

Mondi Group
Sustainability report 2007



Contents

Overview

- 2 Group structure
- 4 Chief executive's statement
- 6 Board sustainable development committee chairman's statement
- 7 Our sustainability journey
- 8 Progress against sustainable development commitments

Governance

- 11 Accountability structure
- 13 External corporate stakeholder engagement
- 15 Scope and assurance

Economic contribution

- 17 Business and markets
- 17 Financial review
- 18 Review of operations
- 19 Economic strength of the Group



Forestry

- 21 Credibility through certification
- 23 Managing biodiversity
- 24 Water management in our plantations
- 25 Wood tracing to defeat illegal logging
- 26 Meeting social needs in our forests



Environmental performance

- 29 Reducing energy intensity and carbon emissions
- 30 Water – using less, reusing more
- 31 Working together to clear the air
- 32 Focusing on the landfill challenge



Product stewardship

- 34 Product lifecycle
- 34 Rising to the packaging challenge



Social responsibility employees

- 39 Implementing global employment standards
- 39 The nine Safety Rules to live by

Social responsibility communities

- 43 Community engagement and CSI
- 44 Ethical business conduct



South African-specific issues

- 47 BBBEE ratings
- 49 Our CSI approach in South Africa
- 50 Land claims and indigenous people
- 51 Combating the HIV/AIDS epidemic

Appendix

- 52 ERM assurance statement
- 54 Data tables
- 56 Glossary of terms
- 57 GRI G3 Reporting Guidelines Index

Cover photograph:
The advanced imaging system, recently installed at our Zeltweg converting plant in Austria, allows us to quickly identify and correct defects in coating materials we produce.

Mondi Group

Unless we protect resources and the earth's natural capital, we shall not be able to sustain economic growth.

Former United Nations Secretary General Kofi Annan

At Mondi, we are integrating sustainable development into our business model. This report demonstrates our progress towards meeting our sustainability commitments.

Group structure

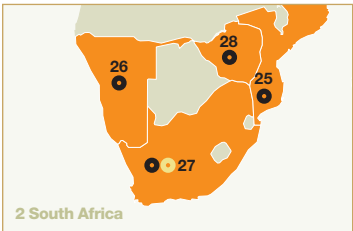
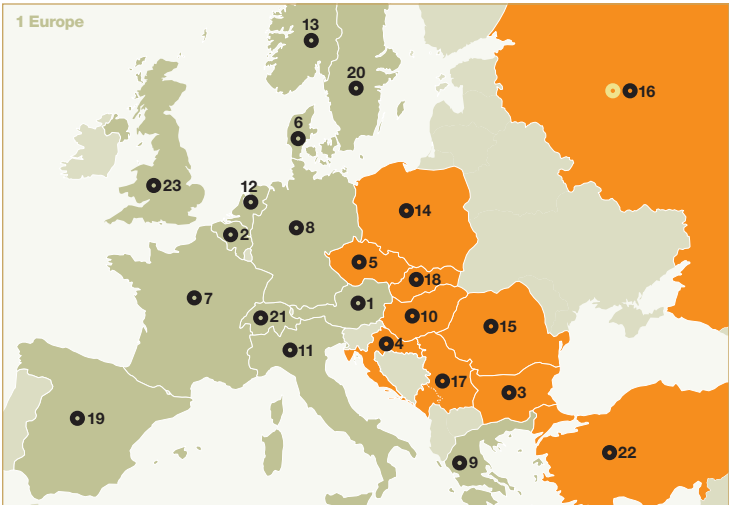
People who work for us
35,000*

Number of operating sites
127

Countries with operating sites
35

Mondi is an integrated packaging and business paper producer with leading market positions in western and emerging Europe, Russia and South Africa. We aim to be the lowest-cost producer in our markets, by selectively investing in forestry and production capacity in low cost regions and adding value at every stage of the product chain.

Mondi locations and nature of business



Mondi's markets
■ Emerging markets
■ Mature markets

Type of operations
● Forestry
● Manufacturing

The Group has 127 operating sites worldwide, located in the following countries:

Europe

- 1 Austria
- 2 Belgium
- 3 Bulgaria
- 4 Croatia
- 5 Czech Republic
- 6 Denmark
- 7 France
- 8 Germany
- 9 Greece
- 10 Hungary
- 11 Italy
- 12 Netherlands
- 13 Norway
- 14 Poland
- 15 Romania
- 16 Russia
- 17 Serbia
- 18 Slovakia
- 19 Spain
- 20 Sweden
- 21 Switzerland
- 22 Turkey
- 23 United Kingdom

Africa

- 24 Morocco
- 25 Mozambique
- 26 Namibia
- 27 South Africa
- 28 Zimbabwe

North America

- 29 USA

Latin America

- 30 Mexico

Asia

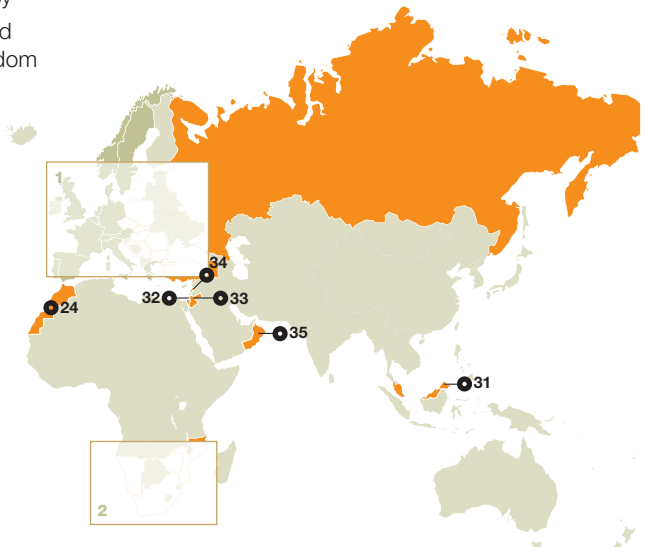
- 31 Malaysia

Middle East

- 32 Israel
- 33 Jordan
- 34 Lebanon
- 35 Oman

Mondi employees

	Total
Business Paper	13,250
Western Europe	1,041
Emerging Europe	2,291
Russia	7,879
South Africa	1,729
Rest of Africa	–
North America	–
Australia and Asia	310
Packaging	16,724
Western Europe	7,975
Emerging Europe	5,241
Russia	2,109
South Africa	189
Rest of Africa	89
North America	860
Australia and Asia	261
Mondi Packaging South Africa	3,452
South Africa	3,207
Namibia	245
Other	1,318
Mondi Shanduka Newsprint	184
Aylesford	187
Europapier	850
Central Services	97



* total rounded number of employees as of 31 December 2007 (actual number is 34,744). This total includes the number of employees from 'non-operational' sites, distribution offices, etc.



Sales

€3.9bn

Percentages of sales
from product groups 2007

31% Bags **50%** Corrugated **19%** Flexibles

The global packaging industry is worth around US\$450 billion annually. Roughly a third is paper-based packaging, which is Mondi's principal activity. The Group's packaging operations are based mainly in western and emerging Europe, Russia, Turkey and South Africa.

Key products

- Virgin and recycled containerboard, and converted products including corrugated boxes, corrugated board and point-of-sale displays
- Kraft papers and industrial bags for building materials, chemicals, food and animal feed
- Flexible plastic-based products, including release liner, extrusion coating and speciality consumer flexibles packaging

Market positions

- **No 1** producer of kraft paper in Europe
- **No 1** in bag converting in Europe¹
- **No 1** in corrugated packaging in South Africa¹
- **No 1** in cartonboard in South Africa¹
- **No 1** in rigid plastic packaging in South Africa¹
- **No 2** producer of kraftliner in Europe
- **No 3** in corrugated packaging in Europe¹

¹ based on sales



Sales

€2.3bn

Percentages of sales
from product groups 2007

76% Business paper **24%** Newsprint and merchanting

Annual global demand for business paper is running at around 155 million tonnes, of which uncoated fine paper – Mondi's principal product in this sector – accounts for some 54 million tonnes and newsprint for around 39 million tonnes. The Group's business paper operations are based mainly in western and emerging Europe, Russia and South Africa.

Key products

- Uncoated fine paper (UFP), including 'universal' B and C grade office and offset papers, and speciality A grade office paper, colour laser and tinted papers
- Newsprint and telephone directory paper
- Merchanting of graphic, packaging and office communication papers and other office supplies

Market positions

- **No 1** producer of office paper in Europe
- **No 1** in UFP and newsprint in South Africa
- **No 2** producer of UFP in Europe

Forestry

Wood is the essential raw material for all of Mondi's virgin paper-based products. The Group owns or leases more than 1.9 million hectares of hardwood (e.g. eucalyptus) and softwood (e.g. pine and spruce) forests in the low cost regions of Russia and South Africa, providing an annual allowable cut of 8 million m³. This makes Mondi potentially self-sufficient in wood for more than half its pulp-production needs.

Pulp

In 2007 Mondi produced around 3.8 million tonnes of pulp, the basic ingredient of all paper and paper-based packaging, from nine integrated pulp and paper mills in Austria, Bulgaria, Czech Republic, Poland, Russia, Slovakia, South Africa and Sweden. Pulp is produced from wood fibre. Excluding Hungary, in 2007, the Group was 96% self-sufficient in pulp for paper production.

Packaging paper

In 2007 Mondi produced around 3.4 million tonnes of packaging paper: kraft paper, containerboard, kraftliner, recycled containerboard (all from softwood and recovered paper) and packaging board for liquids (from hardwood). The Group produces more packaging paper than it consumes in its converting operations, selling the balance to external customers.

Converted packaging

Mondi adds value to its packaging paper output by converting it into a range of products:

- high-strength kraft paper, made from virgin fibre, is converted into industrial bags for the building and chemical industries; and
- kraftliner and recycled containerboard are used to make corrugated boxes.

Packaging customers

Mondi sells its packaging products to four main markets:

- fast-moving consumer goods (FMCG) companies;
- packaging converters (who use Mondi's virgin and recycled containerboard to produce corrugated boxes for food and durable goods);
- building and construction companies; and
- various other industries (e.g. chemicals, pharmaceuticals and electronics).

Business paper

Uncoated fine paper is manufactured mainly from hardwood pulp.

Softwood pulp and de-inked recovered paper are used to manufacture newsprint.

Converted paper

Uncoated fine paper is typically used for photocopier paper and printing applications. It is sold as cut-size office paper, in folio form or in large reels.

Business paper customers

Mondi supplies business paper through three main channels:

- merchants;
- original equipment manufacturers (OEMs); and
- office suppliers and retailers.

Recovered paper

Mondi uses substantial quantities of recovered paper as a raw material in its paper mills. 25-30% of the Group's paper products are manufactured from recycled materials.

Replanting

Each year, Mondi replenishes its forestry assets with extensive replanting programmes. In 2007, the Group planted more than 18,000 hectares of new trees in Russia and South Africa.

Chief executive's statement

David Hathorn



I am pleased to introduce our first full sustainability report as an independent Group. 2007 was a significant year of change in which we continued our efforts to integrate sustainable development (SD) into our business. While we recognise that independence brings with it many changes, new responsibilities and challenges, it also presents us with opportunities.

An improved performance

Our continuing strong financial performance enables us to provide significant socio-economic benefits to many stakeholders and to implement initiatives and investments aimed at further improving our sustainability performance.

We produced a strong first set of results with a substantial recovery in operating profit. These reflect the generally positive trends in our key business segments, despite continued pressure from trade flows on the back of the weakness of the US dollar and high input costs. Our underlying operating profit rose 33% to €502 million. The Group delivered ongoing efficiencies and cost savings of €167 million, despite upward pressure on costs. Production volumes also increased for all our main products.

We have now developed our sustainable development management system (SDMS), the tool which will provide us with the mechanism to deliver successfully on our SD commitments. Implementation of the system has already started throughout the Group.

Coupled with the development of the SDMS, in 2007 we also developed and are in the process of implementing a new SD reporting and information system, MORIS. This replaces the Anglo American plc database and will support us in the management of our sustainability reporting and help us to manage our sustainability performance effectively.

We have also been awarded membership of the Dow Jones Sustainability World Index (DJSI World) and the Pan-European Dow Jones STOXX Sustainability Index

(DJSI STOXX). We also qualified for inclusion on the Johannesburg Stock Exchange's (JSE) 2007 Socially Responsible Investment (SRI) Index, demonstrating our commitment to sustainability and the progress and improvements we are making.

In addition, we have become signatories to a number of international initiatives which, we believe, make a major contribution to building more sustainable futures. These include the World Business Council for Sustainable Development (WBCSD) and a technical co-operation agreement with WWF.

Throughout the business, we have continued to address a wide range of key sustainable development issues. A brief overview of these follows.

Global employment standards

We are committed to global standards of employment throughout our operations, providing people with the opportunity to progress and prosper as part of our organisation. We strive to ensure high employment standards throughout our business and provide wide-ranging training and education programmes. In particular, our primary focus is always the safety of our employees and contractors. Despite meeting our lost-time injury frequency rate (LTIFR) target of 0.23 for the year, this 26% improvement in our injury performance from the previous year was marred by the deaths of three contractors in separate incidents.

Investigations into the causes of each fatality were used to revise our Safety Rules, a set of standards that address the key fatality risks in our business. The Mondi Safety Rules also form part of the SDMS, and a summary of these can be found on page 39.

We remain committed to employee and contractor well-being and our zero-harm goal. We are continuously striving to improve our safety record.

In 2007, we started to benchmark employee attitudes against our global peer group, to help us address areas where we fall short of best practice. We are committed to enabling our employees to develop their careers with us, and run a wide range of technical and soft skills training initiatives throughout our operations. These include the Mondi Academy, which in 2007 passed a major milestone when it provided training to its 2,000th Mondi learner.

Forestry

We remain committed to responsible forestry and focus significant effort on ensuring that our forests are managed sustainably.

For us, sustainable forestry means not only considering the biological integrity and community needs of our forests and ecosystems, but also the sustainability of our wood supply – whether sourced from our own forests or through third parties. We have developed our own system and procedures for the responsible procurement of wood, virgin fibre and biomass to ensure that all wood and fibre we use is always sourced from sustainably managed forests. Full implementation of this system is expected in most areas during 2008.

Our plantation forests in South Africa were successfully awarded Forest Stewardship Council (FSC) recertification in 2007. Furthermore, an additional 0.4 million hectares of forests on which we hold logging rights in Russia were successfully certified for the first time during 2007 and a further 0.7 million hectares will be certified to this standard.

+33%**€280m**

We are continuing to concentrate on the protection of the globally significant High Conservation Value (HCV) forests in Russia's Komi Republic.

Energy and climate change

Climate change is a major global issue that affects all of us. It is widely agreed that greenhouse gas emissions have to be significantly reduced. The forest products industry is in a position to make a positive contribution towards global efforts to mitigate climate change, through improving operational efficiencies and by substituting fossil fuels with carbon-neutral biofuels. Our products also store carbon throughout their active service life, are recyclable and provide a less carbon-intensive alternative to many competing products. To date, we have achieved a 11% reduction in specific CO₂ emissions from fossil fuels. This equates to a 6% reduction in total CO₂ emissions from fossil fuels, from a total of 5.19 million tonnes in 2004 to a total of 4.86 million tonnes in 2007.

We have also reported a 3% improvement in our energy usage per tonne of product produced since 2004, with 41% of our total energy being supplied by biomass. We are using the tools provided in the Kyoto Protocol of 1997 to assist us in meeting our commitments.

Environment

Striving for operational excellence is one of our key strategies, covering all aspects of our business including our environmental performance. A number of initiatives have been developed, based on internal and external benchmarking, to help us use our existing assets better, to make processes simpler and more efficient and procurement initiatives to help us gain the full benefit of our buying power.

In addition, we are running focused capital investment programmes into existing operations, for example the project which is due to complete the modernisation of our pulp and paper mill at Syktyvkar in Russia by 2010. The project will have a positive impact on our emissions to air (particularly sulphur dioxide (SO₂) and nitrogen oxide (NOx) and particulates), while enabling us to meet the Russian market's growing demand for uncoated fine paper at the lowest practicable cost.

It is encouraging to report that our efforts in striving for operational excellence have made further improvements in reducing emissions. In particular, we have seen that total chemical oxygen demand (COD) emissions for the Group fell by 21% in 2007 from the 2005 baseline level. We have also exceeded our absorbable chlorinated organics (AOX) emissions reduction target by replacing all elemental chlorine bleaching processes in our operations. This has seen our AOX levels fall by 65% in 2007 from the 2005 baseline year.

Products and brands

Paper and packaging represent some of the most widely used types of product in the world and we remain committed to improving consumers' lives by providing high quality and sustainable Mondi products. Every stage of the product lifecycle has an environmental or social impact, from harvesting raw materials through manufacturing to ultimate disposal and recycling, and we are constantly investing in clean production techniques and reduced use of materials to increase sustainability.

Investment in product safety, particularly in human food packaging, is an important emphasis for our business.

Communities

The Socio-Economic Assessment Toolbox (SEAT), developed by Anglo American plc, is one of the many tools we use to engage with the communities within which we operate, to ensure that our activities are in line with their needs and our objectives. These are in-depth assessments of community needs, undertaken in partnership with a wide range of stakeholders, that help drive our community programmes. An important example of the kind of results such an approach can have is our continuing health programme in and around our Syktyvkar mill in Russia, where the incidence of illness has almost halved in under four years. In 2007, 75,338 people visited the polyclinic we support in Ezhva, the local capital.

Corporate stakeholder engagement

We are active members of the World Business Council for Sustainable Development (WBCSD). This is a coalition of some 200 international companies united by a shared commitment to sustainable development. It offers a platform from which global business can work together with governments and civil society leaders to create an environment of mutual advantage, where business success goes hand in hand with successful societies the world over.

We have continued our mutually beneficial technical cooperation with WWF. This and the continuing success of the Mondi Wetlands Project in South Africa and the HCV forests project with Silver Taiga in the Komi Republic in Russia are testament to effective and open dialogue with WWF and other non-governmental organisations (NGOs).

Mondi was privileged to have been one of five global companies to 'road test' the Ecosystems Services Review, a proactive ecosystem methodology and project of the WBCSD, World Resources Institute (WRI) and the Meridian Institute. More details on this project can be found on page 14.

South Africa

South Africa is a nation undergoing rapid transformation. As a major employer and landowner there, we are committed to helping the government achieve its Broad-Based Black Economic Empowerment (BBBEE) and land reform objectives and combat skills shortages. We are also working to implement a wide range of community initiatives, including several designed to impact on the country's HIV/AIDS epidemic.

Investing in youth

Under the Mondi Austria Private Foundation, we have awarded over 30 special scholarships to international students wishing to study in Austria – just one of our schemes designed to provide educational opportunities for young people.

This report provides a reflection of the progress we have made in addressing the sustainable development agenda over the past year, and sets out our commitments going forward. The report has been published with reference to the Global Reporting Initiative's G3 guidelines, in line with our commitment to being transparent and responsive to our stakeholders.

David Hathorn

31 March 2008

Board sustainable development committee chairman's statement

Colin Matthews



In recent years, expectations of businesses to address the sustainability topics that result from global environmental issues have been progressively increasing. Awareness of climate change, resource depletion, pollution, levels of poverty across the globe and other issues is continuing to rise. As a result, there are strong demands and expectations for businesses to seek the most effective ways to manage their activities with the least possible impact on the global environment and a positive impact on society.

It is now acknowledged that good management of sustainability issues is an essential component of good corporate management, and businesses are expected to fulfil their roles as responsible corporate citizens.

Setting the scene

Mondi has operations in developing and transitional economies, which face many challenges. These include high levels of unemployment and less than acceptable waste management and resource efficiency practices.

The forestry industry is often under scrutiny over concerns about biodiversity losses, unethical wood sourcing, illegal logging and the infringement of surrounding communities' rights, particularly those of indigenous people. In addition, the paper and packaging industry is associated with growing concerns over the responsible use of raw materials such as water and energy, emissions to the air and water, and the disposal of solid waste.

Mondi's goal is to be the best performing paper and packaging group in the world. It is vital that sustainable development remains a key part of our strategy and it is essential that our stakeholders understand our commitment. Good sustainability performance can lead to better profitability, and reduce stakeholder risk, enabling us to effectively address the sustainability challenges of the future.

This commitment involves many factors, including the active stewardship of the forests, land, freshwater systems and biodiversity of our owned, managed or leased operations as well as allocating sufficient human and financial resources to ensure we use our natural resources in a wise and sustainable manner.

We are also committed to sensitivity and openness in our dealings with the communities affected by our activities. Maintaining constructive dialogue between our communities and operations both reduces risk and presents us with opportunities for mutually beneficial agreements which we hope will contribute to the success of our business into the future.

Sustainability issues cannot be effectively managed without a strong governance structure in place to monitor and address current challenges and minimise business risks effectively. Our sustainable development management system (SDMS), developed during 2007, is structured around our key sustainability risks and offers a coherent approach to managing our sustainability challenges.

The role of the Board sustainable development committee is to support the efforts of Mondi's executive management to achieve the high sustainability standards to which the Group is committed.

During 2007, as part of its development, an independent review of the SDMS was conducted to assess whether Mondi's sustainable development policies, standards and performance requirements provide an appropriate basis for meeting the requirements of a number of selected external standards and commitments. The development and review of the SDMS was an important process as Mondi became an independent Group. On page 13 we discuss the structure and elements of the SDMS.

Throughout the report, you will find descriptions of our main activities and achievements in the spheres of safety, forestry, climate change and energy, the environment, corporate social investment (CSI) and more, including a focus on our activities in South Africa. We have achieved some very positive results towards meeting our public commitments, particularly in relation to cleaner production.

We remain committed to openness and transparency in our communications with stakeholders and this report is an important tool in helping us meet this objective.

To ensure Mondi's future success and to ensure that we make a valuable contribution to society, we will continue to communicate with all our stakeholder groups to identify any changes that present new risks or create new opportunities and solutions for the world's sustainability challenges into the future. This is critical if we are to achieve our vision of being the best in our industry.

Colin Matthews
31 March 2008

Our sustainability journey

Mondi is committed to operating its business sustainably. Following our demerger from Anglo American plc in 2007, we took the opportunity to review our sustainability policies and practices across the Mondi Group, to ensure that they fully address our sustainability challenges. The way in which we run our business can directly affect our shareholders, our employees, the communities in which we

operate and, more generally, broader society and the environment. Ensuring that our business is sustainable is a priority, as reflected in our SD commitments. As part of our review in 2007, we revised our SD commitments, spanning all key sectors and reaching out to 2014. These can be found in full in this report and at our website: www.mondigroup.com

	Challenge	Priorities in 2008	Our commitments
Sustainable forestry	To ensure that our forestry practices enable us to provide the future resources our business needs in a sustainable manner.	To successfully maintain the certification of our sustainable forestry practices and trace wood and virgin fibre throughout the supply chain, so enhancing our reputation as responsible forestry stewards and resource developers.	We will meet all requirements of our Forestry Policy and Operating Standards – to manage risks and issues, including those relating to forest stewardship, responsible purchasing, wood tracing, ecosystems and biodiversity action planning, land access and indigenous people.
Reducing environmental impact	As a member of global society, to help meet the world's paper and packaging needs and simultaneously reduce the environmental footprint of our products, especially mitigating the impact of greenhouse gas emissions on the climate.	To further reduce our environmental footprint, supported by our key environmental performance indicators which set specific targets in areas of significant impact. Going forward, our current performance results have formed the basis for identifying areas which require enhanced focus and these are reflected in our priorities for 2008, including: advances in the inventory of greenhouse gases, reduction in waste to landfill in South Africa and plans for further reduction of organic waste water loads.	We will meet all requirements of our Climate Change and Environmental Policies and Operating Standards. Our target is a 15% reduction in carbon-based energy use per unit of production by year-end 2014, against the 2004 baseline. We also have a target of a 15% reduction in greenhouse gas emissions per unit of production over the same period.
Safety and health stewardship	To achieve our vision of zero-harm workplaces, ensuring that all people working for Mondi understand, rigorously apply, and fully comply with our safety standards. Our occupational and community health challenge is to ensure that our health programmes recognise and influence the health factors which impact our employees, contractors, their families and our neighbouring communities.	To eliminate fatalities from our business. Our plan is to address our most material safety risks in 2008 with a focus on transportation, in particular mobile plant and equipment. In addition, we are targeting a significant reduction in injuries to hands across the Group in 2008. We are also taking further steps to address the risk of noise-induced hearing loss. We are continuing to work at a local level to fight HIV/AIDS in South Africa, by both educating our communities and managing disease infection rates.	We value life above all else and regard one injury as one too many. Our commitment to achieve a level of performance below 0.5 TRCR (Total Recordable Case Rate) and below 0.1 LTIFR (Lost Time Injury Frequency Rate) by year-end 2010 is considered to be world-class. This, together with achieving our other target of zero fatalities, will take us closer to our stated objectives of zero-harm workplaces and safety excellence.
Long-term social, community and stakeholder relationships	To understand social and community issues and expand our role as corporate citizens, so that the communities in which we operate value our citizenship.	To continue with community participation and engagement. While Mondi operates the majority of its community engagement programmes at a local level, it facilitates a consistent approach to community development via the Socio-Economic Assessment Toolbox (SEAT).	We will be a role model in terms of social impact and transparency in our industry. To achieve this, we will continue with community engagement plans for all significant operations. We will continue to make anti-retroviral treatment available to employees to combat HIV/AIDS in South Africa. We will also maintain a merit-based and empowering culture which meets the requirements of our Corporate Citizenship and Global Employment Policies and Operating Standards.

Progress against Sustainable Development (SD) commitments*

Governance

Good corporate governance and transparency in relation to sustainable development.

2005 commitments	Status	2008 and future targets	Date	Status
Develop a sustainable development management system (SDMS).	Achieved	Achieve compliance with the integrated SD Management Standards.	2010	In progress. Compliance audit scores to be reported for the first time in 2008.
Roll out the sustainable development management system.	Achieved	Establish an audit programme, set targets and report against these. Ensure that 25% of all second-party audits are carried out as peer reviews.	2007	Partly achieved. Audit programme for safety has been established and baseline safety audits have been conducted. Peer reviews were carried out as planned.
Develop a new information technology (IT) platform for sustainable development reporting to improve accuracy of data.	Achieved	Develop an SD reporting tool in 2007, followed by an information management tool in 2008.	2007/ 2008	In progress. Mondi reporting and information system (MORIS), which fulfils all aspects of non-financial SD reporting, has been developed and is in the process of being implemented.
Improve second party assurance of sustainable development data and conduct third party assurance of significant sustainable development information reported.	Achieved	Conduct a verification of the Mondi SDMS in 2007 and follow-up compliance audits from 2008.	2007/ 2008	In progress. Verification completed. Compliance audit scores to be reported for the first time in 2008.
		Report progress against our SD commitments internally and externally.	2007	Achieved

Sustainable forestry

Sustainable forestry means consistently considering the productive capability, biological integrity and community needs of the forests that we own, manage and source material from.

2005 commitments	Status	2008 and future targets	Date	Status
Achieve Forest Stewardship Council (FSC) certification of 1.16 million hectares of forest in the Komi Republic in Russia.	Achieved	Certify all existing Mondi forestry to FSC. New forestry will be subject to a time-bound plan for certification.	2007	Achieved 0.4 million hectares in Russia certified during 2007 and a further 0.7 million hectares due for certification in 2008. Plans for further certification span out to 2010.
Develop wood tracing systems and targets.	System developed but targets not set.	Implement the minimum standard for wood and virgin fibre.	2008	In progress. A roll out plan for the procedure for responsible procurement of wood, virgin fibre and biomass has been developed for full implementation in 2008.
		Achieve traceability for procurement of wood and virgin fibre products.	2008	In progress. The Mondi Wood Information Platform (WIP) has been developed and is in the process of being implemented.
		Monitor, set targets and report on the procurement of credibly certified wood, virgin fibre and biomass products.	2008	In progress. Data from WIP will be reported for the first time in 2008.
		Work with certification bodies and small growers to find a practical solution to their certification.	2007/ 2008	In progress. Mondi is a participant in The Forests Dialogue, which is tackling this issue, amongst others.

* For definitions of technical terms, refer to the Glossary (page 56).

Cleaner production and energy

We actively strive for recognised best environmental performance in our operations.

2005 commitments	Status	2008 and future targets	Date	Status
ISO 14001 at all material operations.	Achieved	Maintain independent verification of the effectiveness of the environmental management systems and objectives at significant operations.	2007	Achieved All environmentally material mills, except new acquisition Stambolijski, are ISO 14001 certified.
Develop a Group energy strategy.	Achieved	All European mills located in the European Union to achieve BAT-compliant performance.	2007	Achieved
Reduce specific energy usage and fossil carbon dioxide (CO ₂) emissions by 15% by 2014 against a 2004 baseline.	Ongoing		2014	In progress. A 3% reduction in specific energy usage and an 11% decrease in specific CO ₂ emissions from fossil fuels have been achieved to date.
Reduction of chemical oxygen demand (COD) emissions by 75% at the Richards Bay mill in South Africa.	Target has been incorporated into the total Group COD reduction target.	Reduce the total effluent load (measured as COD) into receiving waters by 30% against a 2005 baseline.	2010	In progress. A 21% reduction in total COD emissions has been achieved to date.
Reduce adsorbable chlorinated organics (AOX) emissions from the Syktyvkar mill in Russia by 70%.	Target has been incorporated into the total Group AOX reduction target.	Reduce the total AOX emission levels by 30% against a 2005 baseline.	2010	Achieved A 65% reduction in total AOX emission levels has been achieved to date.
Reduction of sulphur dioxide (SO ₂) emissions by 66% from the Merebank mill in South Africa.	Achieved			
		Reduce the Total Reduced Sulphides (TRS) emissions to the atmosphere by 65% against a 2005 baseline.	2010	In progress. A 60% reduction in total TRS emission levels has been achieved to date.
		Reduce the total waste to landfill by 20% against a 2005 baseline.	2010	Achieved A 20% reduction in total waste to landfill has been achieved to date.
		Report annually the number of operations that completed landfill assessments to review the impact of their past and present activities.	2007	Achieved All landfill operations were subject to an independent audit which formed part of the Anglo American plc demerger. Since then, a detailed landfill assessment programme has been initiated. The first landfill assessment audit was carried out at the Richards Bay mill.
		Cease the disposal of hazardous waste into landfills.	2009	In progress. Alternative solutions for hazardous waste at Merebank and Richards Bay are being investigated.
		Monitor and report fresh water usage of material operations in water-stressed regions (Israel and South Africa).	Ongoing	Achieved Water usage data is provided in this report on page 30.
		Further develop a culture of zero process incidents and continue to report losses of containment that cause or have the potential to cause harm.	Ongoing	Achieved The number of level I incidents is reported internally. The number of level II and level III incidents is reported on page 28.
		Monitor and report the percentage of recycled fibre used in the final product (as raw material and as tonnes sold).	Ongoing	Partly achieved. The use of recycled fibre data is reported on page 35. Recycled fibre as a raw material has been incorporated into the MORIS reporting requirements.
		Develop a programme of SD projects with customers.	2007	Achieved A number of specific targeted programmes were identified and implementation started in 2007, particularly in the area of environmental footprint of our business paper products.

Social – Enhancing employee well-being

Employee culture

Implementing fair labour practices at our workplaces, treating employees at all levels with respect and consideration, and ensuring compliance with applicable laws and industry standards.

2005 commitments	Status	2008 and future targets	Date	Status
Develop a global diversity strategy.	Ongoing. A diversity strategy developed for the South African operations.	Monitor and report gender and national diversity at management level. Establish a workforce monitoring system.	2007	Partly achieved. Gender and national diversity have been incorporated into the MORIS reporting requirements.
Conduct a Group-wide climate and culture survey.	Completed	Encourage employees to take part in business unit or regional employee surveys.	Ongoing	Achieved During 2007, employee surveys were expanded into peer review surveys to enable benchmarking with other companies.

Safety and fatalities

Protecting the health, safety and security of our employees and those who work on our behalf is a core value for Mondi. We believe in zero-harm workplaces, where all incidents are preventable.

Zero fatalities.	Not achieved.	Prevent all work-related fatal injuries.	Ongoing	Not achieved. We had three contractor fatalities during 2007.
Achieve a Lost Time Injury Frequency Rate (LTIFR) of less than 0.4.	Achieved	Reduce the LTIFR for employees and contractors by 70% to 0.1 in 2010 against the 2006 baseline. The target for 2008 is an LTIFR of 0.19 (a 17% reduction from 2006).	2007/ 2008	In progress. Our 2007 LTIFR target of 0.23 was achieved.
Meet Anglo American's target of 75% third party health and safety systems certification by the end of 2005.	Achieved	Report sickness absence rates in relation to the relevant national average at all operations.	2007	Partly achieved. Sickness and absence data has been incorporated into the MORIS reporting requirements.
Implement OHSAS 18001 at 39% of Mondi operations in 2005.	Achieved			

Social – Caring for local communities

Being a good corporate citizen means making a real and lasting contribution to the communities in which we operate.

2005 commitments	Status	2008 and future targets	Date	Status
Conduct socio-economic assessments (SEAT) at the Štětí and Ružomberok mills.	Achieved	All material operations to continue to have a community engagement plan in place, supported by a SEAT process on a three-yearly cycle.	Ongoing	Achieved A rolling plan for SEAT assessments has been commissioned.
Develop local economic development guidelines.	Integrated into the SEAT process.	Monitor and report complaints from the public.	Ongoing	Achieved The number of level I complaints is reported internally. The number of level II and level III complaints is reported on page 28.

We recognise the human tragedy caused by the HIV/AIDS epidemic. We have a clear programme for addressing AIDS in the workplace.

Extend voluntary counselling and testing (VCT) to all sites in South Africa.	Achieved All sites in South Africa covered.	Continue to make anti-retroviral treatment available to all employees in South Africa. Provide resources for training and awareness campaigns and continue to build partnerships with local clinics and NGOs.	Ongoing	Achieved HIV/AIDS information can be found on pages 51 and 55 of this report.
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The wood yard at Ružomberok in Slovakia feeds one of central Europe's largest pulp and paper mills with virgin fibre from sustainably managed forests.



Wood yard in
Ružomberok,
Slovakia.

Governance

Managing the business for a sustainable future

We have management processes at Mondi to ensure that we continuously improve both our management of sustainability issues and our sustainability performance. During 2007, we approved a new SD policy and completed the development of our sustainable development management system (SDMS), an SD management framework that provides the sector policies, governance structures, commitments and reporting systems we need to meet our SD commitments.

Accountability structure

Following our demerger from Anglo American plc in July 2007, we undertook a review of our governance structure. We now have several levels of accountability for sustainability via our Board SD committee, the executive committee, the Mondi SD panel and three global specialist network groups.

The SD committee is chaired by an independent non-executive director, Colin Matthews, and its members include Sir John Parker, joint chairman of the Mondi Group, and our chief executive, David Hathorn.

The SD committee provides assurance to the boards of Mondi Limited and Mondi plc that the appropriate systems and practices are in place to deal effectively with the sustainability risks and opportunities that we face. In so doing, it has responsibility for ensuring that the Group's sustainable development strategy, policies and commitments remain relevant and in line with global best practice.

The SD committee meets six times a year. Key agenda items during 2007 included a special focus on contractor management, the approval of the new SD policy and supporting management system, approval of the Group's commitments and an emphasis on current and emerging forestry issues.

The executive committee, chaired by David Hathorn, has collective executive responsibility for sustainability performance. Within the executive committee, the Group HR and legal director has specific responsibility for SD policy, advice and support.

The Mondi SD panel, comprised of SD experts from throughout the Group and chaired by the Group HR and legal director, meets four times a year and is responsible for advising and supporting the executive committee and operations managers. The panel promotes sustainability issues, monitors the changing nature of the concerns and requirements of stakeholders, measures our sustainability performance and identifies priority issues.

We also have three global specialist network groups – the safety, health and occupational hygiene network, the environmental network and the energy network. These comprise specialists from throughout the Group who provide expertise and knowledge from a larger pool and can accelerate the pace of change on topics of Group-wide significance.

Sustainable Development Management System

During 2007, Mondi developed its sustainable development management system (SDMS), a comprehensive mechanism which helps us ensure strong governance.

The SDMS is owned at a Group level and is applicable to all sites, operations and activities throughout the world. These include:

- facilities and activities we own and operate (including those where we own a majority share);
- new developments, mergers, acquisitions and businesses we plan to divest;
- activities undertaken by contractors on Mondi sites or under our management.

The applicability of the SDMS varies across the Mondi Group and depends on the nature and level of material risk of each individual operation.

The SDMS comprises the following elements:

- the SD Policy, which outlines our overall strategy and key areas of focus, and is supported by seven sector policies (these can be found at www.mondigroup.com);
- ten management standards, which provide both the governance requirements to which we are committed and the link to our corporate governance structures;
- ten operating standards, developed for each of our policy areas, which define the minimum requirements for good management and control at operational level. They also provide guidance on the corporate expectations and implementation of each element of the SDMS at all three levels of the business – the Group, the divisions and the operations;

- a set of detailed and comprehensive performance requirements, which give our operations personnel a detailed and mandatory set of practices for implementing the standards;
- a set of specific, quantifiable short, medium and long-term SD commitments.

We are progressing with the audit tool that is based on our operating standards and reflects the details described in our performance requirements. The audit tool will assist us in achieving our commitment of full compliance with the SDMS throughout the Group by 2010.

During 2007, we also developed and started to implement our sustainable development reporting and information system, MORIS. We will align MORIS definitions to the Group's commitments and a new set of minimum reporting guidelines will be issued during 2008. These will replace the Anglo American plc reporting guidelines, and will define the scope and frequency of reporting and the performance data we should report. These internal reporting procedures and practices will give us the basis for our future annual sustainability reports.

Environmental Resources Management Certification and Verification Services (ERM CVS) conducted an independent review in 2007 of our SDMS and concluded that our sustainable development policies, standards and performance requirements provided an appropriate basis for meeting the requirements of the following selected external standards and commitments:

- ISO 14001: Specification for Environmental Management System;

- OHSAS 18001: Occupational Health and Safety Management System;
- UNEP International Declaration on Cleaner Production;
- BS 8900:2006 Guidance for Managing Sustainable Development;
- SA 8000:2001 Social Accountability;
- United Nations Universal Declaration of Human Rights;
- OECD Guidelines for Multinational Enterprises;
- United Nations Global Compact;
- Principles and Criteria for Forest Stewardship;
- World Business Council for Sustainable Development Sustainable Forest Products Industry Working Group;
- The Forests Dialogue (TFD);
- WBCSD/ WRI Greenhouse Gas Protocol.

Public commitments

We have also developed a set of public commitments as part of the SDMS. These were developed by our SD panel and approved by the SD committee, and take into account public commitments and significant risks, as well as legal and other requirements relating to sustainability issues. They span all sectors of our sustainable development agenda and demonstrate our commitment to reducing our footprint further. We monitor progress at our quarterly SD panel meetings to ensure that the commitments are met by the targeted date. You can find our progress against these commitments on pages 8 to 10.

External corporate stakeholder engagement

Informing, reporting, engaging

Our active programme of listening to and engaging with our external stakeholders is vital to ensure that we remain responsive to their concerns. A number of our key stakeholders comment that we are 'willing to engage'. We appreciate the dialogue with them and will continue to build relationships with external stakeholders such as shareholders, customers, governments, non-governmental organisations (NGOs) and the media.

Membership associations

We take part in a wide range of forums at local, regional and international levels. This participation by our senior management in local and international business, engineering, industry-related and other organisations gives us an important platform for local, regional and international networking, ensuring that we are informed of current or proposed developments in the regulatory and business environment.

At a global level, Mondi is an active member and/or participant of the following organisations:

- The World Business Council for Sustainable Development (WBCSD): a coalition of some 200 international companies united by a shared commitment to sustainable development;



“Our governance structure is designed to maintain strong corporate governance principles, policies and practices in line with our objective to be leaders in our industry. The Group’s overall approach to sustainability, therefore, continues to form an integral part of our strategic and operational management.”

Sir John Parker, joint chairman of the Mondi Group and member of the Board SD committee

Governance

continued



World Business Council for Sustainable Development

- The WBCSD's Sustainable Forest Products Industry Working Group (SFPIWG): a working group involving some 26 leading global forest products companies, which aims to tackle sustainability issues in the global forest industry;

HCV HIGH CONSERVATION VALUE resource network

- High Conservation Value (HCV) Network: a global network of organisations and individuals supporting the HCV approach that promotes a practical conservation and consistent approach to HCV areas. The network has the support of a wide range of NGOs, companies, and research institutions. HCV is a key aspect of our forestry programme in Russia and South Africa. Mondi participates as a member of the HCV network steering group; and



- The Forests Dialogue (TFD): a global multi-stakeholder forum consisting of stakeholders from different regions, committed to the conservation and sustainable use of forests. TFD provides a platform for the forestry industry to engage society on significant issues related to the industry. Participants include global forestry companies and global NGOs such as WWF, World Resources Institute (WRI), Conservation International (CI), Greenpeace, The Nature Conservancy (TNC), the World Conservation Union (IUCN) and the Forest Peoples Programme.

On a European level, we are also a member of the Confederation of European Paper Industries (CEPI), which represents the interests of the continent-wide pulp and paper industry to European institutions.

We are also members of the relevant industry associations in the countries where we operate, enabling us to establish and maintain constructive relationships with governments, especially in South Africa and Russia.

Inclusion in sustainability indices

Since we became an independent business in July 2007, Mondi has been awarded membership of both the Dow Jones Sustainability World Index (DJSI World) and the Pan-European Dow Jones STOXX Sustainability Index (DJSI STOXX). We are the only company from the forestry and paper sector that is represented in both these indices.



Dow Jones Sustainability Indexes
Member 2007/08

The Dow Jones Sustainability Indexes follow a best-in-class approach, including the sustainability leaders from each industry on a global and regional level. They review the businesses they list annually, based on an integrated assessment of publicly available information on corporate economic, environmental and social performance with a strong focus on long-term shareholder value. We will continue to focus our efforts on addressing areas for improvement identified during the assessment.

Case study Mondi road tests new tool

World Resources Institute (WRI), with the support of the World Business Council for Sustainable Development (WBCSD) and The Meridian Institute (MI), developed the Ecosystems Services Review (ESR), a tool to proactively identify risks and opportunities in a company's dependence on ecosystems. Mondi was one of five global companies to road test the ESR on a section of its plantation forests in South Africa during 2007. The findings, which will be published during 2008, will be used to further develop the concept of business and ecosystems.



SRI INDEX

In addition, we qualified for inclusion on the 2007 Socially Responsible Investment (SRI) Index of the Johannesburg Stock Exchange (JSE). This assesses the environmental, social and economic sustainability practices of listed companies, to meet the needs of those stakeholders who are interested in socially responsible behaviour and investment.

International NGOs

Since 2004, WWF has been using publicly available information to assess the standards of corporate responsibility reporting by pulp and paper companies operating in Europe. In its report 'Corporate Responsibility Reporting in the Pulp and Paper Industry 2007', Mondi shared third place with four of our industry peers, having reported on over 75% of WWF's corporate reporting requirements and criteria.

In addition, Mondi has maintained its technical cooperation agreement with WWF since 2005 and during 2007 the focus was on the Mondi Wetlands Project in South Africa, a project which promotes sustainable best practice for plantation forestry design. In Russia, Mondi continued to cooperate with local NGO Silver Taiga and WWF on the definition and identification of HCV forestry areas in the Komi Republic.

Our participation in the WBCSD Ecosystems Services Review project involved our close co-operation with the World Resources Institute and the Meridian Institute during 2007. The importance of ecosystems for biodiversity, services, business and livelihoods is set to attract significant global attention over the next few years and we will continue to make our services available for the next stage of the process.

National and local NGOs

We have formed productive partnerships with, amongst others, national NGOs such as Silver Taiga in Russia (HCV forests project in Russia) and the Wildlife and Environment Society of South Africa (Mondi Wetlands Project). These partnerships have resulted in positive socio-environmental benefits. In addition, we continue to cooperate with smaller, local NGOs on a range of projects, including our work in South Africa on the protection and conservation of rare and endangered species such as the Wattled Crane and Oribi.

Scope and assurance

Our approach to sustainability reporting

This report reviews our economic, social and environmental performance for the period between 1 January and 31 December 2007 and follows on from the Sustainability progress report 2005 – 2006. The report has been published using the Global Reporting Initiative (GRI) G3 guidelines as a reference insofar as they are applicable to our business and our level of reporting maturity. A limited review of our status against the GRI G3 reporting criteria is provided on pages 57 and 58, whilst a complete review of our status against these guidelines can be found at www.mondigroup.com.

We have compiled the report's content both on the basis of our internal risk assessment processes and by attempting to address the main sustainability concerns that external stakeholders have raised. We receive and monitor feedback and views from a wide variety of opinion formers, employees, regional and national governments, community members, NGOs, customers, investors and socially responsible investment analysts.

Case study Protecting pristine forest

As we work to ensure the protection of High Conservation Value (HCV) forest in Russia's Komi Republic, one of the greatest challenges is identifying those pristine areas, with a high ecological value, in which logging should not take place.

This is particularly challenging, because such protection is not enshrined in legislation. In addition, it is necessary to balance appropriately the interests of a range of stakeholders.

Our solution is to work co-operatively with different interest groups, including such stakeholders as the local population and administration, other companies, NGOs and the government and State Forest Service of the Komi Republic.

To date, some 23% of the Republic's 21 million hectares of productive forest has been identified as potentially 'pristine'.

Mondi and local NGO Silver Taiga have also created together an inventory of over 3.4 million hectares of pristine forest, as well as gaining significant experience in managing HCV forests during the FSC certification process. This is helping us ensure that the forestry activities we undertake are environmentally and socially responsible. Looking ahead, our plan for 2008 includes reaching agreement on new areas and opening dialogue on others.

In terms of subject scope, the report includes a cross-section of the social, economic and environmental issues that are most material to our activities.

We have striven to remain objective, to identify and discuss potential issues and challenges in a balanced way and to report openly and honestly.

Scope and boundaries of our report

The report covers all the activities of the global production operations in which we hold a minimum 50% shareholding or over which we have operational control.

The exceptions are:

- Europapier (our paper distribution company) in which we have a 90% shareholding, our sales offices and other smaller administrative functions are not included in the scope of this report; and
- Mondi Shanduka Newsprint, the South African newsprint company, in which we have a 50% shareholding but which is independently managed. Mondi Shanduka Newsprint is included in the scope of this report since it has adopted Mondi's reporting processes and procedures. We do not report on our UK-based independently managed joint-venture company, Aylesford Newsprint Limited.

In cases where our shareholding is less than 100%, we report the data on a 100% basis.

All financial data is reported in euros (€) unless the data specifically relates to South Africa, in which case, financial data is reported in South African rand (R).

The report includes data on our Stambolijski mill for the first time, but does not include data for our most recent acquisitions.

The following exceptions to the above apply to the data we report:

- Safety data includes data for both our employees and contractors;
- HIV/AIDS data is reported for all our managed South African operations and Mondi Shanduka Newsprint, including administrative functions. This is in line with the HIV and AIDS risk in South Africa;
- We only report environmental data for our environmentally significant production operations (you can find a list of these in the data tables on page 54). In 2007, we reported for the first time on Stambolijski and on Mondi Shanduka Newsprint. Furthermore, these two operations have been included in our baseline data so that we are able to make valid comparisons in our year-to-year data;
- From time to time we have reported on operation- or regional-specific data. In these instances, a description of operations or regions covered has been provided.

Data collection and internal reporting

In 2007, all information and data were collected by the individual operations, and reported on a monthly or quarterly basis to the Mondi Group using the Anglo American plc database, reporting guidelines and definitions. These reports identify deviances or exceptions in performance, progress against the Group's sustainability commitments, information on any major incidents and instances of non-compliance.

Governance

continued

Individual operations collect and process the data using the best available national or international methodologies and techniques for measurement, calculation and analysis. Each operation is responsible for the accuracy and consistency of its data. Although we have taken every effort to ensure the accuracy of the data, we recognise that some may be subject to uncertainty arising from different interpretations of the internal reporting guidelines and possible human error in recording and submitting the data. This reflects the varying degrees of reporting sophistication across the scope of operations and sustainability topics.

In some instances, the ability to compare data has been affected by refinements in data definitions and improvements in data collection systems. Where issues have been detected in our historical data, we have restated this data. We have also indicated instances where data deviates from our definitions or where data has changed in the appropriate sections of this report.

During 2007 we developed our new sustainable development reporting and information system, MORIS. To facilitate comparability with previous years' data in the future, we will align the new definitions from MORIS to the Group's standing commitments. They will also provide the basis for our annual, external sustainability reports going forward.

Independent performance monitoring

In addition to the external assurance associated with our sustainability report, external audits are also undertaken at our environmentally significant production operations on a regular basis as part of ISO 14001, Forestry Stewardship Council (FSC), FSC Chain of Custody, Programme for the Endorsement of Forestry Certification schemes (PEFC) and PEFC Chain of Custody certifications. Currently, all these operations (except the recently acquired Stambolijski mill in Bulgaria) are either ISO 14001 certified and/or have FSC or PEFC Chain of Custody certification in place. Furthermore, a significant number of our operations are OHSAS 18001 and ISO 9001 certified.

Maintaining certification to the above-mentioned standards requires regular audits on our safety, occupational health, environmental and quality management systems by external assurance providers.

External assurance

As outlined in the assurance statement on pages 52 and 53, a selected sample of the performance data in this report has been independently assured by Environmental Resources Management Limited (ERM). ERM's scope of assurance includes an assessment as to whether we have appropriately reported the selected performance data, including a review of the underlying data collection and aggregation and validation of the systems and processes in place.

In addition, they also conducted a review to assess the status of alignment of our procedure for the responsible procurement of wood, virgin fibre and biomass to the FSC Standard for Company Evaluation of FSC Controlled Wood (FSC-STD-40-005 (Version 2-1) EN) (October 2006), referred to in this report as the FSC Controlled Wood Standard. The implementation status of our procedure for the responsible procurement of wood, virgin fibre and biomass and our Mondi Wood Information Platform (WIP) was also reviewed.

Recommendations for improvement

In their assurance of our Sustainability progress report 2005 – 2006 (published in late 2007) and this report, ERM made a number of high-level findings – all of which we have accepted and are acting upon.

These were the need to:

- ensure that future Mondi sustainability reports address the SD impacts and opportunities consistently across all our managed operations;
- review the current approach to selecting and updating the conversion factors for calculating CO₂ emissions and energy use and align it to the new Mondi SD management objectives;
- develop enhanced Mondi Group-wide training, guidance and support for our operations during 2008 to ensure effective implementation of our reporting and information systems;

- further refine our new reporting and information system to ensure that it fully meets our future management information requirements and external reporting commitments, particularly in the areas of reporting human resources information and human rights; and
- update our procedure for responsible procurement of wood, virgin fibre and biomass in 2008, in line with the FSC Controlled Wood Standard version 2-1.

We are already active in implementing all these recommendations, and will report on the progress we have made in our next sustainability report.

Economic contribution

Bringing wealth and employment to local economies

Group revenue

up 9% at
€6,269 million

2004	€5,385m
2005	€5,364m
2006	€5,751m
2007	€6,269m

EBITDA

up 20% at
€870 million

2004	€779m
2005	€718m
2006	€726m
2007	€870m

Underlying operating profit up 33%

2004	€459m
2005	€386m
2006	€377m
2007	€502m

Net operating assets

2004	€4,929m
2005	€5,169m
2006	€5,171m
2007	€5,452m

Business and markets

The Group is principally involved in the manufacture of packaging paper, converted packaging products and uncoated fine paper (UFP).

Mondi is fully integrated across the paper and packaging production process, from the growing of wood and the manufacture of pulp and paper, to the conversion of packaging papers into corrugated boxes and industrial bags. It also has a growing speciality packaging business focused on the production of release liner, extrusion coating and consumer flexibles products.

The Group has a particularly strong presence in western and emerging Europe, Russia and South Africa, where it occupies the number one or two market positions in almost all its chosen packaging and UFP product segments.

Acquisitions and disposals

The Group continued to expand through organic growth and notable acquisitions in 2007 included a 53.6% majority stake in Tire Kutsan, Turkey's leading corrugated packaging company, a 100% stake in the Austrian-based Unterland flexible packaging business and 100% stake in the Lenco acquisition in South Africa, a mainly rigid plastics business. Disposals during 2007 included a 5.3% stake in Mondi Packaging Paper Świecie S.A. and the disposal of various corrugated converting operations as part of a restructuring drive.

Financial review

€ million	2007	2006
Group turnover	6,269	5,751
EBITDA	870	726
Underlying operating profit	502	377
Cash generated from operations	957	657
Capital expenditure	406	460
Investment in forestry assets	41	50
Net operating assets	5,452	5,171

The Group delivered a substantially improved performance in 2007, with underlying operating profit up 33% to €502 million (2006: €377 million), producing an underlying operating margin of 8% (2006: 6.6%). Profit before tax and special items was up 33% to €405 million (2006: €305 million), underlying earnings per share rose 74% to 46.9 euro cents (2006: 27.0 euro cents) and cash flow from operations was up 46% to €957 million (2006: €657 million).

All divisions saw improved profitability as a result of an

improved trading environment, which led to better pricing, and the benefits of operational efficiencies, in particular €167 million of cost savings. These positive developments were partially offset by significant increases in raw materials, particularly the costs of wood, pulp and recycled fibre.

Mondi ended the year with a strong financial position: the Group's net debt finance charge was covered 9.6 times by EBITDA and year-end gearing was 45.2% of total equity.

€ million	Group revenue		Underlying operating profit	
	2007	2006	2007	2006
Mondi Packaging	3,590	3,167	312	226
Corrugated Business	1,644	1,497	158	120
Bag Business	1,265	1,162	127	97
Flexible Business	786	607	27	9
Inter-segment eliminations	(105)	(99)	-	-
Mondi Business Paper	1,898	1,889	152	104
Mondi Packaging South Africa	419	360	35	35
Merchant and Newsprint	591	539	40	29
Corporate and Other	28	31	(37)	(17)
Inter-segment eliminations	(257)	(235)	-	-
Total Group	6,269	5,751	502	377

Economic contribution

continued

Review of operations

Mondi Packaging's underlying operating profit increased by €86 million, or 38%, reflecting price increases achieved across all major paper grades, some improvement in the converting operations and better performances in both bags and flexibles. In addition, cost savings of €81 million were achieved. This improved result was delivered despite €17 million in restructuring costs (2006: €17 million) incurred as part of the ongoing rationalisation of our downstream converting assets.

Mondi Business Paper's underlying operating profit increased by €48 million, or 46%, principally due to a significant turnaround in the South African operations as well as a strong result from Russia. The result also benefited from modest increases in paper pricing. The improved South African performance was achieved through a restructuring of the business and a better operating performance from the PM31 paper machine in

Merebank, together with cost reductions throughout the business of €82 million. These improvements were partially offset by €10 million in restructuring costs mainly incurred to reduce divisional overheads.

Mondi Packaging South Africa's underlying operating profit of €35 million was up 8% in local currency, but the reported figure was flat on 2006 due to translation into euros at a significantly weaker rand exchange rate. The increase is mainly due to good demand and volume growth following a strong agricultural season in South Africa.

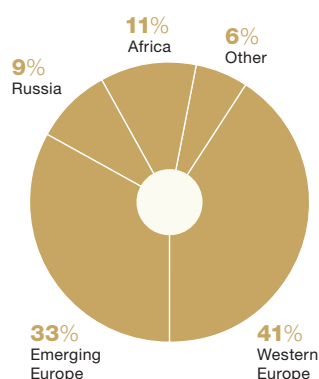
Our merchant and newsprint businesses (profits up €11 million, or 38%) benefited from improved pricing and demand and, in the UK, from lower energy costs.

Net corporate costs were €20 million higher, reflecting the creation of Mondi's own corporate structure following the demerger from Anglo American plc.

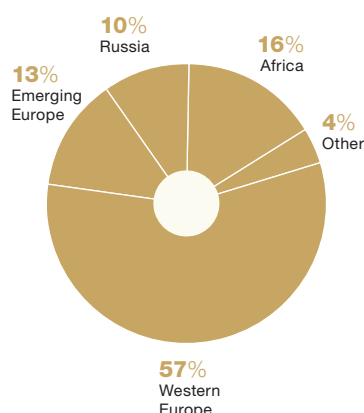
Summary of production information

		Year ended 31 December 2007	Year ended 31 December 2006
Mondi Packaging			
Containerboard	tonnes	2,101,363	2,044,391
Kraft paper	tonnes	891,385	850,271
Corrugated board and boxes	million m ²	2,088	2,103
Industrial bags	million units	3,642	3,606
Coating and release liners	million m ²	2,971	2,360
Pulp – external	tonnes	179,059	180,166
Mondi Business Paper			
Uncoated fine paper	tonnes	1,987,574	2,012,295
Newsprint	tonnes	192,329	187,100
Pulp – external	tonnes	125,679	114,099
Wood chips	bone-dry tonnes	690,447	886,612
Mondi Packaging South Africa			
Packaging papers	tonnes	368,574	369,300
Corrugated board and boxes	million m ²	367	328
Newsprint Joint Ventures			
Newsprint (attributable share)	tonnes	314,847	320,876
Aylesford (attributable share)	tonnes	185,990	196,864
Shanduka (attributable share)	tonnes	128,857	124,012

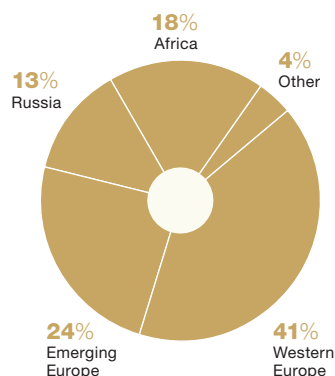
Payments to suppliers (%)



Distribution to employees (%)



Capital expenditure by geography (%)



Economic strength of the Group

Suppliers

Payments to suppliers in 2007 totalled €4,531 million (2006: €4,204 million). This 8% increase is attributable to the higher volumes traded in 2007 and reflects the impact of the acquisitions during the period. The majority of these payments relate to input fibre costs, energy, chemicals, packaging and merchant product expenses.

Employees

The value distributed to employees, including base wages and other related costs, totalled €906 million (2006: €874 million).

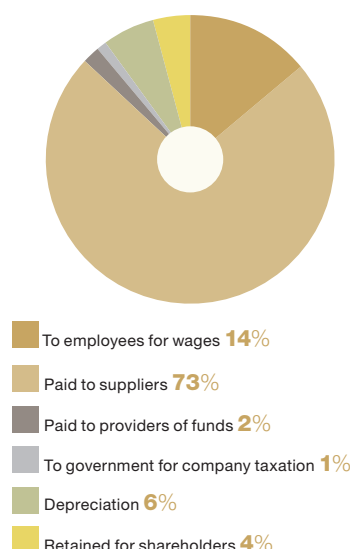
Capital expenditure

Total capital expenditure in 2007 amounted to €406 million (2006: €460 million), and is broadly in line with depreciation of €363 million if the €40 million expenditure on the two major capital projects in Poland and Russia is excluded. This reflects Mondi's continuing investment in major capital projects and acquisitions in low-cost emerging markets.

Total capital expenditure (€m)

	Emerging markets	Mature markets
2004	€450m	€168m
2005	€413m	€138m
2006	€281m	€179m
2007	€241m	€165m

Value distribution (%)



Taxes paid €189 million

	2007	€76m	€113m
Employee taxes			
Other government taxes and payment			

Taxes and other payments to governments

In 2007 Mondi paid a total of €189 million in taxes and related payments in the countries in which the Group operated. These included company taxes, employee taxes, royalties, import and export duties, transfer duties, sales and other taxes.

Attributable to shareholders

The net profit attributable to shareholders of the Group after taxation was €233 million.

A detailed review of the Group's financial and operational performance, including statements by the joint chairmen and chief executive officer and a full set of accounts, can be found in Mondi's 2007 annual report.

The annual report is also available to download from the Group's website at www.mondigroup.com

Forestry

Policy

Mondi attaches great importance to the sustainability of the supply of wood, fibre and biomass it sources, and to the environment.

Pristine forests in Russia.
Image courtesy of Silver Taiga.

Page 21 Credibility through certification



Page 23 Managing biodiversity



Page 24 Water management on our plantations



Page 25 Wood tracing to defeat illegal logging



Page 26 Meeting social needs in our forests



Summary

Forests are the living heart of our operations – and their sustainability is fundamental to our future.

Scientific advances, a willingness to engage and a commitment to our communities are all key to Mondi's forestry model for today and tomorrow.

This section describes our main activities and areas of progress in 2007.

More information is available at:
www.mondigroup.com

A growing business – aspiring to best practice in Mondi's forests

The face of the global forestry industry is changing fundamentally. Historically, the industry has often been a focus of criticism from some quarters for poor environmental and social behaviour in its management of plantations, of natural forests and of local communities.

The Earth Summit in Rio de Janeiro in 1992 on Sustainable Development marked a turning point for the forestry industry and, in the succeeding years, scientific advances in forestry have coincided with an understanding and acceptance of corporate responsibilities to enable a new, sustainable approach to forestry. Mondi is fully participating in this quiet revolution, working with NGOs and the scientific community in Europe, Russia and South Africa to develop and implement best practice for sustainable forest management.

Positive change

At Mondi, we believe that these scientific advances have the potential to move the industry to a position where it is recognised as a force for positive change and a leading industry in the mitigation of climate change.

We are not yet there. The impact of past operations and some persistent poor practice carried out by some members of our industry on the global environment and local communities, particularly the unsustainable exploitation of the boreal (northern) forests and tropical rainforests, has been too deep to be easily forgotten.

In southern hemisphere plantations, which now account for less than 5% of the world's forests but more than 30% of its wood production, early plantation practice has had an impact on water supplies, biodiversity and sense of place.

This has been the case in South Africa, where today Mondi owns and manages 350,000 hectares of plantation forests. Following a government decision after World War I that the country should be self-sufficient in forestry, wall-to-wall planting and the inappropriate use of grassland and wetland areas created environmental and social problems that we are focused on eradicating today.

Responsible forestry

In recent years at Mondi we have been developing an approach that we call 'responsible forestry', a science-based method involving key stakeholders. The new generation plantations that are resulting from this approach reflect the greatest improvement, because of their short seven-to-nine year rotations (the time from planting to logging).

Mondi is working globally with NGOs and the scientific community to develop and implement best practice for sustainable forest management.

Exciting advances

We are pleased by some of the advances that these efforts are already producing. For example, by delineating wetland (riparian) zones and creating a plantation-free 'buffer zone' around riparian areas (close to a river, stream or lake) and wetlands, we are managing to conserve water resources and associated biodiversity in our South African plantations. By linking separate ecosystems via undeveloped 'eco corridors', we are maintaining an important element of biodiversity in threatened areas. In Russia, we are part of a multi-stakeholder process successfully setting aside areas of pristine virgin forest while enabling rural people to continue making their living from the forest.

Credibility through certification

Certification is a very important tool for any forestry business seeking to establish its credibility as a responsible organisation. In our view, it sets the minimum sustainable development standard that we should seek in those areas where we own, lease or manage land and it provides the assurance that wood and fibre purchased from external sources is from sustainably managed forests. Mondi uses Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC) systems.

The FSC was established in the early 1990s to create a system for identifying well-managed forests as an acceptable source of forestry products. With a mission to ensure

environmentally appropriate, socially beneficial and economically viable management, it runs a certification scheme that's widely recognised by NGOs as the premier global standard for responsible forestry.

Underlying sustainability

For us, the underlying sustainability that certification promotes is a vital aspect of our operations – fully transparent and subject to regular assessment by independent accreditation organisations. FSC certification provides widely recognised evidence of our commitment to sustainable practices.

Mondi was one of the first commercial businesses to adopt the FSC's standards in South Africa, where all land we own is now entering the fourth cycle of certification. In Russia's Komi Republic, Mondi has certified 1.6 million hectares of land and a further 0.7 million hectares are due for certification. This further certification will again involve close cooperation with the State Forestry Department and local NGO, Silver Taiga.

PEFC is a global umbrella organisation that assesses and recognises national schemes, already representing 23 programmes and with a further 12 working towards recognition. PEFC forest certification supports a large number of our suppliers in Europe.

The PEFC and FSC Chain of Custody certifications have been implemented at all of our mills except the newly acquired Bulgarian mill at Stambolijski, for which a plan will be developed.

Forestry

continued

Supporting small growers

Gaining certification is complex and expensive for small growers. Many of these businesses are small and working to tight margins, so we are actively seeking to ease the process for them without compromising sustainable forestry practices.

There are some 16 million small commercial growers in Europe alone, and numbers in South Africa are growing fast. Helping those in our supply chain gain certification is one of the biggest challenges we face as we move towards requiring them all to be credibly certified.

As well as developing clear guidelines on what we expect from our suppliers, we are working through The Forests Dialogue (TFD) to find an acceptable and practical solution. This is an ongoing effort, on which we will report again in future.

Accurate eco boundaries are protecting wetland and other High Conservation Value (HCV) areas to enable plantations to operate side-by-side with globally significant habitats.



High Conservation Value forests

In Russia's Komi forest there are areas known as High Conservation Value (HCV) forests, where commercial forestry may be prohibited or restricted due to their particular ecological or social significance. The issues surrounding HCV status can be complex, however, because it is often difficult to identify them precisely.

As resource stewards, we are active in working with a wide range of stakeholders, including the Russian State Forest Department, WWF (which has awarded us its prestigious Panda Award for our efforts in this area) and Greenpeace through Silver Taiga, to define these

HCV areas accurately and implement a workable process that indicates their status.

Silver Taiga, in particular, has made a substantial contribution to this process, with practical implementation of one solution involving a simple 'traffic light' system. In this, red demarcates 'no go' areas, amber indicates where specific conditions apply and green allows normal commercial operations.

A critical factor in HCV areas, however, is the situation of local people. It is important that their sources of income are not threatened, so there is regular dialogue with communities during the process.

Managing the impact of plantations

In South Africa, we are committed to minimising the impact of our plantations on the environment. In addition to creating employment through plantations, we recognise that any monoculture has an impact on the environment. We have a responsibility to help protect vulnerable ecosystems like indigenous forest, wetlands and grasslands.

Managing biodiversity

The Earth Summit in Rio de Janeiro in 1992 was an important catalyst for the world's leading forestry companies, awakening them to the importance of biodiversity and sustainable practices in their operations.

During the years since the Rio summit, Mondi has placed increasing emphasis on our responsibility to conserve natural resources and, where possible, to help restore those that have been damaged.

This approach is consistent with the Millennium Ecosystem Assessment, which in 2001 compiled into a single report the findings of over 1,360 environmental experts from all over the world.

This showed that, while the last 50 years have seen more changes (including degradation) to ecosystems as a result of human activity than any other period in history, changes in practice could reverse many of them over the next 50 years.

Rehabilitating ecosystems

With this in mind, we are working closely with WWF and some of our peers in the industry on refining the science and practice behind what WWF calls 'New Generation Plantations', a project due for completion in 2009. Early indications are already showing that the practices we are developing have some very positive implications for the rehabilitation of functioning ecosystems, wetlands and riparian systems in particular.

This is vital work. South African grasslands, which cover the economically most productive third of the country, have been significantly impacted by development of many kinds including agriculture, mining and urban expansion as well as forestry. Remnants of some of the rare and endangered grasslands are under serious threat, placing a number of bird and animal species, including the Wattled Crane, Oribi and Blue Swallow, on the verge of extinction in some areas of the country.

Naturally, Mondi can only influence activities where we own the land. But we believe that the work we are doing, integrated with the government's 20-year grassland conservation plan and the Ezemvelo KZN Wildlife Land Stewardship Programme, is indicating a future direction for other landowners and interested parties. We are committed to ensuring that 25% of our land in South Africa is left unforested and we make optimal use of this area to support associated HCV areas.

Developing eco-corridors

Just as significant is the development of ecological networks, using undeveloped 'corridors' of land to create biological pathways linking different HCV habitats or ecosystems. Professor Michael Samways who heads the Department of Conservation Ecology and Entomology at Stellenbosch University in South Africa, is leading developments in this field and making use of Mondi's forest resources.

Along with our work on water systems (see pages 24 and 25), applying scientific research in this way is strongly influencing our commercial approach. In South Africa, we are involved in several projects where intensive forestry is now operating hand-in-hand with world-class conservation activities.

World Heritage partners

SiyaQhubeka Forestry in South Africa is a partnership between Mondi and its black empowerment partners, and government, and was the first commercial organisation to delineate an accurate 'eco-boundary' line between a World Heritage Site (now iSimangaliso Wetland Park, formerly Greater St. Lucia Wetland Park) and a forestry plantation. This approach has protected sensitive wetland and other HCV areas on the site, enabling our plantations and associated ecosystems to become part of a globally recognised game park and extending the habitat of species including elephant, rhinoceros and buffalo along with a myriad of plants, invertebrates and birdlife.

Other sites where similar partnerships with shared resources are underway include the eMakhosini Ophathe Heritage Park and Gilboa Forest Estate where our willingness to drop formal boundaries, share ecosystem resources and knowledge and communicate with local, national and global NGOs is resulting in mutual benefits based on a clear understanding of each other's interests.

Mondi's relationships with world and local conservation bodies will take on a new dimension in 2008 when we become more involved with the eMakhosini Ophathe Heritage Park, near Ulundi in the KwaZulu Natal province of South Africa. This new park includes the valley which is the birthplace of the Zulu nation and where most of the Zulu kings are buried.

We are now concentrating on how we can apply the lessons we are learning through these and other projects to our northern forestry operations in Russia's Komi Republic.

Understanding the issues

The global forest industry has a critical role to play in the preservation of endangered ecosystems and biodiversity and an important contribution to make towards the mitigation of climate change. Mondi is proud to be a part of this global contribution and intends to publish significant achievements in this regard in our future reports.

Forestry

continued

Mondi is removing

5%

of our land forestry production to create 'buffer zones'

Water management in our plantations

Our South African plantations are in an area of the world where fresh water is a scarce and valuable natural resource – 65% of the country receives less than 500mm annual rainfall, making the potential for drought an ever-present danger.

Over many years, it has been recognised that plantation forestry has a significant negative impact on water resources. In most areas, reduction in stream-flow is the most common negative outcome, while the maintenance of good quality water is generally a positive impact.

Developing new practices

It was common plantation practice in the early days of the forestry industry to use every available piece of land for planting. Now we know that planting in sensitive riparian (close to a river, stream or lake) or wetland areas results in the trees taking up more water than they need, due to its ready availability.

Mondi was among the first forestry companies to recognise water as the most important environmental issue in many areas. As a result, we have for some years been working closely with NGOs and scientific institutions, such as universities and research centres, to gain a fuller understanding of plantation water issues. The Water Research Commission, University of KwaZulu Natal, University of the Orange Free State and the Council for Scientific and Industrial Research (CSIR) have made substantial contributions to this work on Mondi land.

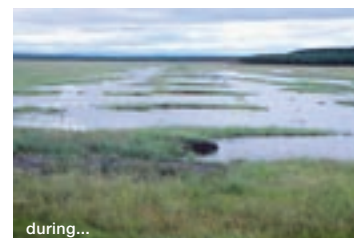
Our land is home to a number of important water research trials. These have led to some significant changes to our forestry practice designed purely to minimise the impact of our operations on water resources.

We are the principal sponsor of the Mondi Wetlands Project (MWP), established in 1991 by WWF and the Wildlife and Environment Society of South Africa. Due to the wide implementation of its findings, this is one of WWF's most successful projects anywhere in the world and we have agreed a new five-year sponsorship agreement that begins in April 2008. The MWP is making a substantial contribution to the protection and rehabilitation of wetlands in South Africa, and the new agreement includes a particular focus on wetlands in poor rural communities and incapacitated municipalities.

A cooperative effort

Alongside MWP, the South African government and several leading scientists, we chaired a process over a number of years resulting in a national procedure for wetland delineation.

The most important result has been our decision to remove all our trees on or close to riparian or wetland areas, creating 'buffer zones' around them to encourage the recovery of natural freshwater sources. This ongoing process involves removing some 5% of our land from forestry production.



Case study

Rehabilitating the Wetlands

The Mondi Wetlands Project aims to bring about the rehabilitation, wise use and sustainable management of valuable wetlands, including springs and seeps, marshes, flood plains, swamp forests, mangrove swamps and estuaries. It is widely recognised as South Africa's most successful non-governmental wetlands project, successfully promoting conservation among government agencies and private and communal wetland users.

We are encouraged by the results of our work with MWP and the research projects held on Mondi's land. The rehabilitation of wetland and riparian areas has been remarkably successful, clearly demonstrating that it is both possible and practical to reverse most of the damage these sensitive sites have suffered through poor plantation practices. In fact, we have demonstrated on a wide range of sites that recovery of these sites is possible within a single growing rotation of seven to nine years (see case study on page 24).

This is just one result of our close, active involvement with MWP, which has achieved outstanding results over many years in the conservation and rehabilitation of South African wetlands. Looking to the future, we have now agreed to challenging targets for the delineation and management of wetlands in our plantations, and will continue to benefit from MWP's technical support.

Benefiting communities

Most importantly, we are now working together to apply our findings to wetlands on community areas bordering our land, spreading the benefits of our work to help the wider environment and society.

Similarly, the water research sites on our land include a number of sophisticated water-catchment experiments undertaken by a number of scientific institutions. These are successfully providing important information that will lead to the better management of South Africa's freshwater resources as a whole.

In this and other ways, the forestry industry and Mondi in particular are contributing to the future sustainability of the country.

Wood tracing to defeat illegal logging

One of the greatest challenges facing the forestry industry is the continued prevalence of illegal logging, a major cause of damage to the world's valuable boreal and tropical forests.

Wherever possible, we and other leading businesses in our industry use the FSC and PEFC chain of custody certification schemes to track our raw material supplies. These comprise a transparent and accountable process through every step from the forest to the consumer.

In this way, we can both minimise the risk of illegal timber or fibre entering our supply chain, and provide evidence that the forests from which we procure our wood are sustainably managed.

We face a wide range of control issues over our forestry operations in central and eastern Europe, particularly in Russia's Komi Republic, due to the remoteness of many of the areas from which our wood is sourced. In addition, the sheer quantity of independent commercial growers in the region makes effective monitoring of all their activities a major challenge.

These are some of the reasons why we are now in the process of strengthening our own processes and systems, based on our Sustainable Forestry Policy, to reduce the risk of illegal wood entering our supply chain in Russia.



In 2007, we developed our procedure for the responsible procurement of wood, virgin fibre and biomass utilizing version 1 of the FSC Controlled Wood Standard. Since the procedure was developed, FSC has revised the Controlled Wood Standard. We have identified the need to update our procedure and to align it with the latest Controlled Wood Standard. This was also confirmed by ERM in their assurance assessment.

Assuring legality

Next, we worked on the development of a risk-based wood and fibre tracing system that will enable us to assure the legality of the wood we receive, from the so-called 'smallest management unit'. This system is designed to ensure that all our suppliers are legally compliant and meet all our wood procurement requirements.

We are also supporting the tracing system with our Wood Information Platform (WIP) which monitors all the wood and fibre entering all our processing plants by species and by certification type. Together, this minimum wood standard, the risk-based wood and fibre tracing system and our WIP form the basis of our procedure for the responsible procurement of wood, virgin fibre and biomass.

To date, the above-mentioned system has been developed and reporting of data in the WIP has started. To ensure that we meet our target of full implementation of the system by the end of 2008, we have put into place a dedicated person to implement our detailed rollout plan, which includes on-site training, education and consultation with procurement specialists across the Group.

In these and other ways, we are working to meet our commitment only to use wood, fibre and biomass from sustainable sources.

Forestry

continued

Meeting social needs in our forests

Many of the people who live and work in the forests where we operate face severe economic hardship. We regard it as an important responsibility at Mondi to ensure that our stakeholders directly associated with our business, rural communities in particular, benefit from our activities. In addition to the direct support we provide, we act as a catalyst to leverage resources from government and other agencies for the advancement of impoverished communities.

We report on a number of initiatives relating to this issue elsewhere in this document. In particular, see page 43 for a description of the transparent, methodical SEAT (Socio-Economic Assessment Toolbox) process that we use to measure the real needs of our communities. And see page 48 for a description of our work with small forestry-based businesses via Mondi Zimele, our South African enterprise development arm.

Tangible support

Our SEAT reports provide the basis for our activities with communities. Among many other things we endow schools, hospitals and community centres in Russia, we provide clinics to help address the HIV/AIDS epidemic in South Africa, and we support emerging small growers to give them the expertise and business rigour they need to be a sustainable part of our supply chain.

Typical examples of our activities include a project in SiyaQhubeka Forestry in South Africa that is both helping to protect trees and to provide business opportunities for local people.

In this, we have helped five woodcarvers set up the Manukelana Art and Nursery project, in which they replace every tree they use for carving their art. This has now led to an active business, in which they sell trees to neighbouring schools and communities. Significantly, they have received a contract from the municipality to provide trees that have now been planted in a new local township.

Case study KwaZulu-Natal arts and crafts

One of the main draws for tourists to KwaZulu-Natal is the high quality of the area's arts and crafts. In a strong effort to help crafts people market their work more widely, we have launched an initiative to unify the local industry.

Our community engagement facilitators have visited the communities, encouraging people to work together, according to their particular talents. Today, 128 members are keen to cooperate on major projects that they cannot fulfil alone.

As well as funding stands and creating catalogues for major exhibitions like the Royal Show, Zululand Expo and Craft to London, we also help arrange visits from traders, who want to sell local products in international markets.



Managing modernisation

These typify initiatives across our forestry operations, but in both Russia and South Africa we face a fundamental modernisation challenge that requires the utmost sensitivity to address. As our business moves forward, even the poorest people are increasingly unwilling to undertake heavy labour, particularly in the extreme cold of one country and the extreme heat of the other. Forestry is increasingly competing for labour as people are leaving the forests and rural areas for cities. Mondi works almost exclusively with contractors in these areas and is taking steps to attract and maintain their services.

We are, therefore, investing in new, advanced forestry machinery that, while providing a more comfortable working environment, will also have an immediate impact on the number of people we can directly employ in the forests. During 2007, based on SEAT findings, we continued to progress with mechanised forestry systems in a measured, methodical manner that minimises the social impact of modernisation while seeking to maximise its economic benefits for the affected communities.

We support and actively participate in the efforts of The Forests Dialogue (TFD) to address the global topic of poverty reduction and commercial forestry. The initial scoping meeting was hosted by Mondi in South Africa and during 2007 successful dialogues were held in Indonesia and Bolivia and are reported on the TFD website.

Policy

We actively strive for recognised best environmental performance in our operations. We aim to achieve this by integrating environmental principles into our business strategy.

Environmental performance

In South Africa, and worldwide, Mondi makes every effort to live in harmony with the environment.

Page 29 Reducing energy intensity and carbon emissions



Page 30 Water, using less – reusing more



Page 31 Working together to clear the air



Page 32 Focusing on the landfill challenge



Summary

As a manufacturing business, we use intensive processes that consume energy and water, as well as generate solid waste and emissions to both air and water.

We're committed to continuous improvement. Here we explain how we're decreasing our energy intensity and greenhouse gas emissions from fossil fuels, using cleaner manufacturing techniques and technologies, and managing our waste disposal activities better.

More information is available at:

www.mondigroup.com

Environmental performance

Limiting our impact on the world's resources

Every time we use an industrial process to change the state of a material we both consume resources and generate by-products that need to be controlled.

All well-run commercial organisations are constantly seeking new operating efficiencies that will reduce the cost of doing business. At Mondi, we recognise that commercial and environmental imperatives are often very closely related – doing more for less simultaneously both reduces our environmental impact and improves our profitability.

These twin considerations are behind our rolling programme of change, comprising a powerful link between our financial and our environmental performance. This is fundamental to our environmental policy, which commits us to integrating environmental principles, such as conserving raw materials, using clean production processes and reducing by-products from our operations.

Improved performance

We are already seeing the results of investments and improved practices deliver benefits in the form of lower greenhouse gas generation, reduced emissions to water and to air, better waste management practices and an improved health and safety performance.

And looking ahead, we expect considerable results from future investments, particularly the €525 million project that is due to complete the modernisation of our pulp and paper mill at Syktyvkar in Russia by 2010. This is the largest investment ever announced by Mondi and will have a major impact on our emissions to air (particularly sulphur oxides, nitrous oxides and particulates) while enabling us to meet the Russian market's growing demand for uncoated fine paper at the lowest practicable cost.

This, though, is only one project among many, based on the individual 'roadmap' plans of our material production sites, which together amount to a Group-wide strategy of continuous sustainable improvement. Closely interlinked with these is a series of specific targets for 2010, relating to particular environmental measures such as effluent load to the environment and waste to landfill.

Incidents and complaints^{1,2}

	2005	2006	2007
Level II Incidents	22	10	22
Level II Complaints	1	0	0

¹ Please note this graph includes data for our environmentally material operations only.
² Baseline data has not been adjusted for 2005 and 2006 to include data from Stambolijski and Mondi Shanduka Newsprint.

Reducing emissions

Collectively, these plans, activities and targets helped us to take some very important environmental steps forward in 2007, including the total removal of elemental chlorine bleaching from all our production processes. In turn, this has already seen our adsorbable chlorinated organics (AOX) emission levels in effluent across our pulp production operations fall to below our 2010 target, decreasing by 65% from 439 tonnes in 2005 to 153 tonnes in 2007. Achievements such as this have helped us reduce the impact of our environmental footprint across Mondi.

Applying the lessons learned

We use Best Available Techniques (BAT), the EU-defined 'ideal' for pollution prevention and control for a business of our size and industry, to measure our performance. This is a useful guide, showing both where we are underperforming and where we are leading best practice. An encouraging example of excellence within Mondi comes from our Ružomberok mill in Slovakia, where our AOX emission levels are 10 times lower than the BAT minimum recommendations.

Over the next few pages, you'll find details on a number of projects and achievements that have contributed to our improving performance in

achieving our policy goal of cleaner production, more specifically work aimed at reducing our impact on water, air and land – some of which has been highly successful, with other areas still requiring close attention to achieve the results we are aiming for.

Fines, incidents and complaints

Mondi monitors and reports its fines, incidents of legal non-compliance and all environmental incidents and complaints.

Level I incidents and complaints, i.e. those with a minor impact and/or short-term effect, are reported and monitored internally.

Zero level II complaints and 22 level II incidents (refer to glossary on page 56) were reported during 2007, 16 of which were reported by the Syktyvkar mill in Russia. Of the 22 level II incidents reported, most were level I incidents related to water quality, air emissions and noise levels which continually exceeded permissible limits over an extended period of time during the applicable reporting periods and which were then elevated to level II incidents in line with our reporting definitions.

No level III incidents or complaints (refer to glossary on page 56) were reported during 2007.

Reducing energy intensity and carbon emissions

Policy

Mondi shares the concerns of the international community about climate change, and believes that industry should play an important role in worldwide efforts to reduce greenhouse gas emissions.

At Mondi, our Group-wide energy strategy commits us to ensuring that our financial and environmental energy costs are as low as possible.

In 2007, we described the energy vision we had formulated to support this strategy. This has committed us to a range of practices and actions that now need to be entrenched as fundamental features of how we operate. And while each appears to be straightforward, the reality is that achieving them requires significant ongoing investment and management will.

The basis of our vision is fourfold – that we should:

- manage energy price volatility effectively;
- consistently improve the energy-efficiency of our production processes;
- increase the proportion of power that we produce ourselves; and
- increase the overall share of energy from renewable sources as a proportion of the energy we use.

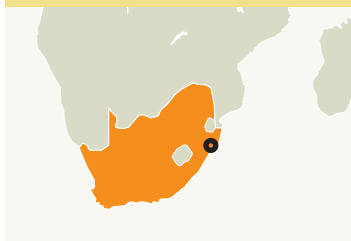
During 2007, we have done a great deal to address and meet the requirements of each commitment, bringing the strategy to life as a central and evolving feature of Mondi's operations.

Our work ranges from intensive investment programmes, to changes in our working processes and small improvements that we can replicate many times across the business.

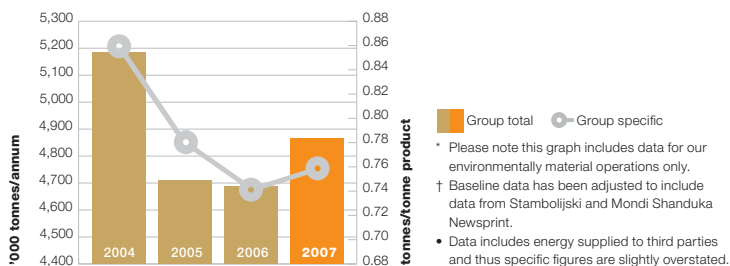


Case study A clean methodology

The installation of a bark boiler at our Richards Bay mill was Mondi's first Clean Development Mechanism (CDM) project. Developing and applying an efficient and effective methodology that meets the needs of the site and the requirements of the Department of Minerals and Energy took nearly three years. With the bark boiler already cutting the mill's total CO₂ emissions from fossil fuels by 51% since 2004 levels, we have now commissioned a gas turbine at the mill.



CO₂ from fossil fuels***



Stabilising the cost of energy and reducing carbon emissions

By actively using the provisions set out in Article 17 of the Kyoto Protocol of 1997, we are able to smooth out fluctuations in the cost of energy and reduce carbon emissions from energy generation, so enabling us to plan our future investments strategically.

The Kyoto Protocol set national emissions targets which were then applied to major industrial sites such as our pulp and paper mills. These targets on average require that between 2008 and 2012 emissions are reduced to 5.2% below 1990 levels.

When we outperform our targets in our installations in the EU, we are allowed to sell our excess allowances to other organisations as carbon 'credits' (comprising tonnes of CO₂).

Another cost-effective means of reducing CO₂ emissions and managing the cost of energy that the Kyoto Protocol enables is the ability to invest in Clean Development Mechanism (CDM) projects in developing countries. For more than two years, we successfully focused on developing the methodology for CDM projects – the results of this work came to fruition in South Africa during 2007, with the completion of a bark boiler and the installation of a gas turbine at our Richards Bay mill.

We are now studying in detail the changes to the Protocol proposed in Bali in December 2007, and will report in future on any resulting amendments to our approach.

Improving energy efficiency

One of Mondi's most significant environmental commitments is to reduce its specific fossil fuel CO₂ emissions by 15% from the 2004 figure by 2014. In 2007, we achieved an 11% specific reduction on the 2004 figure. This is a 6% reduction in total fossil fuel CO₂ emissions from 5.19 million tonnes in 2004 to 4.86 million tonnes in 2007.

Throughout the business, many people in many different roles are continuously seeking new means of contributing to this target. These include dedicated energy managers, based at our material operations, whose main roles are to identify, implement and share proven best practice in reducing energy consumption.

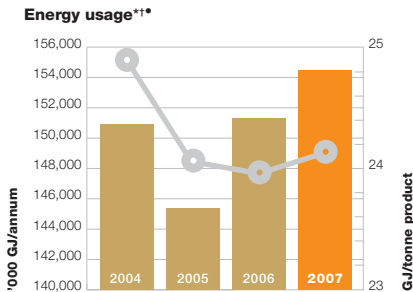
They are important participants in Diana Energy, a Mondi-wide network of energy experts, with a particular focus on efficiency increases. The results of their work are documented on our MORIS database, and used across the Group for benchmarking and management information.

Some of the ideas and solutions the energy experts promote are simple, from using improved, more efficient compressed air systems or water pumps, to reducing water consumption through the use of closed-loop systems and increasing the motor efficiencies of equipment throughout the business.

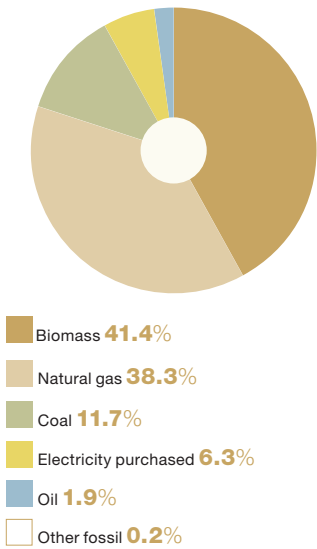
The gains to be made from each individual improvement are likely to be small – but replicating them in tens of sites across Mondi makes a powerful contribution towards helping us achieve our carbon emission goals.

Environmental performance

continued



Energy sources 2007



Note: data totals to 99% due to rounding.

More self-generated energy

Across Mondi, as a direct result of investing in our own energy production, we reduced our consumption of electrical energy from the grid by 4,788GWh in 2007 from 2006.

Where possible, we have replaced the inefficient production typical of a conventional power plant with close to 100% implementation of greatly more efficient combined heat and power (CHP) technology.

In addition, we are actively using the energy produced as a by-product of our industrial processes. For example, at our production plant in Świecie we are using the steam produced in our recovery boiler to generate electricity. We are also selling sustainably-produced energy via renewable energy support schemes in the Czech Republic and Poland.

For us, this is a vision of the future where communities can actively benefit from our processes. For example, today we are supplying towns with excess heat from our Syktyvkar and Ružomberok mills. In Austria, a hospital is successfully using our excess low-temperature heat following an investment by the local authority.

While we have made a great deal of progress on this front in recent years, there is still a long way to go before we become a net supplier of renewable energy in some sites, and this remains an objective for the business as we learn more about the full potential of such developments.

Our use of renewable energy

Our industry has the potential for reducing its carbon impact by substituting high carbon fossil fuels such as coal, lignite or heavy fuel oil with low carbon fossil fuels such as gas or with renewable biological energy sources.

We are aiming to steadily increase the use of our own-produced biomass, black liquor, sludge, tall oil and other renewable fuels, by driving our investments in the technology needed to use it. Consumption of traditional fuels for our self-produced energy accounts for approximately 52% of the energy used in our pulp and paper mills. Currently 41% of our total energy is from biomass, a number which has remained stable over the past three years and which we aim to increase in years to come.

Critically, without the means of using biomass as a fuel, it would be a waste product consigned to landfill. It is a highly inefficient fuel, but our investments in CHP solutions at operations are proving that the use of biomass not only reduces waste, but also impacts greenhouse gas emissions and cuts the overall cost of steam and power to the Group.

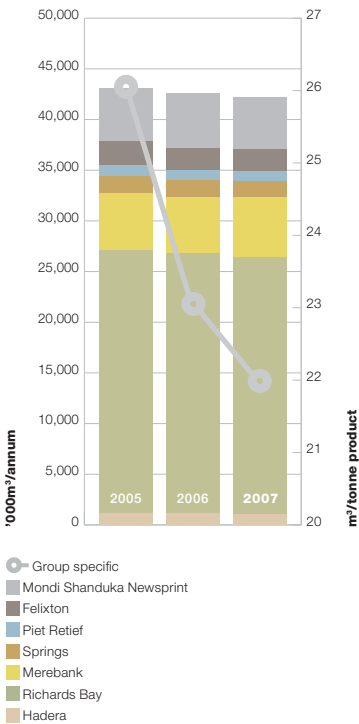
By converting our commitments into action, projects like these are active, working demonstrations of implementing our energy strategy.

Water – using less, reusing more

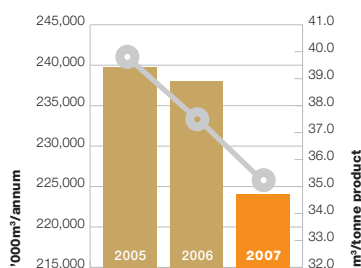
At Mondi, we continuously face two main issues in the use, conservation and protection of fresh water.

The first of these, protecting supplies in our forestry operations within water-scarce areas of the world such as South Africa, is addressed on page 24 of this report. The second major issue is how we use water in our intensive industrial processes throughout the world. Our ongoing challenge is to achieve consistent reductions, both in the quantities of water we use and in the amount of water-borne pollutants that result from our processes.

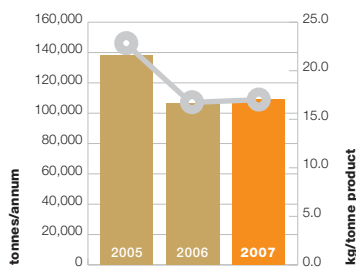
Water for primary activities in water-stressed countries such as South Africa and Israel†



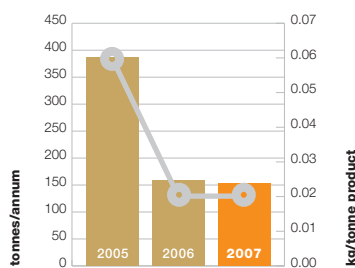
Waste water flow**



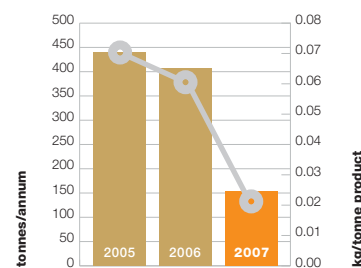
Chemical oxygen demand**



Total reduced sulphides**°



AOX**



Year-on-year progress

The ongoing investment programmes at our operations are successfully contributing to year-on-year progress on both fronts.

Together with AOX, chemical oxygen demand (COD) is one of the two most significant waste water loads emitted during our processes. These are, therefore, two priority investment areas for Mondi, and targets are in place across the Group to help us achieve significant reductions in waste water effluent levels.

Tackling COD emissions

For COD, we are committed to a Group reduction of 30% from 2005 production levels by 2010. We have already successfully reduced COD levels by 21% from 138,189 tonnes in 2005 to 108,819 tonnes in 2007. Significantly, 35% and 56% reductions in these levels have been reported at the Syktyvkar mill in Russia and the Richards Bay mill in South Africa respectively since 2005.

Reducing AOX levels

Our reduction in AOX levels has been successful overall, with tremendous progress being made – particularly through our decision to replace elemental chlorine as a bleaching agent for paper with advanced, cleaner elemental chlorine-free (ECF) technology.

The Group target is to reduce AOX by 30% from the 2005 level by 2010. The Group has already surpassed its 2010 target, successfully driving levels down by 65% to 152 tonnes in 2007. This is encouraging progress, and we expect further improvements in the years to come, mainly as the result of the modernisation project at Syktyvkar.

Working together to clear the air

No industrial process can take place without releases into the air.

Mondi is committed to reducing its emissions into the atmosphere to as low as reasonably practicable in all its operations throughout the world, through a set of ambitious improvement targets supported and enabled by a rolling investment programme.

The main issues affecting us are emissions of total reduced sulphur (TRS), sulphur dioxide (SO₂) and, to a lesser degree, nitrogen oxide (NOx).

Focusing on nuisance odour

At a number of our sites, local communities have complained of a 'nuisance odour'. In most cases this is due to TRS emissions and reducing the TRS levels caused by the pulp-making process is therefore an important goal for Mondi. We are committed to a 65% reduction target from 2005 levels by 2010.

To date, we have reduced our total TRS emissions by 60% to 153 tonnes in 2007. This is a pleasing result that puts us well on track to meet our 2010 target for the business.

Working with communities

The most important progress has been made at Syktyvkar, where the implementation of a new vented steam treatment system has helped us reduce TRS emissions to within the BAT range. However, the nuisance odour remains an important issue in the area, and a community plan is in progress to help us further improve the situation. Further air emission improvements are expected from the Syktyvkar modernisation project, with reductions also expected in SO₂, NOx and other particulates.

Nuisance odour is also a major issue at our Richards Bay mill in South Africa. At Richards Bay, we received more than double the number of complaints in 2007 than the previous year, making it important that we rise to the challenge successfully over the year to come – particularly because we have made a commitment to be a 'smell-free' mill by 2009. With this in mind, we have committed to planned engineering and equipment investments as well as additional monitoring during 2008. The mill intends to work closely with the Richards Bay Clean Air Association on this project.

These notes refer to the graphs on pages 30 and 31.

■ Group total ● Group specific

* Please note this graph includes data for our environmentally material operations only.

† Baseline data has been adjusted to include data from Stambolijski and Mondi Shanduka Newsprint.

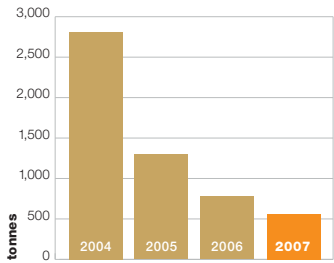
• Data includes energy supplied to third parties and thus specific figures are slightly overstated.

° The Syktyvkar mill has only reported its H₂S and methyl mercaptans, which account for 80% of the mill's total TRS emissions. The Świecie mill has calculated its TRS emissions based on averages of samples taken at various intervals. This could lead to some inaccuracies in the numbers reported.

Environmental performance

continued

SO₂ emissions at the Merebank mill



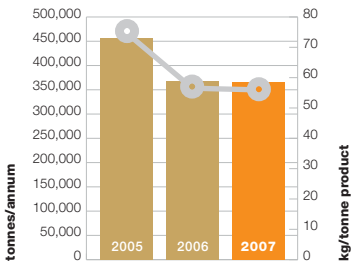
Reducing SO₂ emissions

Significant improvements in SO₂ emissions, emitted during fuel combustion and energy conversion, during 2007 saw us reduce our annual tonnage from 6,831 tonnes to 5,615 tonnes from the previous year.

First, by changing the fuel used to power a paper machine in our Israeli operations from heavy fuel oil to natural gas (which has a very low sulphur content) we have reduced the mill's SO₂ emissions by 25% from the 2006 levels. And a 21% reduction has also been achieved over the same period at the Richards Bay mill by reducing our consumption of black coal and increasing the use of natural gas.

Building on these achievements, we have been targeting significant SO₂ reductions at our Merebank mill, where we are also due to install a low-NOx burner. Further improvements by 28% in SO₂ emissions have been reported at the mill in 2007, from the 2006 levels. This is due to the ongoing effects of the flue gas desulphurisation equipment which was installed in the mill's coal boilers in April 2005.

Waste to landfill^{††}



Focusing on the landfill challenge

Waste disposal is complex for Mondi, made more so by our operations in many different countries and jurisdictions, which can have different waste classification regimes.

Across the business, there are two quite separate waste management priorities – disposal of the by-products of our production, and disposal of our products once they have been used by consumers. See page 35 for a description of how we organise the collection of paper in South Africa for re-use in our mills.

Reducing landfill volumes

The disposal of green liquor sludge, created in the pulp production process is a challenge. Finding a solution is a major focus area for Mondi. We are also undertaking constant reviews of all landfill operations to ensure their safety, with a particular emphasis on the quality of nearby groundwater.

In South Africa, ash from the coal burning process accounts for most of the waste that is landfilled. The Merebank and Richards Bay mills account for 35% of the Group's total solid waste that is sent to landfill. Several projects and investigations are ongoing at these mills to find alternative uses for the waste and to minimise landfill.

Careful management continues to achieve progressive reductions in waste to landfill. In 2007, we successfully achieved our 20% reduction target by reducing this number to 366,893 tonnes. In particular, significant reductions have been achieved at our Syktyvkar and Świecie mills. At Syktyvkar, solid waste levels have been reduced by 86% from 2005 levels as a result of the continuing efforts to rehabilitate its sludge ponds. The Świecie mill in Poland has reduced its solid waste levels by 79% in the same period. The mill's success can be attributed to seeking alternative waste management options. In fact, the mill successfully discontinued all waste to landfill during the second half of 2007.



Case study
Closing and sealing sludge ponds at Syktyvkar

When we purchased the Syktyvkar pulp and paper mill in 2002, sludge ponds had been in constant use since the early 1970s. One early decision we took was to cease using the mill's 24-hectare network of waste water sludge ponds. In 2007, we completed a successful rehabilitation project, covering the ponds with inert materials made up of excess bark, which seals the deposits.

These notes refer to the graphs on page 32.

■ Group total ● Group specific

* Please note this graph includes data for our environmentally material operations only.

† Baseline data has been adjusted to include data from Stambolijski and Mondi Shanduka Newsprint.

Stocks of mother reel in Mondi's fully-automated warehouse at Hausmening in Austria.

Policy

At Mondi, product stewardship means the integrated management of environmental, safety and health factors throughout all stages of our product lifecycle.

Product stewardship

Page 34 Product lifecycle



Page 34 Rising to the packaging challenge



Summary

The products we manufacture help society in many ways. But the processes involved – from harvesting raw materials to ultimate disposal – have an environmental impact that we are determined to minimise.

Here we explain some of the issues involved, and how a responsible approach to the product lifecycle can enable consumers to make sustainable purchasing decisions.

More information is available at:
www.mondigroup.com

Product stewardship

Helping consumers buy responsibly

Product lifecycle

The products we manufacture and distribute are economically and socially significant.

Paper is possibly the world's most widely distributed product, while packaging is a key component of modern lifestyle with many uses. By protecting our customers' products from damage, from their place of manufacture, through distribution networks and sales outlets into people's homes or workplaces, packaging contributes to product and consumer safety.

From growing, harvesting and purchasing our raw materials, through our industrial production processes to branding and distribution, we are committed to providing our customers with the products they need at the lowest possible financial, environmental and social costs.

We have in place a range of systems that seek to reduce the environmental impact of our products. These include sustainable forestry practices, a commitment to constantly improving the environmental performance of our plants, recycling initiatives, global employment standards and integrated support programmes for the communities in which we operate.

Paper – a growing market

Despite widespread predictions of the likely impact of information technology on office paper usage, the demand for paper products continues to grow throughout our main markets. In western Europe, for example, annual growth in 2007 was 3.5%, while in central and eastern Europe it stood at 8%.

These are notable rates by any standards, driven by a shift in the use of paper away from being a material which people file to store information. Now paper is a live

medium used to capture work in progress. As economies grow, the use of paper in the workplace grows alongside it, meaning that the ongoing development of the emerging markets we serve gives us a strong platform for progress.

The role of sustainability

Assessing the sustainability practices of a supplier has become a standard element of procurement practice among large businesses, for government contracts in particular. The ability to demonstrate that we are taking steps across a broad range of sustainability issues is therefore important both in winning such business and in demonstrating our credentials to current and potential investors.

Our main attention is currently on focus areas covered elsewhere in this report, including recycling (see the South Africa case study on the next page), forestry, production and – springing from all these – certification.

Promoting sustainability

Our focus needs to be on communication to make consumers aware of the true meaning of certification. This will give them the ability to choose brands deliberately from responsible manufacturers – those that pay attention to reducing the impact of their products across the full lifecycle. The success of our 'Green Range' business paper products makes it clear that, in western Europe at least, some consumers are prepared to pay a premium for sustainably manufactured products.

The challenge for us now is to overlay sustainable practices on as many aspects of the Mondi business as possible, which we hope will in turn help promote sustainable practices in the paper industry as a whole. We believe this will contribute to the mainstreaming of sustainable

practices and products into normal commercial activity and offer consumers more choice.

Rising to the packaging challenge

In our packaging businesses, the main challenge we face is how to continue improving product and consumer protection while consistently driving down the costs of our operations.

This involves a sensitive balancing act for Mondi. Financial considerations and efforts to reduce over packaging are causing many of our customers to demand constant reductions in the weight and cost of their packaging, which in turn can deliver environmental gains.

Growth in green procurement practices is a fundamental issue for us, and we are concentrating on ensuring that we can consistently meet this fast-developing need. We must always ensure that the solutions we produce remain sufficiently robust to protect properly the products they contain – which almost invariably represent a higher financial and environmental cost than their packaging.

This is where the role of product innovation fits in. One of our Research and Development centres, based in Korneuburg in Austria, is dedicated to innovation across our coating and release and flexible packaging business, but can also provide services to other parts of the Group.

Many Mondi breakthroughs have emerged from the Innovation Centres in recent years, including the revolutionary single-ply One Bag (on which we have reported in the past).



Case study Innovating for better product safety

Our focus on innovation extends beyond our products to the processes we use in their production, seeking constantly to find the safest and most effective solutions. As an example, we have recently made a major investment in our Zeltweg converting plant in Austria, in the form of an advanced imaging system that picks up defects in the coating materials we produce. When it spots a defect, the system automatically stops the machine and removes the sub-standard section to provide even higher quality standards.

More recent developments include the Airstream Bag, with its unique de-aeration system for high-speed filling and improved product shelf-life, and the Aqualiner moisture protection barrier, replacing the use of non-renewable petroleum products with a cost-effective, sustainable linerboard.

Other new processes and products – such as greater use of recycled materials in our corrugated business, thinner sealant films for food products and the use of a unique new temperature-sensitive ink that can show if a chilled or frozen product has become too warm – are all also contributing to reduced environmental impact and improved consumer safety.

Part of the product lifecycle

Developments show that it is increasingly difficult (and undesirable) to look at packaging issues in isolation from the products they protect. In our view, and in line with eco-design guidelines, they should be seen as sharing the same overall lifecycle, because the packaging only exists to enhance the quality, durability, safety and saleability of the product.

At Mondi, we are keen to help drive this perception more widely, among the manufacturers and other customers we work for as well as the end-consumer. This is being enabled by the growing sophistication of means to measure and compare the overall environmental performance of different product groups through tools like the GaBi lifecycle assessment software system. Widely used in our corrugated business, this supports recycling-orientated design by helping us integrate the full lifecycle of the product and its packaging.

A focus on food

In areas like food for human consumption, packaging has gained increasing significance in recent years through the popularity of convenience food. Essentially, it is the packaging which gives the product much of its primary value to the consumer, particularly in terms of hygiene and shelf-life.

For this reason, we have committed to go beyond the legislative requirements of European Union (EU) food hygiene rules, which compel us to operate the Good Management Practice quality assurance system that promotes food safety and hygiene.

Case study Businesses built on used paper

By launching some 130 used paper 'buy-back' centres throughout South Africa, Mondi is contributing to a tidier country, is maximising the use of reclaimed fibre in its operations, and has helped create some 3,000 direct and indirect jobs.

A buy-back centre accepts and sorts collected and donated paper and cardboard that has been bought, used and discarded by the consumer, before supplying it back to Mondi for reuse.

In 1999, Mondi first developed the concept of approaching councils to give us unused land to use as a recycling centre. We would then identify a suitable black entrepreneur to run it as his own business, who would then be responsible for employing on-site staff and a team of independent traders to collect waste paper.

In addition, we recruited a team of drivers to make kerbside collections – subsequently, these people have become self-employed, and many have bought second and even third vehicles as their businesses expand.

While the concept precisely matches current legislative requirements, it predates the Broad-Based Black Economic Empowerment (BBBEE) Act by some years. It has also made us significantly the largest recycler in our industry in South Africa, responsible for the collection of 380,000 tonnes of waste paper per year out of a national total of 935,000 tonnes.

And it's good business for us – the cost of fibre sourced in this way is lower than that from our plantations.

By 2010, therefore, all of our plants producing packaging for human food will have achieved one of two forms of accreditation. These are Hazard Analysis Critical Control Points certification, an internationally recognised system for food safety management, and the British Retail Consortium and Institute of Packaging's (BRC/IOP) technical standard and protocol that sets food packaging quality for retailer-branded products.

Together, these two schemes certify that we have addressed all relevant regulations covering food hygiene. To date, some 25 of the 40 Mondi plants that need it have already achieved full certification, and work continues on the remaining 15.

Using more recovered fibre

For Mondi, recovered fibre is not waste – it's a vital raw material, particularly in our corrugated business. Every piece of fibre can be reused up to seven times before it becomes too degraded, and even de-inked newsprint can be used up to four times. We estimate that using recovered fibre has just 20% of the environmental impact of using virgin fibre.

We are therefore concentrating significant effort on ensuring that we recover and re-use as much as we can. In 2007, we used some 1.7 million tonnes of recovered fibre throughout our businesses, 1.3 million tonnes in our European operations alone.

In western Europe, recycling has become an established element of business and household culture. The situation is different in emerging Europe, where rates vary from around 40% in countries like Poland and Slovakia to almost non-existent in Bulgaria and Romania.

For Mondi, sourcing recovered material for re-use in western Europe is not difficult at the right price. For example, Chiemgau Recycling at our Raubling mill in Bavaria, Germany, has long-term community waste collection contracts that give us the assurance of supply we need.

For this reason, we have been able to make appropriate investments that ensure our production sites are fully equipped to process recovered fibre. This is not yet the case in many emerging European countries, where the reliability of supply is not yet sufficiently developed to be the basis for efficient production.

We have started to invest in this area, however, in preparation for a more robust supply. These include major investments in a collection infrastructure at our Polish mill in Świecie, where we are also buying the equipment we need to process the recovered fibre.

In 2007, nearly 1,000 Mondi employees worldwide were directly involved in our operations to recover fibre, and we expect this figure to rise in years to come as recovered fibre further increases in importance as an essential element of our business.

At this nursery in South Africa, nurturing seedlings is the beginning of the whole process.

Policy

Protecting the health, safety and security of our employees and those who work on our behalf is a core value for Mondi. We believe in zero-harm workplaces, where all incidents are preventable.

Social responsibility employees

Page 39 Implementing global employment standards



Page 39 The nine safety rules to live by



Summary

A safe working environment and opportunities to learn and progress within our business are both fundamental aspects of treating our employees responsibly and fairly.

This section describes how we are continuously seeking to give our people the best working conditions we can, particularly those who work in higher risk activities.

More information is available at:

www.mondigroup.com

Working towards safety, fairness and progress

At any Board or DLC executive committee meeting, our safety performance is always the first item on the agenda.

This is a critical aspect of our Group-wide zero-harm value that commits us to ensuring that processes are in place in every part of the business to prevent any injury to our employees, contractors or service providers.

2007 was sadly marred by the deaths of three contractors in separate incidents while working on Mondi business, two in our South African forestry operations and one in our Moroccan converting plant. We hold the firm belief that fatalities are totally unacceptable. We always seek to learn lessons from such events, and ensure that all our people are made fully aware of and follow our safety rules at all times. In all three incidents, following detailed investigations into the events, very specific actions were taken to prevent recurrences.

Learning from incidents

Indeed, after any lost-time injury (LTI) incident an immediate incident notification is sent to management announcing what has happened. This is distributed to all relevant employees and contractors, followed by a more detailed report that highlights the issues involved as well as causes and learning points.

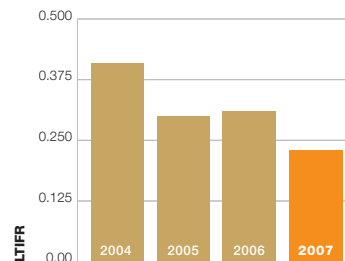
After a fatality, our investigations are even more detailed, often resulting in changes to policies or practices. We take additional actions; for example, following the death of a contractor involved in a fire-fighting activity in one of our South African plantations, we immediately engaged the country's leading expert on forest fire protection to conduct a review and make safety recommendations, which were implemented.

Nine Safety Rules

An important development during the year was the replacement of our six Golden Rules with a set of nine Safety Rules, including a new one especially created for contractors working in forestry operations. These Safety Rules address the key fatality risks in our operations, covering the topics listed on page 39.

As a significant part of our safety requirements, we also started a Group-wide focus on the four main areas that we have identified as critical to improving our safety record – people, process, emergency preparation & response and crisis management.

Lost-time injury frequency rate*



All our global operations took part in this exercise during 2007, carrying out a self-assessment audit of the 'people' element. During 2008 we will implement an action plan to address all areas of concern, and conduct at all sites an audit of the 'process' elements.

Building on better communication

We use the commonly applied Lost Time Injury (LTI) Frequency Rate (LTIFR), comprising the number of LTIs multiplied by a factor of 200,000 divided by the total man-hours worked across the entire Group during the year.

The new Safety Rules and audits, as well as other health and safety audits and training for all our office and production staff, meant that in 2007 we were in extensive communication with all our operations throughout the world. We believe that this regular contact, which continuously highlights safety issues, is an important reason why our LTI record saw a marked improvement over previous years.

While progress has been encouraging, our zero-harm commitment makes any injury unacceptable. We are, therefore, active in many areas throughout the business, addressing any emerging safety issues through the provision of education, training and, where appropriate, modified or new equipment.

For example, in our production plants we use an analysis of past LTIs to identify the main areas for attention. In 2008 we will concentrate on mobile plant and equipment, and hand injuries relating to moving machinery, as two primary focus areas, which between them were involved in 41 out of the total of 125 LTIs in 2007.

Measuring near misses

To help identify further the main causes of LTIs we have also been undertaking detailed analyses of 'near misses' – those incidents that were avoided more by luck than judgement – in and around our operations.

However, it became obvious to us in 2007 that the complexity of near miss reporting was reducing the number of reports received by management, so we are now simplifying the process. The number of reports received in plants using the new system has risen by more than 40% over the 2006 figure, giving us better data on which to base our actions.

These notes refer to the graph above.

■ Group total ● Group specific

* The above graphs include data for employees and contractors.

Social responsibility employees

continued



Case study Making the forests safer

Forestry is an occupation associated with risk, and over the last 10 years has been significantly the greatest source of LTIs and fatalities across Mondi's operations.

We have now introduced a range of safety initiatives targeting forestry, including the Phepha campaign, which entered phase four in 2007, to emphasise the key messages, "Safety is our responsibility. All accidents are preventable. Zero is our target".

Alongside other initiatives, such as Vumisa (the Zulu word for 'to standardise'), compliance audits, regular emergency response drills and lightning detection, this has helped improve our Lost Time Injury Frequency Rate.

Addressing forestry danger

We also pay particular attention to encouraging better safety practices in our forestry operations in South Africa and Russia, where many of our serious injuries affecting our employees and contractors have taken place.

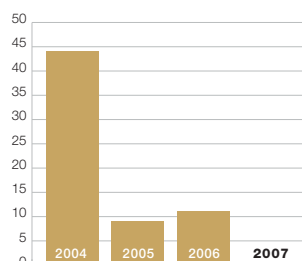
One highly successful South African programme is called 'Phepha' (the Zulu word for 'safety'), which states: "Safety is our responsibility. All accidents are preventable. Zero is our target." Phepha is based around four specially-produced videos, which have now been seen by all Mondi's forestry employees and contractors in the country. The videos cover the core activities of forestry such as harvesting, transport and fire-fighting, risk recognition and employee rights.

A mobile industrial theatre as the next advancement of the Phepha programme is planned for 2008, with the actors visiting all of the South African forestry operations to run the show.

Promoting good health

The approach to occupational health is one of risk assessment linked with focused medical surveillance. Exposure to noise in excess of the 85 decibel limit remains the most significant occupational health risk in the Mondi Group. 2007 was the first year in which we have not reported any incidents of occupational health diseases, in contrast with 11 cases in 2006. One case of noise-induced hearing loss and one case of occupational asthma, both reported in previous years in the South African operations, were awarded a combined total of €10,955 by the South African Workers Compensation Commissioner in 2007.

Number of occupational health disease cases



An example of how we work towards reducing occupational health hazards in our operations can be seen at the Richards Bay mill where we have installed a new soda ash dust extraction system, following a health risk assessment that showed high exposure levels. Following the installation, dust levels are now at under half the recommended safety limit.

As well as working to prevent occupational health diseases, we also need to work consistently to help protect our people against poor health conditions, particularly those that may be endemic in their communities.

One example of our work on occupational health was an HIV/AIDS awareness initiative by the clinic at our Richards Bay mill. This facility won two prizes in the 2007 South African Occupational Health Nursing Practitioners Awards. It was selected as the outstanding practice and Christine Viljoen, who runs the clinic, was chosen as the Occupational Health Nursing Practitioner of the Year. More information on Mondi's community-focused health programmes can be found in further sections of this report.

We constantly investigate and review any potential problems, and we are now researching the potential long-term health implications of prolonged exposure to the noise and temperature levels commonly experienced in our production plants. We will report on our findings in the future.

Case study Mondi CEO Safety Award Competition

Already in its fifth year, the annual Mondi CEO Safety Award recognises operations throughout the Group that have achieved and maintained excellent safety records. The award scheme is primarily based on injury rates but also reviews the nominee's safety and health management system. The award scheme considers outputs as well as inputs, the safety culture and the incidents with days away from work.

Results of the 2006 winners were announced early in 2007:

Best in Class, Large Unit:

Winner: Mondi Packaging Paper Świecie. Runner-Up: Mondi Business Paper Szolnok mill

Best in Class, Small Unit:

Winner: Mondi Packaging Ružomberok. Runner-Up: Mondi Packaging Hammelburg

Most Improved, Large Unit:

Winner: Mondi Business Paper Forests SA Operations. Runner-Up: Mondi Business Paper Koygorodski Logging Operations

Most Improved, Small Unit:

Winner: Mondi Packaging Holcombe. Runner-Up: Mondi Packaging Tolentino

The jury also acknowledged the contractor entrant, Ukula KZN (South African forestry contractor), by nominating the business for the Contractor Safety Award.

The topics covered by the nine Safety Rules

- Applying permits-to-work and controlling modifications
 - Operating mobile plant and equipment
 - Entering confined spaces
 - Working at heights
 - Making energy and machinery isolation
 - Working safely on rotating and moving machinery
 - Conducting lifting and materials handling
 - Handling of chemicals and hazardous substances
 - Working safely in the forests
-

Implementing global employment standards

Wherever we operate in the world, we are committed to being an employer of choice – attracting, developing and retaining the very best people available to us.

To help us be an employer of choice, we need to be able to compete with local and regional peers across a wide range of factors, including health and safety, training and career development, and terms and conditions.

We therefore need a complete and constant understanding of how our working practices compare with those of other companies.

Establishing the quality benchmark

This is why in 2007 we decided to expand our regular annual employee surveys into a straightforward peer review to enable direct comparison with the world's best performing businesses. Long established in our business paper operations, our employee survey continues to track our progress across a number of key business dynamics, including the overall workplace 'climate', the quality of relations between staff and management, working conditions and how staff relate to one another.

Critically, it helps us measure employee alignment with our business strategy, giving us a strong indication of the engagement levels of employees. We use the findings of the surveys

to change working practices where necessary, and to implement new suggestions that we believe will add value to our operations.

In 2007, by using the surveys in conjunction with recognised comparison databases such as the 'Great Place to Work' and 'Best Employers to Work For' surveys, we are now gaining new insights into our standing as an employer – within our national markets and internationally. We will describe our findings and resulting actions in future reports.

Transforming the business

The geographical spread of our business means that we face some highly significant specific challenges that we are working to address. This is particularly the case in South Africa which, over the last 10 to 15 years, has been vigorously involved in a process of transformation.

As a major South African employer, we are aware of the importance of our responsibilities to support the country in building and maintaining good economic performance based on employment parity and opportunities for all – regardless of race, gender or disability.

We are also closely involved in helping black-owned businesses launch and become established under the South African government's Broad-Based Black Economic Empowerment (BBBEE) legislation.

A merit-based approach

Our transformation efforts have successfully started to change the face of Mondi in South Africa. For example, in 1998 there were no black managers at our Springs mill. In 2007, 34% of management was black, and the proportion continues to increase. Critically, this is being achieved on merit – it is only when two candidates for a role are of equal ability that we apply positive discrimination in favour of the black candidate.

A brief study of ethnicity statistics shows that much remains still to be achieved by our employment equity initiatives. Some 77% of our total workforce in our South African business paper business is black, as is 79% of the population as a whole (with a further 8.9% classified as coloured and 2.5% as Indian).

Our efforts to increase the representation of female managers in South Africa have been less successful, with 5% of management roles being filled by women. While this is not altogether surprising in a primarily industrial company such as Mondi, this is an area on which more emphasis is required in the years to come. We will be reporting on our progress in future.

We also need to address our employment across the business of people with disabilities, which is at a low level. This is unsurprising, because much of the work at our operations is primarily physical in nature, but we recognise the need to improve representation among office-based positions and management.

Social responsibility employees

continued

Filling the skills gap

Staying with South Africa, there is a government concern that major skills shortages throughout the working population are damaging to the country's economic ambitions. Alongside other major employers, we have a responsibility to help address the situation by providing our employees with a range of formal development programmes.

Our Spings mill near Johannesburg illustrates our approach, with a strong commitment to developing from within and recruiting from outside. This is a view that is shared across many of our mills worldwide – the specialist nature of our production processes makes internal technical development of our people a business priority.

We have also been running a successful apprenticeship programme at Springs since 2001, which has seen 66 trainees join us for a full grounding in the technical processes at the mill, including a National Diploma in paper-making. To date, we have retained 88% of this entire group and one of them is now a senior manager.



Case study “People, not machines...”

A highly effective skills training exercise at our Hadera operation in Israel has resulted both in improved volumes of saleable paper and an enhanced relationship between shift managers, the people they manage and more senior employees.

The 16-month training programme focused on the people and task-management skills of shift managers, who were identified as the key individuals in driving more efficient and effective production.

Delivered in two phases, the programme first concentrated on helping shift managers define and understand their new role, establish new routines and improve the efficiency of group working. Implementation then focused on discussions and brainstorming groups to help new processes work. The programme has significantly improved relationships throughout the organisation.

The results have been impressive. In particular, an analysis of the gains already being delivered demonstrates a positive economic gain through better efficiency and production quality; a direct result of investing in the skills of people.

At the Springs mill, we are also running a number of schemes to improve the general educational levels of the workforce, under the ‘Good to Great’ banner, including highly successful literacy and numeracy courses. This is an essential element of our succession planning approach that is helping us improve the ethnic make-up of our management teams.

We are also pioneering a new approach to skills development at our Mondi Shanduka Newsprint operation in Durban, where a programme based on performance management and mission-directed work-teams is having an important positive effect. For example, this has seen the efficiency of one of our paper machines rise up the global performance rankings from number 105 to 65 in the world, and it continues to rise.

Sharing in Mondi's success

A share scheme for employees in our co-owned businesses in South Africa is delivering tangible benefits for participants. 4% of the shares in Mondi Shanduka Newsprint and 5% of Mondi Packaging South Africa have been set aside in a special fund for employees under the Employee Share Ownership Plan (ESOP). The value of each share has risen from R0.01 at inception to R22.42 on 31 December 2007.

The economic benefit of a further 4% of the shares in Mondi Shanduka Newsprint has been set aside for local communities.

Case study A company-wide initiative

One central educational scheme, underway since 1998, is the Mondi Academy – a source of learning that is designed to improve our core competencies across the Group, to raise the quality of our soft skills and to provide on-demand information technology (IT) training. More than 2,000 people from over 30 countries have attended its seminars.

In 2007, the Academy's primary focus was on improving safety skills. This saw us hold a series of 50 seminars at our sites throughout the world, each attended by groups of some 10 people. We are building on this initiative in 2008 by providing improved internal resources to help our sites make any necessary changes to their systems and processes.

One of the most important benefits of the Academy approach is the opportunity it provides for networking across the Group, enabling our people to share ideas, understanding and insight. It is a fundamental element of our Group-wide bid to constantly improve our operations and give our people every encouragement in building a long, sustainable and progressive career with us.



**Employee Share
Ownership Plan (ESOP)****4%**of shares in Mondi
Shanduka Newsprint**5%**of shares in Mondi Packaging
South Africa

Internal communication

Mondi believes that the internal communication of our SD commitments is vital to create understanding and ensure the successful implementation of our programmes and standards. Mondi recognises that internal communication needs to be credible and motivating. Since we demerged from Anglo American plc and listed as an independent Group last year, we have the opportunity to deliver communications that are directly relevant to the needs of all our people.

Mondi's internal communication process relies on personal two-way communication between managers and their teams, as well as prompt management briefings to relevant employees on key topics. Due to the international nature of our operations, we have found that a decentralised approach is the most effective. We set the framework at a Group level and each business unit then makes use of a combination of different communication tools including: formal dialogue sessions; intranets; award schemes and printed publications such as the 'Unlimited' employee magazine in the Europe & International division and the 'Munye' magazine in the South African division.

**Case study
Investing in youth**

The Mondi Austria Private Foundation has awarded special scholarships worth up to €12,000-a-year to more than 30 young students from across the world wishing to study technology, natural science and economic science subjects in Austria. An annual €1,000 travel grant is also available.

Founded in 2005, the Foundation was set up to provide Austrian Student Scholarships to students not older than 23 from Africa, Asia, central and eastern Europe and Austria itself who are keen to attend an Austrian university, technical college or similar institution.

It was the brainchild of Dr Veit Sorger, former chief executive of Mondi's Frantschach business, who said at its launch: "The future belongs to young talents. It is our duty to invest in youth, to the benefit of the individual, the economy and society."

The scholarships are proving highly attractive, with 630 applications from 60 countries received during the first two years of the Foundation's life. Each award lasts for up to four years (or for the minimum duration of the course) dependent on the personal success of each student. It may be used to help fund a bachelor's or master's degree for those who have already achieved a first degree in their home country.

Students who receive awards are not required to work for Mondi on completion of their studies – the company sees such support as an important means of helping individuals achieve personal goals that enable shared benefits. In the words of Mondi chief executive David Hathorn: "Promoting the potential of young people is a particular responsibility."

Policy

At Mondi, being a good corporate citizen means making a real and lasting contribution to the communities in which we operate.

Social responsibility communities

This vegetable garden in South Africa is just one of Mondi's community projects to combat HIV/AIDS.

Page 43 Community engagement and CSI



Page 44 Ethical business conduct



Summary

We make an important economic contribution to the communities in which we operate.

But we recognise that our responsibilities extend far more widely than this alone, including the reduction of any negative impact we may have and providing resources that make communities better places to live and work.

Here we describe some of the ways in which we try to meet our community responsibilities.

More information is available at:

www.mondigroup.com

Working to improve the communities in which we operate

Community engagement and corporate social investment (CSI)

Every significant Mondi operation has in place a rolling three to five-year corporate social investment (CSI) programme or community engagement plan, designed to help us create sustainable, mutually beneficial relationships with national and local communities that reflect their priorities and, where possible, match our business interests.

We have agreed a broad, generic set of CSI objectives across the business, which help us select the projects we should support. These ensure that we only get involved with projects that enhance the capabilities of our communities and contribute to their social and economic development. In addition, the projects need to give us the opportunity to form partnerships with other interested parties, including NGOs and government.

Corporate social investment¹

€	2007
Health	302,703.82
Education and Youth	1,346,113.17
Environment	306,294.77
Community Development	325,775.49
Arts, Culture and Heritage	494,042.42
Other*	3,693,721.24
TOTAL	6,468,650.91

¹ Corporate social investment includes donations for charitable purposes, community investment and commercial initiatives in the community.

* Sports/recreation, associations, fire brigades, state authorities, etc.

A structured approach to CSI

The actual projects we choose to work with are based on specific, tailored solutions that spring from the Socio-Economic Assessment Toolbox (SEAT) reports we undertake on the communities surrounding our material operations.

A SEAT gives us a structured way of helping us improve the well-being of our communities. It involves a number of different stages:

First, we profile our operations and the communities within a given area. Next, we engage with the full range of interest groups, and identify the positive and negative impacts of our operations. Then we produce a management plan designed to meet the community's development needs and reduce any negative impact. Finally, together with local stakeholders, we publish a local report that provides the basis of our ongoing relationship with them.

Examples of recent SEAT reports include publications on our Świecie mill in Poland, our Ružomberok mill in Slovakia, our Štětí mill in the Czech Republic and our Syktyvkar mill in Russia, all of which are driving our community programmes in each area and helping us improve the quality, relevance, scope and effectiveness of our social investments.

At Syktyvkar, for example, we participate fully in the community's healthcare system, helping both to prevent and treat illnesses and conditions suffered by our workers and their families.

Activities fall into two key areas, both of which were identified as significant in the SEAT exercise – providing the medical services that are needed, as well as the opportunity to exercise and participate in sport and other forms of leisure activity.

We therefore provide polyclinics, health centres, a sanatorium and a dispensary in Ezhva, the regional capital. During the time that we have managed the health programme, we have seen the prevalence of illness among our employees at the Syktyvkar mill fall from 4.57% to 2.5%.

In 2007, we were particularly pleased that our sanatorium-dispensary in Ezhva won the sixth award by the all-Russia Trade and Health congress to mark the nation's top achiever in protecting workers' health. The services of our sanatoria-dispensaries were also marked by the award of a special quality diploma by the government of the Komi Republic.

Through the experience we have gained in this area, we are now extending our health programme into our forestry operations, and have carried out a detailed study of our employees who work there. This has highlighted the importance of addressing conditions affecting the musculoskeletal system, which will receive significant attention in 2008.

Our activities help promote an active physical culture in and around Syktyvkar, and we support three main resources in the region – the Bamuzhnik sports centre, the Vezhdino ski lodge and the Parma holiday centre. These are extremely popular – in 2007, Bamuzhnik received 253,724 visitors and 9,660 people went to Parma.

We also encourage our employees to participate in our own sporting events, and in 2007 3,209 of our staff took part in the 37 events that comprise our 'all-the-year-round' games. One competition, called 'The Ski Track of Health', is particularly popular, with 1,202 participants in 2007.



Case study Listening to community concerns

Throughout our operations, as well as supporting health, educational and other socially positive initiatives, we use SEATs to help us identify and address any negative impacts we have on the communities where we operate.

Our work to address factors like the 'nuisance smell' at our Syktyvkar mill in Russia's Komi Republic and our Richards Bay mill in South Africa is described on page 31 of this report. Here we are engaging with local communities to establish their concerns and undertake the investment and technical work necessary to reduce and ultimately eradicate the issues.

For example, we have committed to making Richards Bay a 'smell-free' operation by 2009. In July 2007 we held an open day, when we discussed the issue fully and transparently alongside a number of other factors of concern to the community, enabling them to ensure that we were fully aware of their worries and were acting to address them.

Social responsibility communities

continued

Ethical business conduct

In 2007 Mondi adopted a Code of Business Ethics, which sets out the key principles guiding conduct across the Group.

The five Mondi principles

Legal compliance

Mondi will comply with all applicable laws and regulations.

Honesty and integrity

Mondi will observe the highest standards of honesty and integrity.

Human rights

Mondi will respect the Universal Declaration of Human Rights.

Stakeholders

Mondi will have due regard to the interests of all its stakeholders—shareholders, employees, customers, business partners and communities.

Sustainability

Mondi will conduct its business sustainably, ensuring safety, health and the protection of the environment.

Mondi will encourage all those with whom it does business to observe the same principles.

Ethical conduct

There are four central ‘pillars’ in our approach to governance of ethical conduct, designed to help the business comply with best practice. These are:

- a widely promoted and accessible information resource on our corporate culture and ethics;
- a rigorous risk-management process;
- a system of internal control; and
- a ‘whistle blowing’ process that enables employees anonymously to highlight instances where high standards of ethical behaviour may have been transgressed.

In addition, we have an internal audit department to help management measure and assess the effectiveness of our risk-management process, internal control system and compliance with our corporate standards.

Managing risk

Efforts to prevent unethical or illegal behaviour are a fundamental element of our risk-management process. Our risk-management process has two distinct but integrated elements. First, information rises up through the organisation to board level. Policy and direction passes down from the board for implementation by management.

An example of how this works in practice is ‘Speak Up’, our whistle-blowing programme, in place in South Africa since 2003 and subsequently implemented in almost all our global operations.



Case study Supporting vulnerable people

Our Štětí mill in the Czech Republic has for many years actively supported some of the most vulnerable members of the local community.

Our local management regard improving the quality of life for these and other disadvantaged people as a clear responsibility for a major employer such as Mondi.

During 2007, the main focus was on the Diagnostic Mental and Social Care institution in the nearby town of Cizkovice, which we have supported since 2004.

Responsible for 60 mentally and physically challenged people, the facility’s professional staff have impressed Mondi over the years with the openness and obvious dedication with which they treat those under their care.

Mondi has provided some €4,000 each year to help the centre modernise its facilities and raise its standards of care to world class. Recent examples of the investments we have enabled include the installation of a stair-lift, a bath for the most seriously handicapped people, and a recreational cycle track.

Case study Enabling excellent community healthcare

The Central Military Hospital in Ružomberok, Slovakia and Mondi have a long tradition of cooperation. Today, we continue to donate specialist medical equipment in exchange for providing our employees with one of the country’s most complete and high-quality medical support services, including check-ups and the in-depth examinations that Slovakian law demands for workers in our industry.

With a national reputation for medical excellence, the hospital enables Mondi to provide better healthcare both for our employees and the people who live in the wider region.



R1.3m

Case study Dealing with trauma

Mondi is committed to responding to the concerns of its employees and communities. This was behind the R1.3 million sponsorship of a new trauma centre, opened in November 2007 at the Far East Rand Hospital near Johannesburg for the victims of sexual assault. Combining legal and medical facilities, the new centre was the brainchild of employees from our Springs mill in Johannesburg. Working with the Department of Health, Mondi funded and drove the entire centre from scratch, adding a valuable new resource to help support some of the community's most vulnerable members. The company is maintaining a close involvement for at least the next three years.



Case study Harmonising business and education

As a group, Mondi constantly needs an inflow of new employees with a sound grasp of engineering and other technical matters. This requirement is behind our ongoing support for the Secondary Technical School in Ružomberok, Slovakia, where we are helping staff develop courses on new areas of technical specialisation and deliver modules directly related to our industry.

While the school is an independent educational institution today, it used to belong to Mondi until a change in legislation meant this was no longer possible. Now, however, this close cooperation between Mondi and the school is harmonising our ongoing commercial needs with those of the community for an excellent, locally available vocational education.

Whistle blowing

The Speak-Up programme ensures that employees who spot instances of dishonesty, discrimination or dangerous behaviour can confidentially communicate their findings or suspicions to the Group for action. This is particularly significant if the employee has reason to suspect a more senior employee, such as their line manager. It is an extremely valuable tool in ensuring that our legal compliance and our ethical principles are respected at all times.

In order to ensure confidentiality, we use an outsourced, message-based system. An employee may use a dedicated phone number to leave a message with our third party supplier – Mondi has no access to the information given. The outsourced company then informs us, highlighting the issue. We then have the opportunity to respond, taking a decision at an appropriate management level on any corrective action that should be taken.

We are, of course, aware that the system may be abused by employees with a grievance against the business or an individual. There are, therefore, strict procedures in place to prevent abuse. We do our utmost to ensure that all actions taken are just and fair, in the best interests of Mondi and its people.

Competition compliance

An important part of our commitment to legal compliance is our competition law compliance programme. Mondi takes extensive steps to ensure that its employees are fully aware of the relevant competition law requirements through communication and training. These steps are reinforced through an internal system of self-certification, assurance and audits.

Case study Preferred procurement in Poland

Mondi is the biggest employer in the northern Polish city of Świecie, where we directly and indirectly employ nearly 4,000 people at our mill – one of the largest paper mills in the country. With the taxes and royalties we pay, this makes us a very important contributor to the local economy.

We see this as a major responsibility and, to encourage further private sector development, we have implemented a policy of dealing wherever possible with local small businesses – those within 60 kilometres of the mill. As a key element of this policy, we will always give preference to a local small and medium enterprise (SME) over an international provider, provided the products or services they offer are at least equivalent in quality and value.

Despite this commitment, the former dominance of large state

owned businesses in the region has left the SME sector comparatively weak. So following a SEAT analysis in 2005 to 2006, we decided to catalyse it further by first attracting new SMEs through advertising and then providing them with the training and technical assistance they need to meet our standards. In addition, we are committed to settling invoices on time to give them assurance of cash flow and payroll certainty.

The results have been excellent, with a significant number of new SMEs now in our supply chain. As well as helping them improve their environmental, health and safety performance, enhance their quality standards and achieve greater financial stability, the initiative is creating wealth within the community. Mondi benefits too, through greater competition among bidders for our business and an enhanced reputation in the community.

Tree planting in South Africa.

South African-specific issues

Page 47 BBBEE ratings



Page 49 Our CSI approach in South Africa



Page 50 Land claims and indigenous people



Page 51 Combating the HIV/AIDS epidemic



Summary

South Africa is undergoing sweeping transformation as its government overturns a history of discrimination.

As a major employer and landowner in South Africa, we fully support its work with a wide range of Corporate Social Investment (CSI) initiatives alongside an active focus on employment equity, land reform and Broad-Based Black Economic Empowerment (BBBEE).

Here we describe some of the ways in which we are striving to help.

More information is available at:

www.mondigroup.com

Driving transformation in South Africa

Across South Africa, it continues to be a government priority to change the demographics of business.

One of the most important objectives is to ensure that at every level, from major corporations to small privately owned enterprises, previously disadvantaged individuals can seize career and business opportunities that have been denied them.

A key tool in helping them and South African organisations as a whole achieve this goal is a highly sophisticated legislative Act called Broad-Based Black Economic Empowerment (BBBEE). Using the power of mutual self-interest to ensure that transformation gathers pace throughout all strata of business and society, BBBEE promotes a progressive approach among businesses in addressing and rectifying historic imbalances and injustices.

BBBEE ratings

By scoring organisations across seven key ratings that measure the levels of black involvement, influence and benefit, BBBEE drives and enables positive social progress beyond business alone into areas such as education, health and infrastructure. Through the award of a score under each of these ratings, businesses achieve an overall rating (between 1 and 8, with 1 being the highest rating) that may be used by major potential customers, including the government itself, to help determine the procurement of goods or services and the award of contracts.

The system helps to ensure that the more highly a business is rated the more likely it is to win significant contracts, so it is seen and used as an important incentive to actively support the BBBEE legislation.

The key ratings, as per the Department of Trade and Industry's Codes of Good Practice, are:

- business ownership;
- management control;
- employment equity;
- skills development;
- preferential procurement;
- enterprise development; and
- corporate social investment.

At Mondi, we fully support the approach and aims of the BBBEE initiative. Quite apart from the social benefits that it's already helping us to deliver, we believe that it is also a potential driver for better business performance through the diversity, lower costs, improved staff motivation and enhanced corporate citizenship it encourages.

Transformation policies

Mondi takes its obligations very seriously, and to this end we have in place a range of corporate values through which we are addressing the transformation demands. These are:

- removing barriers to business owners and encouraging the participation of black people;
- promoting the working conditions and diverse organisational culture that will make us an employer of choice;
- delivering employment equity, so that the racial and gender profile of Mondi match those of the South African population as a whole;
- increasing our investments in the skills development and training of existing and new black professionals, particularly black women;
- promoting entrepreneurial development and increasing the number and expertise of black-owned and managed firms in our supply chain;
- increasing procurement of goods and services from highly rated BBBEE suppliers; and
- ensuring good corporate citizenship in the communities in which we operate, including active stakeholder engagement and responsible social investments.

Promoting black ownership

R3 billion

in empowerment transactions

Procurement practices

31%

of discretionary goods and services procured from black-owned business

South African-specific issues

continued

Many of these areas are addressed elsewhere in this report. In this section, we aim to focus on the ownership, entrepreneurial development and procurement elements.

Promoting black ownership

In 2004 we took significant steps to ensure greater black ownership of Mondi's businesses. This involved the creation of a strategic relationship with Shanduka Resources, through which we created two new entities: Mondi Packaging South Africa (Pty) Ltd and Mondi Shanduka Newsprint (Pty) Ltd, owned 40% and 42% respectively by Shanduka Resources.

Together with the sale to black shareholders of 10.8% of our shareholding in SiyaQhubeka Forestry (Pty) Ltd, these activities represent over R3 billion in empowerment transactions.

Procurement practices

It is increasingly important for businesses that wherever possible they deal with suppliers with the best possible BBBEE ratings. To enable this to take place within Mondi, we have been making some major changes to the way we procure products and services.

Of a South African supplier base totalling some 5,000 businesses, about half are very small. However, between 200 and 300 of these businesses receive some 80% of our spend. Some of these are very large companies, such as chemical suppliers, who are unlikely at this stage to have significant black ownership or senior representation levels.



Case study Independence through enterprise

'Zimele' means 'to be able to stand on your own' in the Zulu language. This is the key principle behind Mondi Zimele, our South African enterprise development arm that helps entrepreneurs and small businesses with the funding and skills they need to become an established part of our supply chain.

Driven by the requirements of BBBEE and land reform legislation, Mondi Zimele encourages 'Independence through Enterprise', providing business expertise and investment funding based on the R100 million that Mondi has provided over three years.

One recent success story is Impumelelo Forestry Services, a nine-strong contracting business that is involved in the full spectrum of forestry activities from silviculture to harvesting and short-haul distribution. We are also supporting Khulanathi Timbers, a wood-buying business with four employees that provides a range of services, including seedling provision to over 3,000 growers.

For Mondi, the true importance of BBBEE lies in the contribution we can make to the sustainability and success of black-owned (and particularly black women-owned) businesses. In our South African operations, therefore, our procurement programme is driven by the need to award meaningful opportunities to businesses of this type. As of August 2007, 31% of the discretionary goods and services we procured were from such sources, against a challenging target of achieving 50% by 2012.

We can also improve our performance by working with suppliers that, while not black-owned themselves, also have a high BBBEE score gained at least partially through procuring from black-owned businesses. We strive to encourage all suppliers to pay close attention to the ethnic make-up of their own supply chains. We are also in the process of developing an electronic database, which will serve as a consistent point of reference for the BBBEE credentials of all our suppliers.

Investing in quality

As a business that makes high quality demands on its suppliers, we are also helping small and young black-owned businesses raise their standards to the levels we expect.

This is true of existing operations, and we have made capital investments to help selected businesses improve their standards to appropriate levels, including in the areas of product quality, service levels and ethical business practices, as well as helping to establish new enterprises.

Our wholly-owned enterprise development agency, Mondi Zimele, focuses single-mindedly on supporting and helping launch new businesses that will fit into our supply chain. Its commitment to supporting enterprise development extends to the provision of favourable credit and payment terms, as well as assuring effective skills transfer and sustainability through mentorship and advice – see the panel (left) for case studies that illustrate its activities.

Gaining certification

In time, a process of certification will be in place throughout South Africa to provide businesses with a precise, formally audited BBBEE score, which is then retained for 10 years. Mondi's scores are currently based on self-assessments carried out by external consultants.

The self-assessed rating of 5 is satisfactory for the moment, and we have a plan in place that will help us achieve level 4 standards of achievement within five years. We also believe that both Mondi Packaging South Africa and Mondi Shanduka Newsprint should achieve level 4, due to their ownership structure.

These figures are due for verification in the early part of 2008, when we will decide whether or not to adopt a consolidated scorecard across all our South African operations.

Our CSI approach in South Africa

In South Africa, we have recently strengthened our CSI and community engagement position.

Developing a CSI strategy

In our South African businesses, this followed a number of SEATs that we carried out in 2005. Involving over 2,000 separate interviews, these provide the core around which we have constructed an integrated CSI strategy. This favours strategic social investments that have a direct relationship with our operations and their impacts, supporting the transformation process and maximising the positive social effects of our activities.

This marks a major shift in emphasis away from a philanthropic ethos marked by hand-outs or sponsorships, to a focus on meeting real needs by engineering sustainable business opportunities.

You can see some of the results of this new focus in our sections on meeting social needs in our forests (page 26) and Broad-Based Black Economic Empowerment (page 47).

Our strategy is based on three levels of project – first, so-called national ‘flagship’ initiatives, which take 50% of the available CSI budget; next, 40% is spent on local community projects around our plants and forest operations; and the 10% balance takes the forms of donations of paper to schools, hospitals, orphanages and other organisations.

The strategy also dictates that the primary focus for any project should be along one or more of the following themes: education (with an emphasis on maths and science); environmental improvement; community and neighbourhood development and education; and the prevention and treatment of HIV/AIDS infection (see page 51 for more information on this topic).

Flagship and community projects

Flagship projects include the Unizul Science Centre that focuses on science and maths development in schools to help boost key skills in the South African economy. Every year, some 30,000 learners visit the centre, where we house a permanent exhibition in the Hall of Industries, host Mondi’s Paper Week and deliver a teacher’s workshop on the papermaking process and environmental issues.

The Mkhondo Education Centre, meanwhile, was created to serve as a one-stop shop educational facility that could satisfy the needs of a broad section of the local community by providing support for learners, adults, educators and those seeking employment. Complete with a specialist maths and science centre, it received some 15,000 learners between March and November 2007.

Such projects are of particular importance for the future of the country. Subjects like maths and science are critical to the future development of manufacturing businesses, especially those based on technical and engineering expertise. These subjects are not popular choices for further and higher education among young people, and the focus of the programme is to show that they can be fun as well as ultimately rewarding.

Community projects include support for Amangwe Village, a special centre for children who have been orphaned by South Africa’s HIV/AIDS epidemic. This was originally a Mondi-only project (and is still sited on our land) but we donated it to the Zululand Chamber of Business. In 2007, we provided the village with significant funds for a wide range of uses.

Better communication

Despite these and many other CSI projects, our 2007 Community Satisfaction Survey revealed that there is still more that we can do. From 2008 we will be concentrating more effort on ensuring that our communities understand our activities better.

Mondi Packaging South Africa pursues largely the same strategy but with a slightly different emphasis. Its focus is on early childhood development, health and entrepreneurial development based on community needs.

Helping people help themselves

Mondi Packaging South Africa also shares with our community investment organisation Mondi Zimele a commitment to helping people and organisations help themselves (see page 48 for more detail). For this reason, when helping with the launch or management of an enterprise, we maintain our direct involvement for three years before withdrawing gradually to hand over full responsibility to management.

For example, we became involved in the KwaThema crèche at our Springs mill, a project that appeared to be losing money despite all outward appearances of success. Our research soon revealed some fundamental problems with the business, and resulting action quickly led to a full financial recovery. The crèche team have grown in their knowledge of business practices and management techniques, which should ensure a successful future.

A double gain

At the Far East Rand Hospital, near Johannesburg, we are also involved with the Kangaroo Mother Care Centre, based on an Australian model that shows important health and development benefits in premature babies who maintain skin-to-skin contact with their mothers.

During the two to three weeks that women typically stay at the centre, they are also taught new sewing skills that they can use to earn money on their return home. In this way, we are also bringing new economic opportunities directly to the heart of communities throughout the region.

South African-specific issues

continued

Major returns

While some of the projects mentioned require significant funding and resources, we are also involved in many where even a little help can make a huge difference to the quality of life of individuals and communities, as well as benefiting our business.

An example of this is in SiyaQhubeka Forestry, where some of our plantations were suffering damage from 3,500 cattle belonging to a local community. When we discussed the situation with them, we found that they needed help in several areas, including protection from cattle thieves. Following a modest investment, we helped them set up a cattle management database and run training, branding and dipping programmes.

This is not only protecting our young trees against being eaten, it is also helping the community improve the quality of their herds through the more selective breeding and better husbandry that attracts a higher price at market. In addition, it has helped enhance Mondi's reputation in the area, and is also delivering environmental benefits through managed grazing.

In many ways, this project sums up the value of our CSI activities, simultaneously benefiting local communities, the environment and our business.

Land claims and indigenous people

Land reform in South Africa is an issue on which we are concentrating a great deal of effort, with two major areas of focus: to protect our sources of sustainable fibre; and to ensure we operate in the ethical manner to which we are committed.

The history of land tenure in the country is intricate and detailed in nature. It has led to a situation whereby the government and business together are committed to rectifying the past wrongs that have deprived many indigenous people of their rightful heritage.

Historical background

A critical point came in 1913 when the government of the day decided to make South Africa fully self-sufficient in timber. While many areas had already been forested, this policy led to many people being moved off tribal land, and significant stretches of agricultural land being turned over to forestry.

Subsequently, the apartheid system further exacerbated the problem, moving people away from the ownership of land and thus denying them their continued traditional ways of life.

In 1994, the Restitution of Land Act was passed, with a straightforward objective: "To provide 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 and practices."

The law also encompasses and aims to address the descendants of such people, as well as communities that have lost land rights. Restitution itself can take one of three forms – restoration of the land, payment of compensation or a combination of the two.

Mondi's role

We are committed to playing a positive role in meeting the land reform targets that have been set for the country and the forestry industry.

Currently there are claims against the whole or part of some 48% of Mondi's land in South Africa. We are working closely with communities in an attempt to gain an understanding of their needs and aspirations for using the land in future.

For us, the challenge is not simply as to whether we reach a settlement; it is how we best do so with fairness and equity. While we favour particular approaches such as leaseback and joint ventures, there is no 'one-size-fits-all' model of restitution. This means that we need to spend time with the new land owners assisting them to identify and achieve their aspirations so that we see a move beyond mere land restitution to genuine land reform.

A commercial necessity

It is commercially vital to us that our sources of fibre are both assured and sustainably managed into the future, not least retaining their all-important FSC certification.

We are closely involved in a number of community-enablement projects and initiatives, such as at Kranskop, where we are helping two land-claim groups develop the skills they need to become our business partners with an assured source of business for many years to come.

This is an important element of our active role in helping new landowners build the capacity, infrastructure and understanding they need to succeed in a transformed social and business environment.

+18%

increase from 2006 to 2007 in the percentage of employees who underwent voluntary counselling for HIV/AIDS

Combating the HIV/AIDS epidemic

According to the South African National HIV survey in 2005, 10.8% of all South Africans over the age of two were living with HIV. In KwaZulu-Natal, where many of Mondi's operations are sited, prevalence had risen to 16.5%.

While there have been some recent signs that infection rates are starting to fall, for South Africa the HIV/AIDS epidemic represents one of the greatest of the many challenges the country faces.

A duty to protect

At Mondi, we recognise that employers have an important responsibility to help protect and educate their people, as well as limit any future impacts on the availability of labour. We also recognise our corporate duty to help halt the growth of the epidemic and support those affected.

We have, therefore, integrated a viable HIV/AIDS policy into our safety and occupational health policy, which is in place across the business. This covers a range of factors, including an anti-discrimination policy, management of the illness and any resulting disability, education and awareness, the provision of anti-retroviral treatment and helping manage the impact of the disease on Mondi's business and wider society.

The key barrier

For Mondi and other major employers, the most important barrier to overcome is one of attitude – widespread misunderstanding of the issues surrounding HIV/AIDS remains, including how it is transmitted. In turn, this spreads prejudice against those who are known to be HIV positive, often leading to a lack of willingness for individuals to make known, or even find out, their HIV status.

Anti-discrimination is enshrined in our employment practices – employment applications do not include a blood test, HIV positive employees are treated in the same way as for any other chronic disease, continuing in employment unless medically unfit for work. Training and promotion is awarded regardless of status.

Mondi programmes

We have also put in place a number of programmes, including the SWAT (Status, Wellness, Awareness, Treatment) programme in our Richards Bay and Merebank mills and forestry operations. First, this urges people to know their status and highlights the free testing that is available through health checks provided by the company.

Next, it promotes the Mondi wellness programme, a general wellness programme for employees with chronic illnesses and our first step in the active treatment of HIV and AIDS as part of an integrated system. This includes counselling on diet, safe sex and other issues, the provision of immune boosters and psychological support including seven face-to-face meetings with a mental health professional and 24/7 access to help via a toll-free number.

HIV/AIDS programme in South Africa

	2005	2006	2007
Number of VCT uptake	3,494	3,313	3,902
Number on Wellness Programme	142	172	178
Number on Anti-Retroviral Treatment	76	94	90
HIV prevalence	No data ^a	4.3% ^b	2.5%

Our major sites also provide peer education networks, in which trained employees help their colleagues with advice and support. This ensures that any mistrust of management and even of occupational health staff does not prevent people from finding out their status and, where necessary, entering the wellness programme.

Peer education

Our Springs mill, for example, has 12 peer educators whose confidential work takes a holistic approach to health, including guidance on diabetes, tuberculosis and other conditions – it even helps people give up smoking. Its main focus, however, is on encouraging people to take an HIV test, which is totally voluntary.

At the Springs mill, as well as in equivalent initiatives elsewhere, we run the 'Aid 4 AIDS' programme in which Mondi pays for clinical treatment for afflicted staff members, including the provision of anti-retroviral drugs. This has had some excellent results where people have successfully returned to work following treatment.

In 2007, we are pleased to report that we increased our total number of people participating in voluntary counselling from 3,313 in 2006 to 3,902 people. Of these, 2,797 (72%) opted for HIV testing. In total, 178 people are participating in the Mondi wellness programme and 90 are on anti-retroviral drugs. The HIV prevalence in our South African operations, based on known available numbers, has been calculated at 2.54%.

Supporting communities

A major challenge for Mondi remains in helping the families and communities of our workers. Our support is also already available to our contractors in many of our operations. We are also increasingly working with government and NGOs to set up specialist health centres and gateway clinics that provide access to specialist treatment, as well as investing in existing resources such as the KaMagwaza Hospital.

Where these are successful, we plan to use them as models for wider introduction throughout our communities. We will report on progress in this area in years to come.

These notes refer to the table above.

^a HIV prevalence was not being reported in 2005.

^b Prevalence was calculated from results of surveys carried out at the sites during the year. In 2007, this number was calculated based on actual number of employees known to be HIV positive.

Note: the above table includes data for Mondi's South African employees only.

Appendix

Independent Assurance Report to Mondi plc and Mondi Limited

Mondi plc and Mondi Limited (Mondi Group) appointed Environmental Resources Management Limited (ERM) to provide independent assurance on selected sustainable development (SD) information presented in its Sustainability Report 2007 (the Report).

Scope of our work

We designed our engagement to allow us to conclude as to whether Mondi Group has appropriately reported the following in the Report:

- A. The selected 2007 SD performance data (data) set out below and the underlying data collection, aggregation and validation systems and processes in place:

Safety (employee and contractor)

- Number of work-related fatal injuries
- Lost time injury frequency rate (per 200,000 hours worked)

Health

- Number of new cases of occupational disease
- HIV prevalence (%)
- Number of employees that received voluntary counselling and the proportion which went on for testing during 2007
- Number of employees on wellness programmes
- Total number of employees on anti-retroviral treatment

Environment

- Total energy used (GJ)
- Total CO₂ emissions from electricity purchased, fossil fuels and processes (tonnes)
- Total number of level II and III environmental incidents reported
- Total number of level II and III environmental complaints received
- Total waste to landfill (tonnes)
- Total Chemical Oxygen Demand (COD) emissions (tonnes)
- Total Reduced Sulphide (TRS) emissions (tonnes)

Human resources

- Total number of employees as at end 2007

- B. The alignment of its procedure for the responsible procurement of wood, virgin fibre and biomass to the Forest Stewardship Council's (FSC) Standard for Company Evaluation of FSC Controlled Wood (FSC-STD-40-005 (Version 2-1) EN) (October 2006) (the FSC Controlled Wood Standard Version 2-1); and
- C. The status of implementation of the Mondi Procedure for the Procurement of Wood, Virgin Fibre and Biomass (September 2006, version 1).

Objectives, basis of our work and limitations

We planned and performed our work to obtain all the information and explanations that we believe were necessary to gather sufficient evidence to provide a basis for our assurance conclusions as to whether the reported information and data set out in the 'Scope of our work' was appropriately reported.

We undertook assurance work at group and business unit levels and a selection of four sites (Syktyvkar, Richards Bay, Świecie and Raubling) for scope A, at corporate level only for scope B and at corporate level and a sample of the Russian logging operations for scope C. We selected these sites on the basis of risk, materiality to the selected SD topics, geography and representation of the different businesses.

If we had been asked to conclude on whether the reported information on the selected assurance topics is materially accurate, we would have needed to conduct more work at site level and gather further evidence to support our assurance opinion.

The reliability of the reported information and 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.

Reporting criteria and assurance standards

Mondi Group has developed its own SD reporting and information system and guidance during 2007. However, as this system is still being implemented across Mondi Group, the data in the Report has been reported using the Anglo American SD database, reporting guidelines and definitions. The basis, scope, methodology and inherent limitations of the data are set out in the 'Scope and Assurance' section on pages 15 and 16. The 'Glossary' on page 56 provides more specific definitions for the data.

Mondi Group has developed its own systems and procedure for the responsible procurement of wood, virgin fibre and biomass as described on page 25.

We performed our work in accordance with ERM's assurance methodology which is based on the international assurance and audit standards: ISAE 3000, ISO 19011 and, where appropriate to our scope of work, AA1000AS.

Respective responsibilities and ERM's independence

Mondi Group management is responsible for preparing the Report and for the collection and presentation of information in it. ERM's responsibility is to express our assurance conclusions on the selected scope of work agreed with Mondi Group.

During 2007, ERM has worked with Mondi Group on other consulting engagements. ERM operates strict conflict checks and we have confirmed our independence to Mondi Group for delivering this assurance engagement.

Our team and assurance activities

A multi-disciplinary team of environmental, health & safety, forestry, social and sustainable development and assurance specialists performed the engagement.

We conducted the following assurance activities:

- Obtaining an understanding of and sample testing of the SD management systems in place to generate, aggregate and report the information and data in line with Mondi Group's SD reporting guidance at group, business unit and four sites;
- Interviewing a selection of management at group, business unit and site level to understand and sample test, through review of supporting documentation, the management controls in place to ensure complete data that is consistent with Mondi Group's SD Reporting guidance and to understand SD performance trends;
- Conducting an analytical review of the year end data reported for consistency with our assurance findings;
- Assessing Mondi Group's procedure for the responsible procurement of wood, virgin fibre and biomass against the requirements of the FSC Controlled Wood Standard;
- Conducting group level interviews and documentation review to understand the production process of the Report including associated management disclosures regarding the selected SD information and data;
- Reported our assurance findings to management as they arose to provide them with the opportunity to address them prior to finalisation of our work; and
- Reviewed the presentation of the selected data in the Report to ensure consistency with our findings.

Our conclusions

Based on our work undertaken as described above, we conclude that, in all material respects Mondi Group has appropriately reported:

- A. The selected 2007 SD performance data set on pages 54 and 55, and the associated underlying data collection, aggregation and validation systems and related disclosures on data quality set out on pages 15 and 16;
- B. The status of alignment of its Procedure for the Responsible Procurement of Wood, Virgin Fibre and Biomass to the FSC Controlled Wood Standard Version 2-1 on page 25; and
- C. The status of implementation of the Mondi Procedure for the Responsible Procurement of Wood, Virgin Fibre and Biomass as set out on page 25.

Our key observations and recommendations

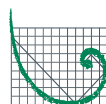
Based on the assurance activities set out above, and without affecting our assurance conclusions, we provide the following key comments and recommendations for improvement.

Highlights in the management and reporting of SD issues since 2006:

- During 2007, Mondi Group has developed its own SD management and information systems, that are tailored to the needs of its business and that address the requirements of the key external standards and commitments relevant to its business as presented on pages 8 to 10; and
- In relation to SD performance reporting, once fully implemented, the new SD reporting and information system (MORIS) should be a more relevant tool for the operations as it can be used for internal management and benchmarking of performance as well as for Mondi Group level external reporting.

Areas to consider for future improvements:

- To develop enhanced Mondi Group-wide training, guidance and support to its operations during 2008 to ensure effective implementation of its new SD information systems;
- To further refine its new SD reporting and information system to ensure that it fully meets Mondi Group's future management information requirements and external reporting commitments, particularly in the areas of reporting human resources information and human rights; and
- To further align its wood procurement and tracing procedures to the requirements of the FSC Controlled Wood Standard Version 2-1 that underpins its commitment to use wood, fibre and biomass from sustainable sources.



ERM

Environmental Resources Management Limited
London, UK

31 March 2008

ERM is an independent global provider of environmental, social and corporate responsibility consulting and assurance services. Over the past 4 years we have worked with over half of the world's 500 largest companies, in addition to numerous governments, international organisations and NGOs

Appendix

Data tables

Data for Environmentally Material Operations for the year ended 31 December 2007

	CO ₂ from processes & fossil fuels ^a	CO ₂ from electricity purchased ^b	Total energy used ^c	Raw material used	Water used for primary activities	Total Reduced Sulphides ^d	Particulate emissions	Solid waste to landfill	Waste water flow	COD in waste water	AOX in waste water	Production for 2006 [†]	Production for 2007 [†]
	1,000 tonnes	1,000 tonnes	1,000 GJ	1,000 tonnes	1,000 m ³	tonnes	tonnes	tonnes	1,000 m ³	tonnes	tonnes	1,000 tonnes	1,000 tonnes
Austria (Hausmehning and Kematen)	142	81	3,939	468	6,102	0	0	63	5,431	3,383	0	374	332
Szolnok, Hungary	57	24	1,313	89	1,367	0	0	92	1,066	733	0	180	116
Hadera, Israel	75	73	1,428	108	1,005	0	0	581	788	862	0	133	142
Ružomberok, Slovakia	213	59	13,439	1,521	23,697	7	83	29,798	26,465	2,482	12	511	514
Sytktyvkar, Russia	2,076	0	53,370	1,383	81,336	95	2,193	5,331	67,105	7,576	58	806	823
Merebank, South Africa	481	323	6,941	392	6,004	0	29	79,565	5,319	3,404	0	414	470
Richards Bay, South Africa	304	203	20,708	2,271	25,377	14	497	47,618	21,717	16,862	69	686	716
Frantschach, Austria	36	6	6,515	468	8,843	0	50	5,441	5,845	388	0	300	307
Štětí, Czech Republic	493	16	13,478	1,603	21,426	11	89	21,597	27,831	3,205	14	471	478
Stamboljiski, Bulgaria	103	51	2,277	349	14,001	0	0	21,162	18,098	1,850	0	92	92
Väja, Sweden	18	8	4,708	464	10,886	0	0	11,893	10,886	3,073	0	231	232
Cartonstrong, Italy	24	20	619	106	1,033	0	0	7,682	907	1,859	0	92	97
Frohnleiten Austria	48	8	1,113	173	1,223	0	0	0	895	2,434	0	164	161
Niedergösgen, Switzerland	4	0	285	185	1,090	0	0	3,200	1,600	1,420	0	164	175
Raubling, Germany	106	115	3,007	238	1,500	0	0	422	1,363	353	0	213	210
Świecie, Poland	352	113	14,161	1,997	22,589	26	338	9,393	20,435	3,126	0	824	842
Holcombe, UK	29	21	729	105	640	0	0	4,832	749	2,623	0	101	97
Springs, South Africa	114	102	1,665	139	1,508	0	116	23,937	1,114	2,164	0	133	128
Piet Retief, South Africa	133	71	1,331	137	1,052	0	346	14,500	608	4,186	0	126	125
Felixton, South Africa	104	66	1,401	0	2,143	0	0	6,202	2,055	43,007	0	118	111
Mondi Shanduka Newsprint, South Africa	0	486	1,826	398	5,090	0	0	73,584	3,861	4,245	0	215	222
Totals for 2007	4,912	1,846	154,253	12,594	237,912	153	3,741	366,893	224,138	109,235	153	–	6,390
Totals for 2006*	4,731	2,069	151,386	12,061 ^e	253,431	158	3,404	367,779	238,013	106,846	406	6,326	–

a CO₂ emissions from processes and fossil fuels consumed are calculated using the WBCSD Greenhouse Gas Protocol calculation tools and do not include emissions from purchased electricity.

b CO₂ emissions from purchased electricity are calculated using country-specific factors for national grid electricity.

c Total energy used is calculated from electricity purchased, energy generated from biomass and fossil fuels consumed, for own production and for third parties.

* Totals for 2006 have been adjusted to include data for Stamboljiski or Mondi Shanduka Newsprint. Furthermore, some of the 2006 data has been restated due to further improvements and refinements in the data collection processes.

d The Sytktyvkar mill has only reported its H₂S and methyl mercaptans, which account for 80% of the mill's total TRS emissions. The Świecie mill has calculated its TRS emissions based on averages of samples taken at various intervals. This could lead to some inaccuracies in the numbers reported.

e Total excludes data for Stamboljiski and Mondi Shanduka Newsprint.

† 2006 and 2007 data has been adjusted so that for all Mondi sites in the above data table, data is reported consistently according to definitions for total saleable production.

Note: the above table includes data for Mondi's environmentally material operations as defined in the Glossary of terms on page 56.

“Although our record is good, we regard every injury as avoidable and every fatality as totally unacceptable. Each incident is thoroughly investigated and prompt action taken to ensure that such accidents are never repeated.”

David Hathorn, chief executive

Occupational health data

Number of new cases	2005	2006	2007
Noise induced hearing loss	4	8	0
Occupational asthma/chronic bronchitis	3	1	0
Hand arm vibration	0	2	0
Musculoskeletal disease	2	0	0
Total	9	11	0

Note: the above table includes data for employees from Mondi's managed operations and the independently managed operation, Mondi Shanduka Newsprint.

Occupational health diseases reported in 2007

0

Environmental incidents and complaints

	2005	2006	2007
Level II Incidents	22	10	22
Level III Incidents	0	0	0
Level II Complaints	1	0	0
Level III Complaints	0	0	0

Note: the above table includes data for Mondi's environmentally material operations as defined in the Glossary on page 56.

HIV/AIDS data for 2007

	2005	2006	2007
Number of employees who underwent voluntary counselling	3,494	3,313	3,902
Number of employees who underwent HIV testing	No data*	No data*	2,797
Number of employees on wellness programme	142	172	178
Employees on ART	76	94	90
Number of employees known to be HIV positive	No data ^a	No data ^a	119
HIV prevalence	No data ^b	4.3% ^c	2.5%

* Number of employees who underwent HIV testing was not being reported during 2005 and 2006.

^a Number of employees known to be HIV positive was not being reported during 2005 and 2006.

^b HIV prevalence was not being reported in 2005.

^c Prevalence was calculated from survey results carried out at the sites during the year.

Prevalence was calculated from results of surveys carried out at the sites during the year. In 2007, this number was calculated based on actual number of employees known to be HIV positive.

Note: the above table includes data for Mondi's South African employees only.

Voluntary HIV/AIDS counselling

+18%

increase from 2006 to 2007 in the percentage of employees who underwent voluntary counselling for HIV/AIDS

Safety data

	2005	2006	2007
Number of work-related fatalities	5	1	3
Number of lost-time injuries	193	178	125
Lost-time injury frequency rate (LTIFR)*	0.30	0.31	0.23

Note: the above table includes data for employees and contractors.

* LTIFR is calculated as the number of lost-time injuries divided by the number of hours worked per 200,000 man hours. It excludes restricted work cases.

Decrease in LTIFR from 2006 to 2007

26%

Glossary of terms

Absorbable organic halogens (AOX)

Expresses the amount of chlorine-bound organic substances in waste water.

AIDS

Acquired Immune Deficiency Syndrome.

ART

Anti-retroviral drugs for HIV/AIDS.

Assurance

A system of corporate governance that provides feedback on the level of integrity of reported information.

Best Available Technique (BAT)

Technically and economically feasible environmental technology that is efficient and advanced, generally to reduce emissions and the impact on the environment as a whole.

Biomass

Organic material generated by the growth of micro-organisms, plants and animals.

Black person

In the South African context a generic term which means Africans, Coloureds and Indians.

Broad-Based Black Economic Empowerment Act

The South African Act that defines the economic empowerment of all black people through diverse but integrated social-economic strategies.

Chemical Oxygen Demand (COD)

The amount of oxygen required to degrade the organic compounds of waste water. It is commonly used to measure the amount of organic compounds in water.

Cleaner production

The continuous application of a preventative, life-cycle environmental strategy to increase efficiency and reduce environmental pollution and risk.

Climate and culture surveys

Surveys conducted to gauge the level of employee satisfaction in the work environment.

CO₂ emissions from fossil fuels

Carbon dioxide emissions from fossil fuels used in processes and utilities calculated by applying conversion factors to fuel usage volumes.

CO₂ emissions from electricity

Calculated quantity of carbon dioxide emitted in the generation of electricity, which is subsequently purchased by the operation. Country-specific conversion factors are used in the calculation, unless region or site-specific conversion factors are available.

CO₂ emissions from processes

Carbon dioxide emissions from point or fugitive sources. It excludes carbon dioxide from biomass sources.

Community Engagement Plan

Formal three-year site plans that identify stakeholders, the channels to be used for engagement, the key issues and the impacts to be managed, as well as management accountability and resources.

Community surveys

Surveys conducted to gauge the level of satisfaction of communities affected by our operations.

Corporate Social Investment (CSI)

Investment by companies in areas outside their core business activities, usually in socio-economic projects that promote community development and upliftment.

DLC

Dual-listed company.

Ecosystems Services Review (ESR)

a tool to proactively identify risks and opportunities in a company's dependence on ecosystems.

Elemental Chlorine-Free (ECF) Pulp

Bleached pulp without the use of any elemental chlorine, although chlorine compounds such as chlorine dioxide or sodium hypochlorite may be used in the bleaching process.

Environmentally material (or significant) operation

List of operations that exceed the 1% threshold on discharges, waste and energy consumption. Significant operations include all primary productions sites and selected conversion sites.

Fatal injury

The death of an employee or contractor resulting from a work-related injury.

Forest Stewardship Council (FSC)

Council devoted to managing forests in a sustainable manner, endorsed by international environmental organisations and offering an internationally accepted sustainable forestry certification scheme.

FSC Standard for Company Evaluation of FSC Controlled Wood (FSC-STD-40-005 (version 2-1) EN)

A standard that specifies basic requirements for forestry management companies to demonstrate to a company or third party certification body that all wood sourced or supplied is controlled.

High Conservation Value (HCV) forests

Forests of outstanding and critical importance due to their environmental, socio-economic, biodiversity or landscape values.

Historically disadvantaged individual

In the South African context, a person who due to the apartheid policy that was in place, had no voting rights in the national elections prior to the introduction of the Constitution of the Republic of South Africa. It also refers to women and people with disabilities.

HIV

Human Immunodeficiency Virus.

HIV prevalence

The proportion of our own employees that are known to be infected with the HI virus.

ISO 14001

International standard created by the International Standards Organization (ISO) for formal and certified environmental management systems.

ISO 9001

International standard created by the International Standards Organization (ISO) for formal and certified quality management systems.

Level II and level III environmental incidents and complaints

Environmental incidents and complaints are classified as either: Level II: moderate impact, medium-term effect; Level III: significant impact, extensive or long-term effect.

Lost-time injury (LTI)

Any occupational injury which renders the person unable to perform his/her regular duties for one full shift or more following the day on which the injury was incurred, whether a scheduled work day or not.

Lost-time injury frequency rate (LTIFR)

The number of lost-time injuries per 200,000 man hours worked.

Managed operations

Those operations over which Mondi has management control. This includes all operations in which Mondi owns more than 50%.

Meridian Institute

An organisation that brings together groups with diverse perspectives to solve problems of mutual interest, particularly those most contentious public policy issues.

MORIS

Mondi reporting and information system for sustainability data.

Non-governmental Organisation (NGO)

Organisation that undertakes activities on a local, national or international level outside of institutionalized political structures.

Number of employees

The total number of permanent employees as at the end of the reporting period.

Occupational health disease

A disease that results from exposure to a work-related hazard and is classified and diagnosed as such in accordance with the appropriate legislation.

OHSAS 18001

An international occupational health and safety management system specification.

Self-produced energy

The energy that we produce from fossil fuels or biomass at our own production facilities.

Small and medium sized enterprise (SME)

Companies whose headcount or turnover falls below certain limits.

Socio-economic Assessment Toolbox (SEAT)

Methodology developed by Anglo American plc to establish the social and economic impacts on our surrounding communities.

Silver Taiga

Komi Regional Non-Profit Foundation founded on the basis of the Worldwide Fund for Nature (WWF) Komi Project Office to implement Komi Model Forest Project ("Boreal Forest Conservation and Management: Model Forest "Priluzje", Komi Republic, Russia").

Stakeholders

All those who have a direct stake in or are impacted on by our business. This includes our employees, contractors, shareholders, customers, governments and the communities in which we operate.

Sustainable Development Management System (SDMS)

Management processes and documentation that collectively provide a systematic framework for ensuring that tasks are performed correctly, consistently and effectively across the Group to achieve a specified outcome and to drive continual improvement in sustainable development performance.

Sustainable forestry

The practice of forest management to yield desirable forest products, optimise the benefits to the community from all uses of forests and maintain the ecological health and biodiversity of the forest for the future.

Tall oil

Oil produced as a by-product of the pulping process.

Tonnes

A metric tonne which is a measurement of mass equal to 1,000 kilograms.

Total energy used

Calculated from electricity purchased, biomass and fossil fuels used.

Total Reduced Sulphides (TRS)

Reduced sulphur compounds. TRS is a gaseous mixture of compounds consisting mainly of hydrogen sulphide H₂S in the paper and packaging industry. TRS compounds can produce offensive odours.

Voluntary Counselling and Testing (VCT)

A programme in which employees undergo voluntary counselling and testing for HIV/AIDS.

Waste to landfill

Hazardous and non-hazardous waste that is produced by the operation and sent to a legal landfill.

Water use for primary activities

Total new or make-up water entering the operation and used for the operation's primary activities. Primary activities are those in which the operation engages to produce its products and excludes non-contact cooling water.

WBCSD

World Business Council for Sustainable Development.

Wellness programme

General wellness programme offered to employees with chronic illnesses such as diabetes, stress-related diseases and HIV/AIDS.

Wood Information Platform (WIP)

Mondi's information system for reporting and monitoring all wood, fibre and biomass purchases.

WWF

The largest independent conservation organisation with the fundamental aim of supporting the world's biological diversity.

World Resources Institute (WRI)

A non-profit organisation supporting research, conferences, education, training, and policy initiatives for environmental stewardship and sustainable development.

GRI G3 Reporting Guidelines Index

The table below illustrates those Global Reporting Initiative (GRI) GR3 guideline parameters against which Mondi has reported. The full set can be found at www.mondigroup.com

GRI Ref	Description	Level of reporting	Page
1.1	Statement from the most senior decision-maker of the organisation	•	4, 5
1.2	Description of key impacts, risks and opportunities	•	Reported throughout the report
2.1	Name of the organisation	•	Front cover, 2
2.2	Primary brands, products and/or services	•	3
2.3	Operational structure of the organisation	•	3
2.4	Location of organisation's headquarters	•	3
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	•	2
2.6	Nature of ownership and legal form	•	3
2.7	Markets served	•	3, 17
2.8	Scale of reporting organisation	•	2, 17, 18
2.9	Significant changes during the reporting period regarding size, structure or ownership	•	17
2.10	Awards received in the reporting period	•	38
3.1	Reporting period	•	15
3.2	Date of most recent previous report (if any)	•	15
3.3	Reporting cycle (annual, biennial, etc.)	•	15
3.4	Contact point for questions regarding the report or its contents	•	Inside back cover
3.5	Process for defining report content	•	15
3.6	Boundary of the report	•	15
3.7	State any specific limitations on the scope or boundary of the report	•	15, 16
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	•	15
3.9	Data measurement techniques and the bases of calculations	•	15, 16
3.10	Explanation of the effect of any re-statements of information provided in earlier reports	•	15, 16
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	•	15, 16
3.13	Policy and current practice with regard to seeking external assurance for the report	•	16
4.1	Governance structure of the organisation	•	12
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses	•	13, 14, 15, 44
4.13	Memberships in associations	•	13, 14
4.14	List of stakeholder groups engaged by the organisation	•	13, 14, 15, 43
4.15	Basis for identification and selection of stakeholders with whom to engage	•	13, 15
4.16	Approaches to stakeholder engagement	•	13, 14, 15, 43
4.17	Key topics and concerns that have been raised through stakeholder engagement	•	Reported throughout the report
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	•	12
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members. State how the organisation defines 'independent' and 'non-executive'	•	12
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	•	59
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	•	Policy statements reported throughout the report
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance	•	12, 13
EC1	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 (core)	•	17, 18, 19
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation (core)	•	45, 48

• Fully reported • Partially reported N/A Not applicable

GRI G3 Reporting Guidelines Index

continued

GRI Ref	Description	Level of reporting	Page
EC7	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement (core)	• 43, 44, 45, 49, 51	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement (core)	• 42, 43, 44, 48, 50	
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts (additional)	• 19, 43, 44, 45, 49, 51	
EN1	Materials used by weight or volume (core)	• 54	
EN2	Percentage of materials used that are recycled as input materials (core)	• 35	
EN3	Direct energy consumption by primary energy source (core)	• 29, 30, 54	
EN4	Indirect energy consumption by primary source (core)	• 29, 30, 54	
EN5	Energy saved due to conservation and efficiency improvements (additional)	• 29	
EN6	Initiative to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives (additional)	• 29, 30	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved (additional)	• 29, 30	
EN8	Total water withdrawal by source (core)	• 30, 54	
EN9	Water sources significantly affected by withdrawal of water (additional)	• 24	
EN11	Location and size of land owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas (core)	• 21, 23	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas (core)	• 23	
EN13	Habitats protected or restored (additional)	• 22, 23, 24	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity (additional)	• 23, 24, 25	
EN16	Total direct and indirect greenhouse gas emissions by weight (core)	• 29, 54	
EN17	Other relevant indirect greenhouse gas emissions by weight (core)	N/A	
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved (additional)	• 29, 30	
EN19	Emissions of ozone-depleting substances by weight (core)	N/A	
EN20	NOx, SOx and other significant air emissions by type and weight (core)	• 31, 54	
EN21	Total water discharge by quality and destination (core)	• 31, 54	
EN22	Total weight of waste by type and disposal method (core)	• 32, 54	
EN23	Total number and volume of significant spills (core)	• 28	
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 (additional)	• 24	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation (core)	• 34, 35	
EN27	Percentage of products sold and their packaging materials that are reclaimed by category (core)	• 35	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations (core)	• 28	
EN30	Total environmental protection expenditures and investments by type (additional)	• 24, 28, 30	
LA1	Total workforce by employment type, employment contract, and region (core)	• 2	
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region (core)	• 37, 38	
LA8	Education, training, counselling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases (core)	• 38, 43, 44, 51	
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assisting them in managing career endings (additional)	• 40	
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken (core)	• 44	
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	• 50	
SO1	Nature, scope and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting (core)	• 43	
SO2	Percentage and total number of business units analysed for risks related to corruption (core)	• 44, 45	
SO4	Actions taken in response to incidents of corruption (core)	• 44, 45	
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes (additional)	• 45	
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 (core)	• 34, 35	
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements (core)	• 34, 35	
PR6	Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship (core)	• 34, 35	

• Fully reported • Partially reported N/A Not applicable

Feedback

We are interested in your feedback

It is our intention to report in an open, honest and easy-to-read manner. We would like to hear your views and comments on our report. Your opinions will be valuable in assisting us in compiling future sustainability reports.

Kindly complete the following questionnaire and post it to Mondi, Sustainable Development Department, Building 1, 1st Floor, Aviator Park, Station Road, Addlestone, Surrey KT15 2PG, United Kingdom.

The questionnaire may also be completed online at www.mondigroup.com.

Which of the following applies to you:

- | | |
|---------------------|--------------------------|
| Mondi employee | <input type="checkbox"/> |
| Customer | <input type="checkbox"/> |
| Local community | <input type="checkbox"/> |
| Media | <input type="checkbox"/> |
| Shareholder | <input type="checkbox"/> |
| Business partner | <input type="checkbox"/> |
| Research/academia | <input type="checkbox"/> |
| Financial institute | <input type="checkbox"/> |
| NGO | <input type="checkbox"/> |
| Government | <input type="checkbox"/> |
| Other | <input type="checkbox"/> |

For what purpose do you use this report?

Please indicate which areas of the report are of particular interest to you.

(you may tick more than one option)

- | | |
|--|--------------------------|
| Introduction | <input type="checkbox"/> |
| Group structure, markets and products | <input type="checkbox"/> |
| Chief executive's statement | <input type="checkbox"/> |
| Sustainable development committee chairman's statement | <input type="checkbox"/> |
| Our sustainability journey | <input type="checkbox"/> |
| Progress against Sustainable Development commitments | <input type="checkbox"/> |
| Economic contribution | <input type="checkbox"/> |
| Forestry | <input type="checkbox"/> |
| Climate change and energy | <input type="checkbox"/> |
| Environmental performance | <input type="checkbox"/> |
| Product stewardship | <input type="checkbox"/> |
| Occupational health and safety | <input type="checkbox"/> |
| Global employment standards | <input type="checkbox"/> |
| Ethical business conduct | <input type="checkbox"/> |
| Community engagement and CSI | <input type="checkbox"/> |
| South African-specific issues | <input type="checkbox"/> |
| Other | <input type="checkbox"/> |

Continued overleaf

Feedback

continued

How would you rate the report in the following areas:

Overview
very poor 1 2 3 4 5 very good

Governance
very poor 1 2 3 4 5 very good

Economic contribution
very poor 1 2 3 4 5 very good

Forestry
very poor 1 2 3 4 5 very good

Environmental performance
very poor 1 2 3 4 5 very good

Product stewardship
very poor 1 2 3 4 5 very good

Social responsibility
very poor 1 2 3 4 5 very good

South African-specific issues
very poor 1 2 3 4 5 very good

How would you rate our performance and coverage of important issues in the following areas:

Governance
very poor 1 2 3 4 5 very good

Economic performance
very poor 1 2 3 4 5 very good

Forestry
very poor 1 2 3 4 5 very good

Environment
very poor 1 2 3 4 5 very good

Product stewardship
very poor 1 2 3 4 5 very good

Health and safety
very poor 1 2 3 4 5 very good

Global employment standards
very poor 1 2 3 4 5 very good

Community engagement and CSI
very poor 1 2 3 4 5 very good

Ethical business conduct
very poor 1 2 3 4 5 very good

South African-specific issues
very poor 1 2 3 4 5 very good

Please indicate how you would improve the report or indicate if there is anything specific that you would like to see in a future report.

Thank you for taking the time to complete the form.

For further information, please contact:

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