
Non-hazardous waste to landfill	292,590	299,436	264,938	270,676
Total non-hazardous waste	1,077,121	1,234,553	1,243,653	1,210,431

Total debris (tonnes)	2010	2011	2012	2013
Non-hazardous debris	33,220	54,672	77,070	11,203
Hazardous debris	3	10		1,514
Total debris	33,223	54,682	77,070	12,717

Total solid waste (tonnes)	2010	2011	2012	2013
	1,129,769	1,304,344	1,332,634	1,239,657

Renewable materials	2011	2012	2013
Wood (million m ³)	16.8	16.2	16.4
Pulp (million tonnes)	3.5	3.8	3.9
Paper for recycling (million tonnes)	1.5	1.5	1.4

Certification	2010	2011	2012	2013
Percentage of wood procured that is FSC™ or PEFC™ certified	60	61	65	66

Certified wood %	2010	2011	2012	2013
FSC™-certified	43	46	46	47
PEFC™-certified	17	15	19	19
Total CoC-certified	60	61	65	66



SUPPLEMENTARY INFORMATION



GRI content index



Data sheets

Independent assurance statement to Mondi Group

ERM Certification and Verification Services (ERM CVS) was engaged by Mondi Group to provide assurance in relation to the information set out below and presented in the online Mondi 2013 Sustainable Development Report (the Report).



Engagement summary

Scope:

- Whether the 2013 data for the following key performance indicators ('KPIs') are fairly presented, in all material respects:
 - Total energy usage (GJ);
 - Scope 1 and Scope 2 GHG emissions (tonnes CO₂e);
 - Total water input (m³);
 - Percentage reduction in total waste to landfill (from 2010 baseline);
 - Total recordable case rate (number/200,000 hours);
 - Percentage Chain-of-Custody certified fibre-based product in portfolio;
 - Land claims settled in forestry operations in South Africa (number and percentage);
 - Land transferred to claimant communities in forestry operations in South Africa (area and percentage); and
 - Food contact packaging operations certified to a recognised food hygiene standard (number).
- Whether the Report has been prepared in accordance with the GRI G3 Sustainability Reporting Guidelines (the 'GRI G3 Guidelines').

In addition we were asked to check whether the GRI G3 Application Level B+, is consistent with the GRI criteria for this Application Level.

Reporting criteria

- The Sustainability Reporting Guidelines G3 of the Global Reporting Initiative and internal indicator criteria developed by Mondi and described in the section 'Reporting scope and boundary' and the relevant performance sections.
- ISO 14064-1:2006 and the WBCSD WRI GHG Protocol (2004) for the Scope 1 and Scope 2 GHG emissions.

Assurance standard

- ERM CVS' assurance methodology, based on the International Standard on Assurance Engagements (ISAE 3000).
- ISO 14064-3:2006 for the Scope 1 and Scope 2 GHG emissions.

Assurance level

- Reasonable assurance:** Scope 1 and Scope 2 GHG emissions for Mondi Group's material operations.
- Limited assurance:** Scope 1 and Scope 2 GHG emissions for Mondi Group's converting operations, the other indicators set out under (1) above and the preparation of the report as set out under (2) above.

Respective responsibilities:

- Mondi Group is responsible for preparing the Report and for the collection and presentation of the information within it.
- ERM CVS's responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.

Our conclusions

In our opinion, the 2013 [Scope 1 and Scope 2 GHG emissions for Mondi Group's material operations](#) are fairly presented, in all material respects, in accordance with the reporting criteria.

Based on our activities, nothing has come to our attention to indicate that the 2013 data for the other KPIs, as listed under 'Scope' above, are not fairly presented, in all material respects, with the reporting criteria.

Based on our activities, nothing has come to our attention to indicate that the Report has not been prepared, in all material respects, in accordance with the GRI G3 Guidelines.

GRI application level

We conclude that the [self-declared G3 Application Level \[B+\]](#) and based on the [GRI Content Index](#) is consistent with the GRI criteria for this Application Level.

Our assurance activities

A multi-disciplinary team of sustainability, GHG and assurance specialists performed the following activities:

- A review of external media reporting relating to Mondi Group to identify relevant sustainability issues in the reporting period.
- Interviews with relevant staff to understand Mondi Group's Sustainable Development strategy, policies and management systems for the KPIs.
- Interviews with relevant staff to understand and evaluate the data management systems and processes (including IT systems and internal review processes) used for collecting and reporting SD data.
- A review of the internal reporting guidelines, including conversion factors used.
- Visits to eight production sites in South Africa, Sweden, Austria, the Czech Republic, Poland and Belgium to verify the source data underlying the Scope 1 and Scope 2 GHG emissions, the other environmental and safety indicators, the Chain-of-Custody certified fibre indicator and the food contact packaging operation hygiene certification indicator.
- A visit to the offices of Mondi Group in Pietermaritzburg, South Africa to review the source data underlying the land claims indicators.
- An analytical review of the year end data submitted by all sites included in the consolidated 2013 group data for the KPIs.
- Reviewing selected evidence related to the design, information collection, and production of the Report in accordance with the GRI G3 Sustainability Reporting Guidelines.
- Reviewing the presentation of information relevant to the scope of our work in the Report to ensure consistency with our findings.

In addition, for the Scope 1 and Scope 2 GHG data:

- Assessing the conclusions of accredited third-party verification bodies relating to the verification of Scope 1 CO₂e emissions for 2013 from Mondi Group's material operations that fall within the scope of the EU emissions trading scheme (EU ETS) and checking consistency of the verified emissions with the data for these operations included in the consolidated data in the Report.
- Requesting and performing desktop verification of underlying source data for GHG emissions from four other material operations not covered by our site visits or the EU ETS verification process.
- Testing the calculation of the Scope 1 and Scope 2 GHG emissions and reviewing uncertainties associated with the measuring and reporting of GHG emissions data for Mondi Group's material operations at site and Group levels.

The limitations of our engagement

The reliability of the assured data is 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 independent assurance statement

provides no assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular whether any changes may have occurred to the information since it was first published.

Our observations

We have provided Mondi Group with a separate detailed management report. Without affecting the conclusions presented above, we have the following key observations:

- Although Mondi achieved a further improvement in its Total Recordable Case Rate (TRCR) in 2013, there were 4 fatalities during the year, all of which involved contractors. While recognising that Mondi has already undertaken assessments of its most significant safety risks and is developing action plans, we recommend an increased focus on contractor safety in 2014 to ensure that the action plans lead to the implementation of improved safety procedures, in particular for non-routine contractor operations, in line with Mondi's goal of zero harm in the workplace.
- Based on performance to date, Mondi's commitment to reduce specific contact water consumption by 10% by 2015 against a 2010 base year is a challenging target. Further to the completion of water impact assessments at all of its pulp and paper mills and forest operations, we encourage Mondi to apply the information gained from this process to implement measures to reduce water input and to recycle and reuse process water in order to improve its performance in line with its commitment.
- We note that this year's Report outlines how Mondi engages with its key stakeholders and details their interests and topics of concern. However, we suggest that future Sustainable Development Reports would be improved by the inclusion of feedback received from Mondi's stakeholders on its SD practices and performance, together with Mondi's response.
- We recognise that Mondi's monitoring and reporting of Chain-of-Custody (CoC) certified input materials, by now including externally procured pulp as well as wood, improves the transparency of its reporting on this metric. However, our findings indicate there is a need for Mondi to better communicate the purpose and importance of this metric as well as improving the clarity of its commitments and performance reporting.
- While recognising the progress made with Community Engagement Programmes (CEPs) and SEAT assessments at material operations, we recommend refining the definition of 'socially material operations' so that all operations where Mondi's activities have significant social and economic impacts for local communities are included in these programmes.

Jennifer Iansen-Rogers
Head of Report Assurance Services
28 March 2014

ERM Certification and Verification Services, London

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ERM CVS is a member of the ERM Group. The work that ERM CVS conducts for clients is solely related to independent assurance activities and auditor training. Our processes are designed and implemented to ensure that the work we undertake with clients is free from bias and conflict of interest. ERM CVS and the staff that have undertaken work on this assurance exercise provide no consultancy related services to Mondi Group in any respect.

GRI content index

GRI's Report Services have concluded that this report fulfills the requirement of Application Level B+. GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. [View the GRI Application Level Check statement](#) —>



General standard disclosures		References	Reporting status
STRATEGY AND ANALYSIS			
1.1	Statement from the most senior decision maker of the organisation (e.g. CEO, chair, or equivalent senior position) about the relevance of sustainability to the organisation and its strategy	Letter from the chairman of the DLC sustainable development committee and the chief executive officer	Fully
1.2	Description of key impacts, risks, and opportunities	Our approach to sustainability and reporting ; Our material issues within a global context ; and IR Risk management	Fully
ORGANISATIONAL PROFILE			
2.1	Name of the organisation	Home page and throughout this report	Fully
2.2	Primary brands, products, and/or services	Our business ; and Our products	Fully
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures	Our business ; IR The Mondi Group ; and IR Note 37 of the financial statements	Fully
2.4	Location of organisation's headquarters	Our business	Fully
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	Our business ; and IR Mondi's global footprint	Fully
2.6	Nature of ownership and legal form	Our business	Fully
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	IR Our strategy in action ; and IR Our products	Fully
2.8	Scale of the reporting organisation	Our business	Fully
2.9	Significant changes during the reporting period regarding size, structure, or ownership	Reporting approach	Fully
2.10	Awards received in the reporting period	Reporting scope and boundary ; and Our products	Fully
REPORT PROFILE			
3.1	Reporting period (e.g. fiscal/calendar year) for information provided	Reporting approach	Fully
3.2	Date of most recent previous report	Reporting approach	Fully
3.3	Reporting cycle (annual, biennial)	Reporting approach	Fully
3.4	Contact point for questions regarding the report or its contents	Mondi Group website	Fully
REPORT SCOPE AND BOUNDARY			
3.5	Process for defining report content	Reporting approach	Fully
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	Reporting approach	Fully
3.7	State any specific limitations on the scope or boundary of the report	Reporting approach	Fully

General standard disclosures		References	Reporting status
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations	 <u>Note 1 of the financial statements</u>	Fully
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report	<u>Reporting approach</u>	Fully
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/periods, nature of business, measurement methods)	<u>Reporting approach</u>	Fully
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	<u>Reporting approach</u>	Fully
GRI CONTENT INDEX			
3.12	Table identifying the location of the standard disclosures in the report	This page	Fully
ASSURANCE			
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organisation and the assurance provider(s)	<u>Our 2013 suite of reports;</u> and <u>Reporting approach</u>	Fully
GOVERNANCE			
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight	<u>Governance and risk management</u>	Fully
4.2	Indicate whether the chair of the highest governance body is also an executive officer (and, if so, their function within the organisation's management and the reasons for this arrangement)	<u>Governance and risk management</u>	Fully
4.3	For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members	 <u>Corporate governance report;</u> and <u>Our employment practices</u>	Fully
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	<u>Governance and risk management;</u> and <u>Our stakeholders</u>	Fully
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance)	 <u>Remuneration report.</u>	Fully
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	<u>Governance and risk management</u>  <u>Corporate governance report</u>	Fully
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity	 <u>Corporate governance report</u>	Fully
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	<u>Governance and risk management</u>	Fully
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	<u>Governance and risk management</u>	Fully
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	 <u>Corporate governance report</u>	Fully
COMMITMENTS TO EXTERNAL INITIATIVES			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	 <u>Corporate governance report</u>	Fully
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses	Throughout the report, but see <u>Our stakeholders</u>	Fully

General standard disclosures		References	Reporting status
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations	Our stakeholders	Fully
STAKEHOLDER ENGAGEMENT			
4.14	List of stakeholder groups engaged by the organisation	Our stakeholders	Fully
4.15	Basis for identification and selection of stakeholders with whom to engage	Our stakeholders	Fully
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Our stakeholders	Fully
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting	Our stakeholders	Fully

Indicator	Material aspect	References	Reporting status
ECONOMIC			
	Management approach	Our economic performance ; and  Integrated report and financial statements	Fully
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	Our business ; Our economic performance ; and  Integrated report and financial statements 2013 (throughout the report)	Partially
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	Our material issues within a global context ; Our manufacturing operations: operational excellence	Partially
EC3	Coverage of the organisation's defined benefit plan obligations	 Remuneration report ; and  Note 23 of the financial statements	Partially
EC4	Significant financial assistance received from government	Not reported	Not reported
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Not reported	Not reported
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	 Reviewing our business performance ; and Our manufacturing operations: a focus on our people	Partially
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	Not reported	Not reported
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind, or pro bono engagement	Our manufacturing operations: a focus on our people	Partially
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	Our economic performance	Fully
ENVIRONMENTAL			
	Management approach	Our forests ; and Our forests: ecosystem stewardship	Fully
EN1	Materials used by weight or volume	Our supply chain	Fully
EN2	Percentage of materials used that are recycled input materials	Our supply chain	Fully
EN3	Direct energy consumption by primary energy source	Our manufacturing operations: operational excellence	Fully
EN4	Indirect energy consumption by primary source	Our manufacturing operations: operational excellence	Fully
EN5	Energy saved due to conservation and efficiency improvements	Our manufacturing operations: operational excellence ; and Our manufacturing operations: Investing in renewable energy	Fully
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	Our manufacturing operations: operational excellence ; Our manufacturing operations: investing in renewable energy at Frantschach and Syktyvkar mills ; and Our products	Fully
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	Our manufacturing operations: operational excellence ; Our manufacturing operations: investing in renewable energy at Frantschach and Syktyvkar mills ; and Our products	Fully
EN8	Total water withdrawal by source	Our manufacturing operations: operational excellence	Partially

Indicator	Material aspect	References	Reporting status
EN9	Water sources significantly affected by withdrawal of water	Our manufacturing operations: operational excellence ; and Our manufacturing operations: responsible water management at Merebank and Syktyvkar mills	Partially
EN10	Percentage and total volume of water recycled and reused	Our manufacturing operations: operational excellence ; and Our manufacturing operations: responsible water management at Merebank and Syktyvkar mills	Partially
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Our forests: ecosystem stewardship	Fully
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Our forests: ecosystem stewardship	Partially
EN13	Habitats protected or restored	Our forests: ecosystem stewardship	Fully
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	Our forests: ecosystem stewardship	Fully
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	Not reported	Not reported
EN16	Total direct and indirect greenhouse gas emissions by weight	Our manufacturing operations: operational excellence	Fully
EN17	Other relevant indirect greenhouse gas emissions by weight	Our manufacturing operations: operational excellence	Fully
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	Our manufacturing operations: operational excellence	Fully
EN19	Emissions of ozone-depleting substances by weight	Our manufacturing operations: operational excellence	Fully
EN20	NOx, SOx, and other significant air emissions by type and weight	Our manufacturing operations: operational excellence	Fully
EN21	Total water discharge by quality and destination	Our manufacturing operations: operational excellence	Partially
EN22	Total weight of waste by type and disposal method	Our manufacturing operations: operational excellence	Fully
EN23	Total number and volume of significant spills	Our manufacturing operations: operational excellence	Fully
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	Not reported	Not reported
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff	Not reported	Not reported
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Our products	Fully
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	Not reported	Not reported
EN28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations	Governance and risk management	Fully
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce	Our supply chain	Fully
EN30	Total environmental protection expenditures and investments by type		Not reported
SOCIAL			
Management approach		Our forests: a focus on our people Our manufacturing operations: a focus on our people	Fully
LA1	Total workforce by employment type, employment contract, and region, broken down by gender	Our manufacturing operations: a focus on our people	Partially
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region	Employee turnover is not centrally monitored or reported. The measurement of this indicator is the responsibility of the individual operations, and is monitored locally	Not reported
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation		Not reported
LA4	Percentage of employees covered by collective bargaining agreements	Our manufacturing operations: a focus on our people	Partially

Indicator	Material aspect	References	Reporting status
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements		Not reported
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Our manufacturing operations: a focus on our people and Our manufacturing operations: a focus on our people – Creating a sustainable safety culture	Partially
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Our manufacturing operations: a focus on our people	Partially
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	Our manufacturing operations: a focus on our people	Fully
LA9	Health and safety topics covered in formal agreements with trade unions	Not reported. This information is not available at a Group level as this engagement is undertaken at divisional and site levels	Not reported
LA10	Average hours of training per year per employee by gender, and by employee category	Our manufacturing operations: a focus on our people	Partially
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Our manufacturing operations: a focus on our people and Our manufacturing operations: a focus on our people – Training and development of our people at Syktyvkar mill	Partially
LA12	Percentage of employees receiving regular performance and career development reviews, by gender		Not reported
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Our manufacturing operations: a focus on our people	Fully
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Not reported. In line with our philosophy of encouraging diversity and excluding discrimination, we provide equal opportunity for men and women in the Group. It is our intent that there be no disparity between the remuneration of men and women, but this is not currently monitored.	Not reported
LA15	Return to work and retention rates after parental leave, by gender		Not reported
HUMAN RIGHTS			
Management approach		Our forests: a focus on our people	Fully
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening	Not reported as this information is not collated. Respect for human rights is a core value of the Group and is considered as part of all significant due diligence processes undertaken by the Group. However, this parameter is not formally measured or reported on.	Not reported
HR2	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken	Not reported. Respect for human rights is considered to be a core value of the Group and is considered in the appointment of contractors and suppliers. A code of conduct is provided to all contractors and suppliers and Mondi expects them to adhere to this. However, this parameter is not formally measured or reported on.	Not reported
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained		Not reported
HR4	Total number of incidents of discrimination and corrective actions taken		Not reported
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights		Not reported
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour		Not reported
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour		Not reported
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations	This information is not collated.	Not reported
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	Our forests: a focus on our people	Fully

Indicator	Material aspect	References	Reporting status
HR11	Number of grievances related to human rights	Governance and risk management	Partially
SOCIETY			
	Management approach	Our forests: a focus on our people Our manufacturing operations: a focus on our people	Fully
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Our manufacturing operations: a focus on our people and Our manufacturing operations: a focus on our people – Community engagement at Stambolijski and Świecie mills	Partially reported
SO2	Percentage and total number of business units analysed for risks related to corruption		Not reported
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures		Not reported
SO4	Actions taken in response to incidents of corruption		Not reported
SO5	Public policy positions and participation in public policy development and lobbying	Governance and risk management	Fully
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	Governance and risk management	Fully
SO7	Total number of legal actions for anticompetitive behaviour, anti-trust, and monopoly practices and their outcomes	Governance and risk management	Fully
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Governance and risk management	Fully
PRODUCT RESPONSIBILITY			
	Management approach	Our products	Fully
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	Our products	Fully
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	Our products	Fully
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	Our products	Partially
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	Our products	Fully
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction		Not reported
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship		Not reported
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	Our products	Fully
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Our products	Fully
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	Our products	Fully



Glossary of terms

AOX	Adsorbable organic halogen (AOX) compounds is a metric for emissions to water and is measured in tonnes.
ART	Anti-retroviral therapy
BAT	Best Available Technique. Technically and economically feasible environmental technology that is efficient and advanced, generally to reduce emissions and the impact on the environment as a whole. The BAT comparisons in the environment section are calculated based on the BAT values as defined by IPPC (The European Integrated Pollution Prevention and Control Bureau) in the 'Reference Document on Best Available Technique for the Pulp and Paper Industry'
B-BBEE	Broad-based black economic empowerment
CD4 count	CD4 cells are a type of white blood cell that fights infection; they move throughout the body helping to identify and destroy germs such as bacteria and viruses. A CD4 count helps tell how strong the immune system is, indicates the stage of HIV disease, guides treatment, and predicts how the disease may progress. Keeping the CD4 count high can reduce complications of HIV disease and extend life.
CDLI	CDP recognises companies with high-quality disclosure as top scoring companies in the their FTSE350 Carbon Disclosure Leadership Index where scores are calculated according to a standardised methodology which measures whether and how well a company responds to each question.
CDP	CDP is an international not-for-profit organisation providing a global system for companies to measure, disclose, manage and share information on carbon, water, forests and supply chain.
CEP	Community engagement plans (CEPs) provide the basis of our engagement and support for local communities and are updated manually by our socially material mills.
CEPI	The Confederation of European Paper Industries (CEPI) is a Brussels-based not-for-profit organisation regrouping the European pulp and paper industry, monitoring and analysing activities and initiatives in the areas of industry, environment, energy, forestry, recycling and competitiveness in general, and providing a unique source of information both for and on the industry. It has 19 member countries and represents some 550 pulp, paper and board producing companies across Europe and 1,000 paper mills, together representing 25% of world production.
CFCs	Chlorofluorocarbons
CITES	The Convention of International Trade in Endangered Species (CITES) is an international agreement between governments with the aim of ensuring that international trade in specimens of wild animals and plants does not threaten their survival.
CoC	Chain-of-Custody (CoC) is a tracking system that allows manufacturers and traders to demonstrate that timber comes from a forest that is responsibly managed in accordance with credible standards.

COD	Chemical oxygen demand (COD) is a measure of the oxygen-consuming capacity of inorganic and organic matter present in the waste water. It is a metric for emissions to water and is measured in tonnes.
Controversial sources	A term commonly used in the public domain in our industry. Mondi defines controversial sources as wood that is illegally harvested, in violation of traditional and civil rights, harvested in forest management units in which high conservation values are threatened by management activities, harvested in areas in which forests are being converted to plantations or non-forest use or harvested from forests in which genetically modified trees are planted.
Converting operations	Operations for the conversion of corrugated packaging, industrial bags, extrusions coatings, release liner, consumer packaging and advanced films.
CSI	Corporate social investment
DLC	Dual listed company
EMP	Ecosystem management plan
ERM CVS	Environmental Resources Management Certification and Verification Services
EU ETS	European Union's Emissions Trading Scheme
FABI	Forestry and Agricultural Biotechnology Institute (FABI) aim is to help the development of novel food and fibre crops that will contribute to global economic development and food security.
FACT	Focus Area Action Team of WBCSD
FAO	Food and Agriculture Organization (FAO) of the United Nations' mandate is to raise levels of nutrition, improve agricultural productivity, better the lives of rural populations and contribute to the growth of the world economy.
FSA	Forestry South Africa (FSA) is South Africa's premier and largest forestry organisation representing growers of timber in South Africa. The association has over 90% of all registered timber growers as members (over 2,500 members).
FTSE4Good	The FTSE4Good Index Series has been designed to objectively measure the performance of companies that meet globally recognised corporate responsibility standards.
FSC™	Forest Stewardship Council™ (FSC™) is an international not for-profit, multi-stakeholder organisation established in 1993 to promote socially and environmentally responsible management of the world's forests by way of standard setting, third party certification and labelling of forest products.
GHG	Greenhouse gases (GHGs) are gases listed in the Kyoto Protocol of the UN-FCCC that contribute to the greenhouse effect and are regulated by the Kyoto Protocol. GHGs according to the Kyoto Protocol are: CO ₂ , CH ₄ , HFCs, PFCs, N ₂ O, and SF ₆ .
CO₂e	GHGs are often compared on the basis of their estimated potential to cause global warming. Factors can be used to convert a quantity of non-CO ₂ GHG (such as CH ₄ or N ₂ O) into an amount of CO ₂ with an equivalent warming potential. Of importance in the pulp and paper industry, CH ₄ and N ₂ O emissions are considered. Every gram of CH ₄ is equivalent to 21 grams of CO ₂ and each N ₂ O gram is equivalent to 310 grams of CO ₂ . Total GHG emissions can be calculated as the sum of several GHGs expressed as the equivalent amount of CO ₂ , abbreviated as CO ₂ e.
GM	Genetically modified
GRI	The Global Reporting Initiative (GRI) is a not-for-profit organisation that produces one of the world's most prevalent standards for sustainability reporting.
HCFCs	Hydrochlorofluorocarbons
HCV	High conservation value (HCV) areas are critical areas in a landscape, which need to be appropriately managed in order to

	maintain or enhance high conservation values.
HCV RN	HCV Resource Network (HCV RN) is a global network which promotes a practical, consistent approach to HCV methodology.
ISO 14001	International standard created by the International Standards Organisation (ISO) for formal and certified environmental management systems.
IUCN	International Union for the Conservation of Nature (IUCN) is the world's oldest and largest global environmental organisation. They strive to influence, encourage and assist societies to conserve the integrity and diversity of nature to ensure that use of natural resources is equitable and ecologically sustainable.
JSE	Johannesburg Stock Exchange Limited
JSE SRI	The Johannesburg Stock Exchange Socially Responsible Investment Index (JSE SRI) was launched in response to the debate around sustainability globally and particularly in the South African context.
KPI	Key performance indicator
LSE	The London Stock Exchange plc
LTI	Lost-time injuries
Material operations	Mondi's pulp and paper mills located in Austria, Bulgaria, Czech Republic, Finland, Germany, Poland, Russia, Slovakia, South Africa, Sweden and Turkey
MENP	Mondi Ecological Network Programme
MICE	Major Incident Cause Evaluation
MTC	Medical treatment cases
MTH	Mixed tropical hardwood (MTH) refers to a more or less natural mixture of hardwoods from a tropical forest.
MWP	Mondi Wetlands Programme (MWP) is a joint programme between WWF (SA), the Wildlife and Environmental Society of South Africa, the Mazda Wildlife Fund and Mondi Limited. It has been the most successful non-governmental wetland conservation programme in South Africa.
NGO	Non-governmental organisation
NGP	New Generation Plantations (NGP) collects knowledge and good practices in plantation forestry in order to promote better plantation management.
NOx	Nitrogen oxide
ODS	Ozone-depleting substances
OECD	The Organisation for Economic Co-operation and Development (OECD) promotes policies that will improve the economic and social wellbeing of people around the world.
PEFC™	Programme for the Endorsement of Forest Certification™ (PEFC™) is an international not-for-profit nongovernment organisation dedicated to promoting sustainable forest management through independent third party certification.
POPs	Persistent organic pollutants
PPE	Protective personal equipment
SANBI	South African National Biodiversity Institute (SANBI) plays a leading role in South Africa's national commitment to biodiversity management, now and into the future.
SDMS	Sustainable Development Management System (SDMS) is used to govern our approach to sustainability and implement our sector policies
Scope 1 emissions	Total GHG emissions from sources owned or controlled by Mondi and its subsidiaries of the Group boundaries. This includes CO ₂ e from fossil fuels and processes, company leased/owned vehicle, waste and waste-water treatment, from make-up chemicals, and from other GHG gases.

Scope 2 emissions	Total GHG emissions from sources that are related to generation of purchased energy outside the company boundaries (no other GHG considered but CO ₂ e).
Scope 3 emissions	Total GHG emissions from business travel; raw materials; transport of products and raw materials; and employee commuting.
SEAT	Socioeconomic assessment toolbox process
SHE	Safety, health and environment
Socially material operations	Those operations with a significant socioeconomic impact on their communities. For Mondi, these are our pulp and paper mills and forestry operations.
TCF	Totally chlorine free
TEEB	The Economics of Ecosystems and Biodiversity
TFD	The Forests Dialogue (TFD) is a group of individuals from diverse interests and regions, committed to conservation and sustainable use of forests.
TRCR	Total recordable case rate (TRCR) is calculated as the number of total recordable cases (the sum of fatalities, lost-time injuries, restricted work cases, medical treatment cases and occupational diseases) divided by the number of hours worked per 200,000 man hours.
TRS	Total reduced sulphur (TRS) compounds are the sum of the following reduced malodorous sulphur compounds generated in the pulping process: hydrogen sulphide, methyl mercaptan, dimethylsulphide and dimethyldisulphide expressed as sulphur. It is a metric for emissions to air and is measured in tonnes.
UNEP	United Nations Environmental Programme (UNEP) provides leadership and encourages partnerships in caring for the environment by inspiring, informing and enabling nations and people to improve their quality of life, without compromising future generations.
UNFCCC	United Nations Framework Convention on Climate Change
UNGC	United Nations Global Compact (UNGC) is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption.
VCT	Voluntary counselling and testing
VOCs	Volatile organic compounds
WBCSD	World Business Council for Sustainable Development (WBCSD) is a chief executive officer-led, global association of some 200 international companies dealing exclusively with business and sustainable development.
WESSA	Wildlife and Environment Society of South Africa
WHO	World Health Organization
WIA	Water impact assessments
WRI	World Resources Institute (WRI) is a global environment think tank that goes beyond research to put ideas into action with projects working on aspects of global climate change, sustainable markets, ecosystem protection and environmentally responsible governance.
WWF	WWF is an international non-governmental organisation working on issues regarding the conservation, research and restoration of the environment, formerly named the World Wildlife Fund.
WWTP	Waste-water treatment plant