



**The Mondi Group**  
**Regulatory Report on Payments to Governments in respect of**  
**Logging Industries for the Year 2016**

**Introduction**

This report of payments to governments made by Mondi plc and its subsidiary undertakings ('Mondi') for the year ended 31 December 2016 is provided as required under the UK's Report on Payments to Governments Regulations 2014 (as amended in December 2015) (the 'Regulation'). The Regulation implements the two EU Directives in the UK, mandating annual reports by companies in the extractive and logging industries of their payments to governments in countries in which they operate.

The report is also intended to satisfy the requirements of the Disclosure Guidance and Transparency Rules of the UK Financial Conduct Authority.

**Basis of preparation**

The application of the Regulation for Mondi relates to our logging activities and specifically to the disclosure of payments to governments relating to the logging of primary forests.

We have used the Food and Agriculture Organisation of the United Nations definition of 'primary forest' being:

'Naturally regenerated forest of native species, where there are no clearly visible indications of human activities and the ecological processes are not significantly disturbed'.

Also, for the purposes of this report, the original 'IFL 2000' (Greenpeace, World Resources Institute (WRI) and Transparent World) inventory of intact forests has been used as the base for reporting on the harvesting of primary forests in the Komi Republic, Russia ('Komi').

Only a portion of our Syktyvkar logging operations in Komi fall within the above definition of primary forests. Our operations in South Africa comprise plantation forests that are not associated with any primary forests and therefore are excluded from the report.

Our logging operations in Komi do not result in deforestation. In terms of the Russian Forestry Code and Mondi's sustainable development policies all logged areas are naturally regenerated with supplementary plantings of spruce and pine where required to make up full populations of young trees for the next sustainable forest cycle. During logging operations protected areas, High Conservation Areas (HCV) areas and sensitive biotopes, comprising approximately 25% of the area, are naturally set aside for conservation.

**Exchange rate**

Payments made in currencies other than the euro (Mondi Group's reporting currency) are translated for this report using the average exchange rate during the financial year to which it relates.

## Further information

For further information regarding the Mondi Group's approach to sustainably managing our forests, please refer to our Sustainable development report 2016 which can be found at [www.mondigroup.com/sd16](http://www.mondigroup.com/sd16) and our sustainable forestry policy, one of our issue specific SD policies at <https://www.mondigroup.com/en/sustainability/governance-of-sustainability>.

## Report

<b>Government Report</b>								
<b>Country</b>	<b>Production entitlement</b>	<b>Taxes</b>	<b>Royalties</b>	<b>Dividends</b>	<b>Bonuses</b>	<b>Licence fees, etc</b>	<b>Infrastructure improvements</b>	<b>Total</b>
Russia	Nil	€144,000	Nil	Nil	Nil	€925,000	Nil	<b>€1,069,000</b>
<b>Projects Report</b>								
<b>Entity</b>	<b>Production entitlement</b>	<b>Taxes</b>	<b>Royalties</b>	<b>Dividends</b>	<b>Bonuses</b>	<b>Licence fees, etc</b>	<b>Infrastructure improvements</b>	<b>Total</b>
OJSC Mondi Syktyvkar	Nil	€144,000	Nil	Nil	Nil	€925,000	Nil	<b>€1,069,000</b>

13/06/2017