

Mondi Group

Sustainability
summary report 2008

Putting sustainability
at the heart of
our business



Targets and performance



Reports and publications



Forestry



Contact



zero harm

Safety and health at work



Governance



People



Products



Society

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This report provides a summary of Mondi Group's sustainability activity in 2008. For a comprehensive review of the Group's practices, including a more detailed update on our progress in 2008, please visit the sustainability section of Mondi Group's web site at:

www.mondigroup.com/sustainability



Sustainability: governance and management systems

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

Mill and operating location names

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



For further information read the governance section within the sustainability section of our web site at: www.mondigroup.com/governance

Reporting systems, reporting boundaries, data restatement and independent assurance

The reporting systems in place at Mondi to collect and report the SD data presented in this summary report and on the sustainability section of the Mondi Group web site are described at: www.mondigroup.com/sustainability

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

Due to refinements in measurement techniques and parameter changes from Anglo American plc to Mondi's SD reporting systems, some previously published data for 2004-2007 have been corrected.

Welcome



Welcome to the Mondi Group Sustainability summary report 2008 which, in conjunction with our full online report, describes the progress we made last year towards achieving our sustainable development goals.

Mondi aspires to be the best performing paper and packaging company in the world. To this end, we have introduced the 'Mondi Diamond', a framework aligned to the Group's strategic goals and business priorities that enables our operations to maximise their profits by focusing on five dimensions: operational excellence, people development, customer focus, cutting-edge products and sustainable development.

The sustainable development dimension is increasingly important to us because we need to build sustainable businesses to secure future success. We work to reduce the environmental impact of our products by addressing key issues such as climate change, resource depletion, ecosystems degradation and poverty. Operating in line with sustainable principles and best practice can also help us fulfil our obligation to deliver long-term value for shareholders: by securing our continuing access to raw materials and human talent; maintaining our social and environmental licences to operate

in communities around the world; and enhancing our ability to mitigate risks and maximise opportunities.

We believe that we have the necessary processes in place to ensure that we maintain this progress in 2009 and beyond, while also remaining sensitive to any new challenges and opportunities that may arise. We look forward to the next stage of our sustainability journey with confidence.

David Hathorn
Chief executive officer

Colin Matthews
Chairman, DLC sustainable
development committee






Read the full statements from
David Hathorn and Colin Matthews at:
www.mondigroup.com/sustainability

Our sustainability commitments

In 2007, we revised and extended our sustainability commitments to cover key sustainable development (SD) aspects of our operations and set clear targets to measure our progress.

The table below summarises the progress we made in 2008 towards meeting our commitments.

	Mondi commitment	Target date	Status
 Governance	Governance Achieve compliance with the integrated SD management standards with follow-up compliance audits from 2008.	2008/2010	In progress: our safety compliance audit scores this year can be found at: www.mondigroup.com/sustainability
	Establish an audit programme, set targets and report against these. Ensure that 25% of all second-party audits are carried out as peer reviews.	2007/2008	Achieved: we have established an audit programme and completed our planned safety peer reviews.
	Develop an SD reporting tool in 2007, followed by an information management tool in 2008.	2007/2008	In progress: we have introduced the Mondi reporting and information system (MORIS), which covers all aspects of non-financial SD reporting and plan to evaluate an information management tool during 2009.
	Report progress against our sustainability commitments internally and externally.	Ongoing	Achieved.
 Forestry	Sustainable forestry Certify all existing Mondi forestry to FSC. New forestry will be subject to a time-bound plan for certification.	Ongoing	Achieved: all of our South African forests and 3.1 million hectares in Russia are certified, including a total of 861,000 hectares which were certified in Russia in 2008. The Udora region (306,000 hectares) and an additional area (310,000 hectares) are planned for certification in 2009.
	Implement the minimum procurement standard for wood, virgin fibre and biomass.	2008	Achieved: we have introduced comprehensive guidelines covering the responsible procurement of wood, virgin fibre and biomass.
	Achieve traceability for procurement of wood and virgin fibre products.	2008	Achieved: we have developed our Wood Information Platform (WIP) and now report on wood tracing data.
	Monitor, set targets and report on the procurement of credibly certified wood, virgin fibre and biomass products.	2008	Achieved: we are reporting wood tracing data at: www.mondigroup.com/sustainability
	Work with certification bodies and small growers to find a practical solution to their certification.	Ongoing	In progress: in 2008, Mondi participated in and contributed to the funding of the Lisbon FSC workshop on small grower certification. Mondi was also the gold sponsor of the FSC General Assembly in Cape Town, where small grower certification was an agenda topic.
 Products	Cleaner production and energy Maintain independent verification of the effectiveness of the environmental management systems and objectives at significant operations.	Ongoing	Achieved: all of our significant 'environmentally material' mills are ISO14001 certified.
	Reduce specific energy usage by 15% against a 2004 baseline.	2014	In progress: we have reduced our specific energy use by 4% against a 2004 baseline.
	Reduce specific fossil carbon dioxide (CO ₂) emissions by 15% against a 2004 baseline.	2014	In progress: we have reduced our specific CO ₂ emissions from fossil fuels by 11% against a 2004 baseline.
	Reduce the total effluent load (measured as COD) into receiving waters by 30% against a 2005 baseline.	2010	In progress: we have reduced our total COD emissions by 25% against a 2005 baseline.
	Reduce the total AOX emission levels by 30% against a 2005 baseline.	2010	Achieved: we have reduced our total AOX emissions by 62% against a 2005 baseline.

We have introduced comprehensive guidelines covering the responsible procurement of wood, virgin fibre and biomass.



	Mondi commitment	Target date	Status
 Products	Reduce the Total Reduced Sulphides (TRS) emissions to the atmosphere by 65% against a 2005 baseline.	2010	Achieved: we have reduced our total TRS emission levels by 71% against a 2005 baseline.
	Reduce the total waste to landfill by 20% against a 2005 baseline.	2010	Achieved: we have reduced our total waste to landfill by 22% against a 2005 baseline.
	Cease the disposal of hazardous waste into landfills.	2009	In progress: we are currently investigating the viability of alternative waste disposal solutions at our Richards Bay pulp and containerboard mill in order to meet this commitment in full, becoming effective in 2010.
	Monitor and report fresh water usage of material operations in water-stressed regions.	Ongoing	Achieved: detailed water usage data can be found at: www.mondigroup.com/sustainability
	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	In progress: all level I incidents are reported internally, while the total number of level II and level III incidents are reported at: www.mondigroup.com/sustainability
	Monitor and report the percentage of recycled fibre used in the final product (as raw material and as tonnes sold).	Ongoing	In progress: we have incorporated recycled fibre as a raw material in our MORIS reporting requirements and published relevant data are available at: www.mondigroup.com/sustainability
 People	Social – Enhancing employee wellbeing Monitor and report gender and national diversity at management level. Establish a workforce monitoring system.	2007/2008	In progress: we have incorporated gender and national diversity into our MORIS reporting requirements and published relevant data are available at: www.mondigroup.com/sustainability
	Encourage employees to take part in business unit or regional employee surveys.	Ongoing	Achieved: we expanded our employee surveys to make them effective peer review surveys, enabling us to benchmark against other businesses.
	Prevent all work-related fatal injuries.	Ongoing	Not achieved: following two contractor fatalities in 2008 we initiated full investigations and have taken action to ensure similar incidents are avoided in future.
	Reduce the LTIFR for employees and contractors by 70% to 0.1 in 2010 against the 2006 baseline. The target for 2009 is an LTIFR of 0.14.	2008/2009	In progress: our reported LTIFR in 2008 was 0.18 against a target of 0.19.
	Report sickness and absence rates in relation to the relevant national average at all operations.	2007/2008	In progress: we have incorporated sickness and absence into our MORIS reporting requirements and reported sickness data internally this year.
 Society	Social – Caring for local communities 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: we have commissioned a rolling plan for SEAT assessments. No SEAT reports were published in 2008, but a SEAT review will be carried out in South Africa and our Russian logging operations in 2009.
	Monitor and report complaints from the public.	Ongoing	Achieved: all complaints are reported at: www.mondigroup.com/sustainability
	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: full details of our HIV/AIDS-related activities are available at: www.mondigroup.com/sustainability

Our risk management challenges

By managing risk effectively we can improve sustainability; our approach to risk management is designed to ensure that we can look forward with confidence, no matter what challenges the future may bring.

Risk is inherent to our business; identifying and managing it is central to our success. It can take many forms and has the potential to impact on our safety and health, environmental, regulatory, market and financial performance as well as our reputation and community relationships. We use a Group-wide management framework to ensure the effective governance of our 'material' risks – those with the potential to impact on the achievement of our sustainability commitments or strategic plans.

Our Sustainable Development Management Standard (SDMS) covering risk and change management sets out the ways in which sustainable development (SD) risks are to be managed within the Group, while our SD Risk Profile is updated every six months to ensure that established action plans are in place to mitigate all risks with a high impact potential and likelihood. The profile covers inherent operational risks and strategic risks such as climate change and failures in our governance procedures. It is reviewed at least once a year by our DLC sustainable development committee.

Our risk control measures also define individual accountability, which is factored into our plans and budgets.

Our sustainability challenges have the potential to impact on our performance. In 2007, we assessed the sustainability risks associated with our business and identified four key sustainability challenges:

1. sustainable forestry – access to land and forestry resources and our potential impact on biodiversity;
2. reducing our environmental impacts – in particular our greenhouse gas emissions;
3. safety and health stewardship – eliminating fatal risks, injuries resulting in permanent disability and occupational illnesses, while also ensuring an injury-free workplace; and
4. community and stakeholder relationships – building and maintaining effective relationships with people directly affected by our operations, while respecting their traditional rights and supporting community health programmes to tackle major infectious diseases such as HIV/AIDS.

These four categories cover events and indicators reflecting our significant economic, environmental and social impacts over the past 12 months; consequently, they form the basis for our 2008 update on our sustainability performance.

'Mondi's sustainability report for 2008 is a far-reaching effort in terms of moving towards social sustainability. More than the usual limited references to health and safety, Mondi's efforts include a commitment to human rights and food security as evidenced by their BBBEE involvement and their Food 4 Forests programme. Mondi has demonstrated that they take social sustainability seriously.'

William V Street Jr

Woodworkers Department

International Association of Machinists and Aerospace Workers

The full text can be found at: www.mondigroup.com/NGOcomments

'Mondi continues to make impressive progress on its sustainability journey, in terms of reducing its impacts on (and indeed making a positive net contribution to) society and the environment, as well as reporting in a transparent manner.'

Duncan Pollard

Director, Conservation Practice & Policy

WWF International

The full text can be found at: www.mondigroup.com/NGOcomments

Society

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



Economic contribution

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

We paid a total of €4,703 million to suppliers in 2008, compared with €4,531 million in 2007, while the total value distributed to our employees, including base wages and other related costs, was €926 million compared with €906 million in 2007. Our total capital expenditure in 2008 was €693 million compared with €406 million in 2007. Taxes and related payments in host countries, including company taxes, employee taxes, royalties, import and export duties, transfer duties, sales and other taxes amounted to €193 million.

Corporate social investment

A generic corporate social investment (CSI) framework helps our operations decide which community-related projects to support. We focus on initiatives that help communities build their capabilities, contribute to their socio-economic development and give us the chance to form partnerships with NGOs, government and other relevant bodies. During 2008, we made charitable donations and community social investments totalling over €5.3 million.

Community engagement programmes

Our community engagement programmes (CEPs) help us to maintain constructive dialogue with our neighbours, ensuring that their concerns are addressed and that they gain social and economic advantages from our activities. We engage with local communities in many different ways: through regular forums and by building productive relationships with governments and local authorities, NGOs, local businesses, residents associations and action groups.

Many of Mondi's CEPs around the world are based on the findings of comprehensive Socio-Economic Assessment Toolbox (SEAT) reports. These reports form the basis for the development of CEPs and help us benchmark our operations' progress towards their CEP goals. A review of several SEAT reports during 2008 confirmed that our operations were indeed addressing local community needs in an appropriate way.

Many of our operations are based in transitional or developing economies in which poverty, unemployment, illiteracy, environmental degradation and infectious diseases such as HIV/AIDS are pressing issues. In addition, many of our forestry sites are close to small towns or rural areas where we are the main employer. Our CSI initiatives are targeted to address these issues.

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

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

We support a number of environmental projects, all of which may help us reduce our environmental impacts. Many of these projects involve working with NGOs, governments and other interest groups. They include the Mondi Wetlands Project (MWP) in South Africa (a flagship project for us) and the identification of High Conservation Value (HCV) forests in Russia, as well as numerous measures to reduce emissions from our own operations.

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

The Mondi Austria Private Foundation, now in its fourth year, awarded special scholarships worth up to €13,000 a year to more than 30 young students from across the world wishing to study technology, natural science and economic science subjects in Austria.

During 2009, we will be reviewing the CEPs currently in place across the Group to ensure that they meet our commitment to support sustainable projects that bring benefit to both Mondi and local communities close to our operations.

Society

We focus on initiatives that help communities build their capabilities, contribute to their socio-economic development and give us the chance to form partnerships with NGOs, government and other relevant bodies.

Working with NGOs

We are currently working with a number of NGOs (often as contributors to initiatives that also involve other businesses, government agencies and community groups) on a wide range of environmental and social projects. One example of this multi-stakeholder approach to sustainable projects is the formal agreement reached between Mondi, Silver Taiga and WWF Russia during 2008, which should further our efforts to conserve High Conservation Value (HCV) forests in the Komi Republic and north-west Russia.

The World Business Council for Sustainable Development (WBCSD) constitutes a truly global coalition of businesses, with the potential to bring about sustainable business solutions on a global scale. Mondi is an active participant in the WBCSD's Forestry Working Group and Ecosystem Focus Area. David Hathorn, our chief executive, is a member of the Ecosystem Focus Area Action Team.

In June 2008, Mondi and WWF signed an agreement to extend our partnership with the MWP for a further five years. An additional R20 million commitment underlines our support for the MWP, which promotes the protection, wise use and rehabilitation of South Africa's wetlands.

Our relationship with WWF, the world's leading environmental organisation, is a valued and productive one, dating back to 2001. Our strong technical ties with WWF were maintained in 2008 through various initiatives in Russia and South Africa.

The HCV Resource Network, with Pro-Forest providing secretariat services, continued to develop in 2008 and now has a competent technical panel to support its steering committee. We maintained our support for the HCV Resource Network throughout the year, providing resources for a co-chairperson and steering committee member and making direct contributions to support its core and project-specific work.

With full support from Mondi and many other organisations, including forestry businesses, communities, NGOs and governments, The Forests Dialogue (TFD) – a global multi-stakeholder forum committed to the conservation and sustainable use of forests – completed a great deal of valuable work in 2008.

Corporate social investment¹ expenditure in 2008

Health	€222,000
Education and youth	€700,000
Environment	€385,000
Community development	€1,533,000
Arts, culture and heritage	€202,000
Other*	€2,306,000
Total	€5,348,000

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

* Sports/recreation associations, fire brigades, state authorities and other bodies.

Meeting social needs in our forests

We own or lease significant areas of forested land in South Africa on which many thousands of people are currently resident. Mondi is working closely with various government departments to facilitate the access for tenants on our land to social services.

As a signatory to the Broad-Based Black Economic Empowerment (BBBEE) Forestry Charter, we are committed to invest a percentage of profits generated from our forestry operations in community initiatives. Our investments during 2008 focused on education and primary healthcare, particularly on moves to expand or upgrade local crèches, schools and healthcare facilities. We also donated paper to schools throughout the year.

To assist forest communities in their development we need to understand their needs accurately. To do this we conduct Participatory Rural Appraisals (PRAs) involving forestry and land claimant communities. PRAs help us identify and prioritise areas in need of assistance; they form the basis for appropriate development initiatives.

Through contractor businesses, we employ more than 12,000 people in rural areas. They in turn provide income for approximately 60,000 dependants.

We use a permit system to give forestry dwellers access to building materials, firewood, bee-keeping and grazing. Grazing patterns are monitored closely to ensure that local environmental systems are not eroded due to overfeeding.

In the Komi Republic in Russia, we demonstrated our willingness to engage with stakeholders by co-hosting The Forests Dialogue on Forests and Rural Livelihoods with local NGO Silver Taiga. Held in October 2008, this was the last in a series of four global multi-stakeholder dialogues exploring the potential for commercial forestry to play a greater role in enhancing rural livelihoods and reducing poverty.

It was attended by international experts, NGOs, governments (including Komi Republic State Forestry), companies and representatives from local communities, including residents from remote villages and logging settlements who depend heavily on nearby forests for supplementary income and personal use.

We provided resources for the event and, to promote transparent debate, circulated the SEAT report for the Syktyvkar logging operations, shared details of our future expansion plans in the region and invited local stakeholders to contribute to a revised SEAT report in 2009. The dialogue concluded that, while commercial forestry already plays a significant role in sustaining rural livelihoods in the Komi Republic, new models and approaches are needed in order to make major improvements and address the key social issues surrounding forest use. Looking forward, we are committed to playing an active role in further multi-stakeholder dialogue at a local, regional and international level.

Focus on South Africa

As a major employer and landowner in South Africa, Mondi is determined to play its part in building a fairer society by investing in community initiatives and supporting land reform and the Government's policy enabling Broad-Based Black Economic Empowerment (BBBEE).

Community engagement in South Africa

Our forestry operations can help local communities to meet the social and economic challenges they face, by providing employment for local people, supporting land reform, generating commercial opportunities for local businesses and providing basic infrastructure improvements. We work closely with local government, NGOs and stakeholders to meet our community objectives.

We actively support the South African Government's Land Reform Programme, which will see 49% of Mondi land transferred to black ownership over the next five years. We are determined to work with new forestry owners over a 20-year transition period, helping them acquire the skills they will need to manage and develop their land.

In 2009, we will be launching our Forestry Partners Programme, which will provide support for new black forestry growers and owners. This new initiative will benefit from the experiences we have gained through the work of Mondi Zimele, our enterprise development arm in South Africa.

All of our contractor businesses have been set improvement targets in order to attain Level 4 BBBEE status by the end of 2009, while Mondi Zimele is also investing directly in several new black forestry businesses.

Through contractor businesses, we employ more than 12,000 people in rural areas. They in turn provide income for approximately 60,000 dependants. We are taking active steps to improve working conditions for these forestry workers and their families, by investing in feeding schemes, education, training, transport and accommodation. We are also working hard to embed best practice safety standards in our plantations and mills.

All of the tenant villages on Mondi land, which currently house more than 16,000 people, are being upgraded. As part of the Mkhondo Isibindi Project in Piet Retief in Mpumalanga, a partnership with the South African Government, all residents there will have the opportunity to relocate to new agri-villages or urban settlements where they will have access to better government services and basic amenities.

We invest about R9 million annually to help improve education, health and welfare services in local communities across the country. Through the Mkhondo Education Centre, we provide teaching, careers guidance and training programmes for some 15,000 students a year. Our pilot Food 4 Forests programme supports employee health by ensuring that selected groups of forestry workers receive a balanced lunch at work, free of charge.

We believe that helping claimant communities to acquire transferable skills and gainful employment are both key to the development of a successful model for land claims settlement.



Providing balanced nutrition for our forestry workers in South Africa

Many forestry workers in South Africa consume insufficient calories during their working day and consequently experience fatigue and poor concentration – reducing their productivity and increasing their risk of injury. In 2008, we launched the pilot Food 4 Forests programme to ensure that selected groups of Mondi employees and contractors working in forestry operations receive and consume a nutritionally balanced meal during their lunch break. Mondi is the first forestry operator in South Africa to launch a scheme of this kind, which promises to improve nourishment for workers, reduce safety risks and create new catering jobs and market gardening opportunities for local people.



You can read the complete Food 4 Forests case study at: www.mondigroup.com/food4forests



Mondi Zimele

Mondi Zimele is our enterprise development arm in South Africa. It supports 'independence through enterprise' by providing business expertise and investment funding to BBBEE small and medium enterprises (SMEs). We have committed to invest R100 million over three years in Zimele projects.

To date, we have invested in 15 businesses through this channel, providing funds and supporting the transfer of skills and knowledge that enable BBBEE SMEs to join the Mondi value chain. The 15 enterprises supported by Zimele include forestry, skills development, manufacturing and waste recovery businesses. One Mondi Zimele investment is Khulunathi, a timber procurement company which, thanks to funding, now supports over 1,000 rural timber growers.

Combating HIV/AIDS

The South African Department of Health estimates that approximately 5.4 million people in the country are infected with HIV. In addition to providing support for Mondi employees with HIV/AIDS, we are also helping their families and communities. We are working with the Government and NGOs to support communities affected by HIV/AIDS by setting up specialist health centres and gateway clinics. We are also investing in existing hospitals and clinics.

Jointly with Anglo American plc, Mondi set up the Iswepe HIV Treatment and Counselling Centre, providing regular clinics, counselling and treatment for Mondi workers and their dependants in the local area. Another initiative to help children in forestry communities orphaned by HIV/AIDS, the Mkhondo Isibindi Project, has been launched in partnership with the Department of Health and Social Services, the National Association of Child Care Workers and Uzwelo Children's Home. Originally launched as a local project in Iswepe, the programme now covers 12 sites and a further 13 are currently being set up. To date, the programme has provided education, healthcare, food and nutritional support to more than 10,250 children as well as specialist training for 22 Isibindi Project workers.

In addition to support for Mondi employees with HIV/AIDS we are also helping their families and communities.



Empowering forestry dwellers

Through SiyaQhubeka Forestry, our empowerment forestry company, we develop and support initiatives designed to help forestry community dwellers establish, strengthen and expand local enterprises. One local business helped in this way is the Manukelana Nursery in KwaZulu-Natal, which won the contract to provide indigenous plants for the Mondi Arbor Day celebrations in Durban. Through our involvement in the Mkhondo Development Project, we are helping up to 10,000 people living in isolated forest communities in the Mkhondo region of Mpumalanga gain access to subsidised government housing along with other vital social and economic benefits.

Land claims and indigenous people

The South African Constitution allows dispossessed communities to claim restitution of their land rights. To date, 101 land claims have been lodged against property owned by Mondi in South Africa, with some 142,572 hectares, or 49% of our total land holdings, affected.

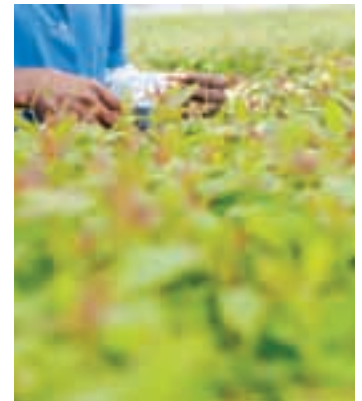
During 2008, we worked in partnership with the National Office of the Land Claims Commission to develop sustainable models for the settlement of land claims – ensuring the rights of communities to return to their land and guaranteeing our access to raw materials.

This partnership resulted in an historic industry-first settlement of claims lodged by the AmaHlongwa and AmaBomvu communities in the Kranskop area of KwaZulu-Natal. The settlement, which was agreed by Mondi, the Land Claims Commission and elected community representatives, involves a 20-year sale and leaseback of claimed land to Mondi and both communities' involvement in the forestry business.

We believe that helping claimant communities to acquire transferable skills and gainful employment are both key to the development of a successful model for land claims settlement. Members of communities involved in claims against us can participate in the Mondi Bursary Scheme, which is focused primarily on education and training for a career in forestry.

With assistance from Mondi Zimele, we also give claimant communities the chance to take up preferential forestry contracts and to access dedicated start-up support through the Forestry Partners Programme.

In addition to the two claims settled in 2008, a further 99 are currently outstanding. Of these, 44 are under investigation by the Land Claims Commission. They will be investigated, verified and then gazetted. At this stage, we will negotiate the terms of settlement, working closely with government task teams. We are awaiting offers from the Land Claims Commission regarding a further 13 claims, while negotiation has started on a further 23. We are confident that significant progress will be made towards concluding these 23 during 2009.



Through our involvement in the Mkhondo Development Project we are helping up to 10,000 people living in isolated forest communities in the Mkhondo region of Mpumalanga gain access to subsidised government housing along with other vital social and economic benefits.



To find out more go to
www.mondigroup.com/society

People

As a global business Mondi relies on the energy, imagination and commitment of its people to achieve its corporate objectives. The Group prioritises employees' safety at work as well as their occupational health, professional development and human rights.



Safety and health

The safety and health of our employees and contractors is an absolute priority for us. In line with our commitment to zero harm in the workplace, we take positive action to improve our safety and health performance. We believe that all injuries are preventable and that no injury need

be repeated if we learn from experience. On this basis, we have simple, non-negotiable safety and health standards and rules in place across the Group.

We were saddened by the deaths of two contractors during the year, while working at Mondi operations, which occurred in separate incidents at our Ružomberok mill in Slovakia and our Świecie mill in Poland. We believe that fatalities are unacceptable and avoidable. Following both fatalities, we launched comprehensive safety reviews to identify causes and contributing factors before taking action to ensure that similar incidents do not occur again.

We measure our safety performance using the industry standard Lost Time Injury Frequency Rate (LTIFR) which is calculated by multiplying the number of reported lost time injuries by a factor of 200,000, divided by the total man hours worked across the Group during the year. We recorded an LTIFR of 0.18 for 2008, against a target of 0.19, a 22% improvement compared with 2007.

In 2007, we revised our Golden Rules of Safety and introduced the Nine Safety Rules, which address all potentially fatal risks in our business. They are to be followed by everyone working at, or visiting, a Mondi operation. Throughout 2008, we worked hard to make sure the rules were clearly communicated, understood and implemented across the Group. They have also been incorporated into our Safety and Health Auditing tool.

We paid particular attention to the Group's performance requirements covering process safety, emergency preparation and response and crisis management. Our operations completed self-assessments or second-party audits to assess their current performance and work towards full compliance with these three sustainable development (SD) performance requirements.

In addition, we have introduced a number of leading safety indicators to help us manage safety more efficiently. They include: the number of safety training hours completed by each employee annually; the number of management and supervisor audits completed; the completion of highlighted actions; the reporting of near misses; and compliance with our safety policy and supporting standards.

Global employment

Our human resources strategy and supporting policies are focused on achieving exceptional performance. By taking a consistent approach to talent management we aim to create a positive company culture, in which employees understand their roles and are inspired to do their best.

We want to create a diverse business that reflects the different communities in which we operate. We believe in developing local talent and local leaders, but also see the value of sharing talent across international boundaries. We try to 'grow our own' talent within Mondi, through best-in-class training and development opportunities. We balance this approach by hiring selectively from outside the business.

We need people who share our values and have the right skills, including the ability to lead our business in the future. Senior managers from all Mondi businesses have worked together to develop the 'Mondi Leadership Criteria' – describing the qualities that people need to successfully lead our organisation, themselves and their colleagues. These criteria were shared at the Mondi Management Conference in April 2008 and subsequently incorporated into all of our Group-wide human resources processes.

During 2008, the 'Mondi Diamond' was introduced, setting out five key priorities for our business. One of these, people development, covers all aspects of talent attraction, selection, development and retention.

Talent management and succession planning are vital to our future success, a fact reflected by the Mondi Group Boards' decision to review both matters regularly. During 2008, we introduced clear guidelines for all managers involved in succession planning, promotion, recruitment and retention. We also developed common standards for leadership development, which will be introduced for senior executives in 2009 and subsequently for managers at other levels.

We believe that we offer industry-leading development opportunities through a range of talent programmes, including our Talent Development Centre, Mondi Enhanced Leadership Programme, Senior Sales Development Programme and other initiatives.

The Mondi Academy, now in its 11th year, gives our people access to a breadth of technical, functional and personal training resources. It constantly develops its offer to ensure that it remains relevant and, in 2008, standardised its core programmes to incorporate local academies and practices running in Poland, Russia and Slovakia. In 2009, this will be extended to South Africa.



Improving safety standards for employees and contractors in Russia

The mill modernisation project team at our Syktyvkar mill in Russia has overcome a number of challenges, including extreme weather conditions, to record 12 months' work without incurring a single lost time injury and one million lost time injury-free hours. The Syktyvkar project team worked closely with contractors and the Group's senior safety professionals to put in place a number of safety initiatives, all designed to deliver continuous improvements in working conditions and safety standards. Many of the initiatives put in place in 2008 will continue this year, with the aim of ensuring continuous improvement to achieve even better safety and health performance.



You can read the complete Syktyvkar safety case study at: www.mondigroup.com/syktyvkar/safety

To attract talented people to Mondi, we need a strong, distinctive employer brand. We have worked hard to strengthen this in 2008, introducing a new brochure and DVD.

Diversity and inclusion

We want Mondi to be a diverse business, especially with regard to gender, nationality and ethnic background. We aim to recruit and promote from as diverse a talent pool as possible. Our Global Employment Policy clearly states our requirements regarding diversity.

Human rights and business ethics

The principles set out in both the Universal Declaration of Human Rights and the Voluntary Principles on Security and Human Rights are fully incorporated into our Sustainable Development Management System (SDMS). To reinforce our commitment to human rights and responsible business practices, we signed the United Nations Global Compact in 2008.

Our SDMS requires a fair, safe and healthy workplace for all employees; free from discrimination, harassment, punishment or abuse of any kind. All employees are free to bargain collectively and can join a trade union of their choice. Our labour standards ensure that our remuneration systems are fair. We prohibit child labour and do not procure goods or services from suppliers who use child labour.

The Mondi Code of Business Ethics states clearly the key principles and values that guide our conduct and supports all of our policies, principles and guidelines. It applies to all Mondi employees and covers: legal compliance; honesty and integrity; human rights; stakeholders; and sustainability. In 2008, the Code was reviewed and judged to be relevant and appropriate. It is supported and explained more fully through a number of detailed guidelines and policies covering competition compliance, conflicts of interest, dealing in securities, gifts and bribes and political donations.

In 2008, we relaunched our whistleblowing programme, changing its name from 'Speak Up' to 'Speakout'. The programme, which is managed on our behalf by a third party to ensure its independence, gives our employees and external partners the opportunity to report in confidence instances of dishonesty, discrimination or dangerous behaviour.

HIV/AIDS

We understand the human tragedy caused by HIV/AIDS and currently take action to combat the disease in southern Africa, where the disease has reached epidemic proportions. Our actions focus on managing the impact of HIV/AIDS in the workplace, improving employees' understanding of the condition and offering treatment to those who are HIV-positive.

Our SDMS incorporates a comprehensive HIV/AIDS performance requirement that applies across our business. This covers: anti-discrimination policy; management of the illness and any resulting disability; education and awareness; the provision of anti-retroviral treatment; and management of the disease's impact in our business and the wider community. It specifies that all HIV-positive Mondi employees will be treated in the same way as those suffering from any other chronic disease and can continue in employment unless medically unfit for work.

All of our southern African operations and sites run HIV/AIDS programmes for employees. These include the Status, Wellness, Awareness and Treatment (SWAT) programme in place at our Richards Bay and Merebank mills. Programmes such as these encourage employees to 'know their status' and promote the free testing available as part of company health checks. Testing is also promoted through internal campaigns, often focused on special events such as World AIDS Day. HIV counselling also forms an integral component in the annual medicals that all employees receive.

Our HIV/AIDS programmes also promote the Mondi Wellness programme: a wider health initiative that offers lifestyle advice, psychological support and immunisation treatments. We pay for HIV-positive employees to receive treatment and anti-retroviral drugs, a measure which has allowed many people to return to work.

Some 4,484 Mondi employees participated in voluntary HIV/AIDS counselling during 2008, with 3,630 of these opting for HIV testing. There are 102 employees currently undergoing anti-retroviral drug treatment, while 194 are taking part in the Mondi Wellness programme. The prevalence of HIV among employees in our southern African operations, based on available data, is calculated to be 3.2%, well below the national average.

Employees are encouraged to support each other through peer education networks at our major sites and operations. Specially trained employees provide colleagues with advice about HIV illnesses and a range of other conditions and lifestyle issues, including diabetes, tuberculosis and even nicotine addiction. The networks encourage employees to overcome any mistrust of management or occupational health staff they may have and take an HIV test.



To find out more go to www.mondigroup.com/people

Forestry

Given the degradation suffered by many of the world's ecosystems within the last 50 years and the potentially devastating impact of climate change, it is more important than ever before that Mondi uses natural resources in a responsible and sustainable way.



An estimated 60% of the earth's ecosystems have suffered degradation, primarily during the last 50 years. Given the increasing global demand for ecosystem services, Mondi supports the view that in a resource-constrained world new business models are required.

Thanks to scientific advances and changed perceptions regarding corporate responsibilities, sustainable forestry has become an achievable goal for many in our industry. We are working with the World Business Council for Sustainable Development (WBCSD), NGOs and scientific communities in Europe, Russia and South Africa to develop and implement sustainable forest management practices.

Responsible forestry

We are developing 'responsible forestry': an approach based on emerging scientific knowledge and close engagement with communities and NGOs to meet environmental and social challenges. Its positive impact is already evident in our New Generation Plantations, which address economic, social and environmental issues more equitably, and collaboration with NGOs and the scientific community is also producing good results. One example is the effectiveness of plantation-free riparian areas and 'buffer zones' in conserving water resources and biodiversity in our South African plantations; another is our involvement in a multi-stakeholder initiative in Russia to preserve areas of virgin forest without affecting the livelihoods of local people.

Stakeholder engagement is pivotal to the development of our policies and practices. The New Generation Plantations with our Mechanised Harvesting Plan and Socio-Economic Assessment Toolbox (SEAT) process demonstrate that social and community concerns are at the heart of responsible forestry. In South Africa, our positive approach to land claims arguably sets a new benchmark for community participation in forestry practices.

Managing biodiversity

We recognise our responsibility to conserve natural resources and, where possible, to help restore ecosystems that have been damaged. We were involved in some of the early, pioneering work on ecosystems – playing a leadership role in research related to wetland and High Conservation Value (HCV) ecosystems. David Hathorn, our chief executive, has recognised the importance of ecosystems to Mondi by becoming a member of the WBCSD's Ecosystem Focus Area Action Team.

Rehabilitating ecosystems

We are working closely with WWF and industry partners to refine the science and practice behind what WWF calls New Generation Plantations. Early indications suggest this project could have a very positive impact on the rehabilitation of functioning ecosystems. We are committed to ensuring that at least 25% of our land in South Africa is not converted to plantations.



Even on the largest nature reserves it is impossible to ensure species' survival in the face of negative impacts, so mitigation measures are being sought in our plantations. Mondi is a leader in researching the development of one important mitigation measure: the creation of Ecological Networks (ENs) – interconnected land corridors or nodes within the plantation landscape that can help to maintain biodiversity. We support research at Stellenbosch University in South Africa, to investigate the effectiveness of our existing ENs and explore their potential to maximise biodiversity conservation while also optimising production.

We are working with our black empowerment partners and the South African Government through SiyaQhubeka Forestry, which was the first commercial organisation to delineate an accurate 'eco-boundary' line between a World Heritage site and a forestry plantation. By integrating local communities and small growers into the plantation model, SiyaQhubeka has provided protection for sensitive wetland and other HCV areas. Mondi plantation areas have now become part of the iSimangaliso Wetland Park, extending habitat for many species. We are currently exploring ways to reuse lessons learned on projects such as SiyaQhubeka in our other forestry operations.

Our Ecosystem Management Plan (EMP) for South Africa will be published in July 2009, highlighting biodiversity 'hot spots' as well as rare and endangered species.

Certification

In our view, credible forest certification provides a sustainable development standard that we should follow wherever we own, lease or manage land. When used by suppliers, it provides general assurance that the wood and fibre we purchase is legitimately sourced and from sustainable forests. Certification also ensures greater transparency by subjecting our operations to regular assessment by independent accreditation organisations.

The land we own, lease and manage is accredited against Forest Stewardship Council (FSC) standards. The wood and fibre we purchase from external suppliers may be accredited against FSC or Programme for the Endorsement of Forest Certification (PEFC) or Controlled Wood standards.

Mondi was the first commercial operator to adopt FSC standards in South Africa, where all the land we own is now in its fourth certification cycle. In the Komi Republic in Russia, 861,000 hectares of forest were certified during 2008, bringing the total of certified land there to 3.1 million hectares, of which 2.1 million hectares are currently leased by Mondi. A further 616,000 hectares of leased land are due for certification during 2009.

In Europe, a large number of our suppliers use PEFC, while PEFC or FSC chain of custody certifications have been implemented at all of our operating mills.



Developing new ways to reduce the negative impact of our plantations on water flow in South Africa

Since 1999, research teams from the Council for Scientific and Industrial Research (CSIR) and the University of KwaZulu-Natal have conducted experiments at 'Two Streams' catchment in one of Mondi's forests. The project is expected to improve our understanding of the impacts of deep rooted plants on 'low water flows'. Based on findings so far, it also justifies our decision to remove commercial trees from riparian areas across all our South African plantations in order to minimise our impact on water supplies.



You can read the complete Two Streams case study at: www.mondigroup.com/twostreams

The certification process can be complex and expensive for smaller growers, of which there are an estimated 16 million in Europe and a growing number in South Africa. Helping those in our supply chain gain certification is one of the most demanding challenges we face and we are working with the FSC and The Forests Dialogue to find an acceptable and practical solution.

Wood tracing

To tackle illegal logging, which has had a particularly profound impact on the world's valuable tropical and boreal forests, we operate a robust and transparent wood tracing system. Wherever possible we and others in our industry use the FSC and PEFC chain of custody certification schemes to track raw material supplies. During 2008, 52% of the wood we purchased was FSC or PEFC certified.

In 2008, we implemented the Mondi Requirements for the Procurement of Wood, Virgin Fibre and Biomass, which has the FSC Controlled Wood Standard as a minimum standard. In line with these requirements, Mondi operations that purchase wood and virgin fibre, especially those supplies not credibly certified to FSC or PEFC, must follow a transparent, risk-based purchasing strategy. We have internally audited the application of the controlled wood requirement and made a number of recommendations to improve the quality of the risk assessments. We have no sourcing from controversial sources.

High Conservation Value forests

Areas of Russia's Komi forest are considered to have High Conservation Value (HCV) due to their ecological or social significance; commercial forestry is either prohibited or restricted because of the land's ecological or social significance. In Russia, these areas usually comprise large parcels of pristine natural forests and their associated intact ecosystems.

As resource stewards we are working with a number of stakeholders, including the Russian State Forest Department, WWF and Greenpeace through Silver Taiga, to define HCV areas accurately and develop an effective way of indicating their status. Dialogue with local people who often depend on HCV forest areas for their livelihood is integral to this ongoing process.

In South Africa, our joint efforts with NGOs and local authorities have led to the identification of significant HCV areas. In contrast to Russia, HCV areas in South Africa are usually quite small but are often close to, or fragmented by, intensively managed plantation forests and farmland that can threaten vital ecological networks.

FSC certification requires the identification and maintenance of HCV areas, which constitute a significant component of all Mondi Ecological Management Plans. As part of our HCV strategy, we also support the HCV Resource Network.

Managing the impact of our plantations

Our plantations produce vital raw materials and create employment for local people; but as 'monocultures' they also have an impact on the environment, particularly fresh-water systems and grasslands. Our South African plantations are located in a part of the world where fresh water is a scarce and valuable natural resource. It has long been recognised that in some areas plantation forestry reduces water supply, although the maintenance of good quality water is generally a positive outcome of plantation forestry.

We have worked with NGOs and academic institutions for several years to improve our understanding of plantation water issues. The Water Research Commission (WRC), University of KwaZulu-Natal, University of the Orange Free State and the Council for Scientific and Industrial Research (CSIR) have all conducted useful projects on Mondi land.

The Two Streams project conducted by CSIR, WRC and the University of KwaZulu-Natal in our Seven Oaks forest has improved our understanding of the impact that trees have on soil hydrological processes. Preliminary results from the project suggest that our decision to remove all commercial trees from riparian areas will help minimise the impact of our plantations on water supplies.

Mondi is the principal sponsor of the Mondi Wetlands Project (MWP), launched by WWF and the Wildlife and Environment Society of South Africa in 1991. In 2008, we signed a new five-year sponsorship agreement to support the MWP, which is making an important contribution to the protection and rehabilitation of wetlands and riparian areas in South Africa.

Together with the MWP, the South African Government and several leading scientists, we have contributed to the development of a national procedure for wetland delineation. As a result, we are in the process of removing all of our trees on or close to riparian or wetland areas to create 'buffer zones', which encourage the recovery of natural fresh-water resources.

Through our participation in The Corporate Ecosystem Services Review, we ascertained that alien invasive species associated with our plantations posed a serious threat to biodiversity and water resources, jeopardising our FSC certification. We have implemented an intensive management programme, which has significantly improved the way we now control alien species.



To find out more go to www.mondigroup.com/forestry

Products

Almost all Mondi products are inherently sustainable. Based on natural fibres, they are manufactured using renewable resources and can be easily recycled. The Group is committed to meet growing global demand for sustainable products, adopt cleaner production methods and play its part in combating climate change.



No other product is more widely recycled than paper, with effective collection and recycling systems in wide use across our markets. Almost all Mondi products, whether plain paper or packaging, can be recycled. Our biodegradable polymer products, marketed under the brand name Sustainex, are also made using

renewable resources. All of our products, with the exception of consumer flexibles, are manufactured using either virgin fibre or recycled fibre, while the proportion of sustainable certified paper grades we supply to the market is also increasing every year.

Many of our commercial and public sector customers now assess their suppliers' sustainability practices as part of the tendering process, so it is important that we can demonstrate our credentials both to potential customers and investors. With this need in mind, we have developed a new system of product profiles, which summarise all relevant certification and procurement details, environmental parameters, energy costs, mill performance against industry standards and the composition of each product, on a single information sheet.

Mondi provides raw materials for a new sustainable product Afcofish, which was introduced to the European market during 2008. Manufactured using 100% recyclable and biodegradable corrugated board, Afcofish is used by a major European retailer to transport fresh fish from port to store, eliminating the need to use traditional polystyrene containers.

Mondi is thinking beyond pure fibre-based products, to develop new sustainable 'plastics'. The result is a new product line branded Sustainex, which includes extruded film and coated materials based on biodegradable polymers manufactured from renewable sources. In 2008, we invested a total of €9.6 million in research and development, compared with €8.9 million in 2007.

Product stewardship

Our approach to product stewardship is based on the Life Cycle Initiative set out in the United Nations Environmental Programme. This advocates an integrated approach to the management of a product's environmental, safety and health impacts across its entire lifecycle.

We are committed to support the wider shift towards more sustainable consumption and production patterns, by identifying the most significant impacts of our products and focusing our efforts to reduce their environmental, safety and health characteristics.

Packaging

The most pressing challenge we face is to improve our products' effectiveness and their 'green' credentials, while also driving down our operating costs in order to keep our prices competitive. This requires a



delicate balancing act and an integrated approach that takes into account a product's performance characteristics and environmental impacts.

Increasing numbers of our customers are introducing green procurement practices and we must keep pace with their changing requirements. At the same time, we must also ensure that our products maintain or increase the level of protection they provide.

It is widely assumed that using less packaging improves environmental efficiency but, in fact, the environmental costs incurred when poorly protected products are damaged or perish can be greater than any savings made by using less packaging. A product such as Sanocoat, our antimicrobial coating solution, has a positive environmental impact by increasing the shelf life of food products and consequently reducing waste.

Product labelling

To help our customers choose paper and packaging materials that match their green criteria, we have improved the way we label our products. Our Forest Stewardship Council (FSC) certified cement bags are a good example of clear, informative labelling, with around eight million sold in 2008 and a new customer secured for 2009.

Product certification

Our packaging papers are almost wholly made from controlled wood, guaranteeing that they are sourced from sustainably managed forests. The mills that produce our packaging papers are also Chain of Custody certified.

Recyclable fibre

More than 95% of our products are manufactured using recyclable fibre. Consequently, they can be recycled easily. Our corrugated board can be reused up to seven times before the fibres become unusable, while de-inked newsprint can be recycled four times.

Materials that are too degraded for use in the manufacturing process can be utilised as a carbon-neutral energy source. We estimate that using recycled fibre rather than virgin fibre can reduce our associated environmental impacts by as much as 80% and, with recycling systems well established around the world, also deliver economic advantages.

As well as manufacturing products that are easy for customers and end consumers to recycle, we also use waste paper and used packaging as raw materials in Mondi products. In 2008, we reused an estimated 1.5 million tonnes of recycled waste in this way. Following the commissioning of a new recycling machine at our Świecie mill in Poland during 2009, we will have capacity to transform a further 400,000 tonnes of paper waste into new packaging products.



Mondi's unique Green Range of products is produced using environmentally friendly raw materials, with the greatest possible reduction of waste and emissions. The Green Range consists entirely of FSC certified paper from well-managed forests, totally chlorine-free paper and 100% recycled paper. The range includes the world's first office paper bleached without any chlorine at all, BIO TOP 3®. The production process ensures that the waste water does not contain any harmful chlorine compounds and that no pollutants enter the food chain, for example, by being ingested by fish. Mondi's patented sandwich technology enables them to use recycled

fibres between high quality primary fibres in their IQ TRIOTEC® unique and MAESTRO TRIOTEC® TCF papers.

Recycled paper makes it possible to extend the bonding period of carbon and is one way of keeping the release of CO₂ emissions into the atmosphere to a minimum. Mondi's products NAUTILUS and NAUTILUS SuperWhite consist entirely of recycled fibre.



For more information go to www.mondigroup.com/products



Cleaner production

As a global business that manufactures pulp, paper and packaging products we use intensive processes that consume water, generate solid waste and result in emissions to air and water.

We monitor our environmental impacts using absolute figures, tracking performance at our environmentally material sites using standardised environmental key performance indicators (EKPI). The same EKPIs are used to monitor compliance with our sustainability commitments.

The table below shows Mondi's environmental reduction targets for 2010 and the progress made relative to 2005 by 31 December 2008.

Target name	Reduction realised in 2008, relative to 2005 %	Reduction target 2010, relative to 2005 %
Chemical oxygen demand (COD)	25	30
Chlorinated organics (AOX)	62	30
Total reduced sulphides (TRS)	71	65
Waste to landfill	22	20
Hazardous waste to landfill	–	100

COD emissions

We have reduced our total COD emissions by 25%, from 132,800 tonnes (22 kg/tonne production) in 2005 to 99,013 tonnes (15.8 kg/tonne production) at the end of 2008. Reductions in COD discharged in waste water were achieved primarily at our new waste water treatment plants in Richards Bay in South Africa. A new aerobic waste water treatment plant at Frohnleithen in Austria also came into operation during 2008.

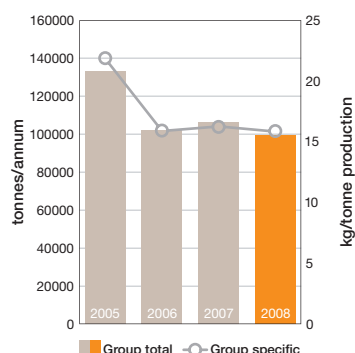
AOX emissions

We have now replaced elemental chlorine (used as a bleaching agent for paper) with advanced, cleaner elemental chlorine-free (ECF) or total chlorine free (TCF) chlorine technologies. Consequently, we have reduced our total AOX emissions by 62%, from 390 tonnes (0.16 kg/tonne production) in 2005, to 149 tonnes (0.06 kg/tonne production) at the end of 2008 – exceeding our 2010 target.

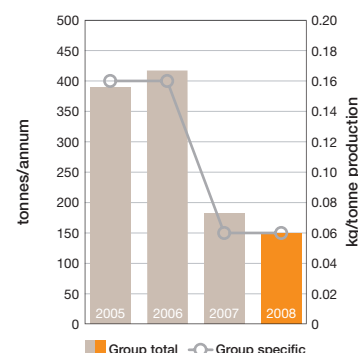
TRS emissions

TRS emissions are malodorous and can result in complaints from the public. We had reduced our total TRS emissions by 71% to 125 tonnes (0.03 kg/tonne production) by the end of 2008, compared to a total of 434 tonnes (0.12 kg/tonne production) in 2005. Current investments at Richards Bay in South Africa should produce further reductions at the mill in the future.

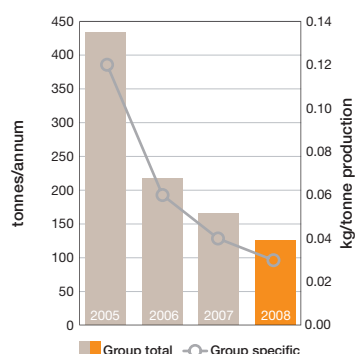
COD



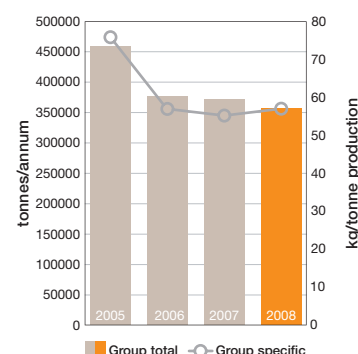
AOX



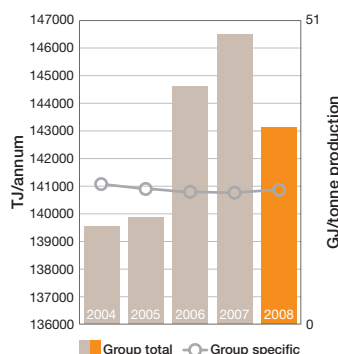
TRS



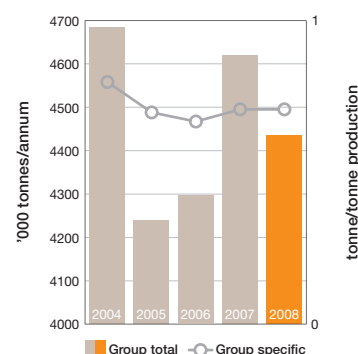
Solid waste



Total energy use



CO₂ emissions from fossil fuels



Group total
Absolute terms

Group specific
Normalised in terms of production

Please note that these graphs include data for our environmentally material operations only.

Products

More than 95% of our products are manufactured using recyclable fibre. Our corrugated board can be reused up to seven times before the fibres become unusable, while de-inked newsprint can be recycled four times.

Waste sent to landfill

We have reduced our total waste sent to landfill by 22%, from 458,000 tonnes (75.7 kg/tonne production) in 2005 to 356,800 tonnes (57 kg/tonne production) at the end of 2008. Ongoing projects designed to improve our bark boiler processes and explore the potential of green liquor dregs and ashes for reuse, should reduce landfill waste totals even further in future. In South Africa we are working hard to reduce hazardous waste to landfill by reviewing our processes and raw materials to find ways of avoiding specific waste streams and identify alternative waste treatments.

Fines, incidents and complaints

Mondi received fines to the total value of €12,780 in 2008. These fines related to air and water emission limits that were exceeded in terms of the applicable permit requirements.

In 2008, 33 level II incidents were reported, compared to 22 in 2007. 20 of these incidents were reported by the Syktyvkar mill in Russia, all of which related to water and air emissions which exceeded permissible limits over an extended period of time during the applicable reporting periods. No level III incidents were reported.

A total of 232 community complaints were reported in 2008, compared to 397 in 2007, all of which related to air emissions and noise levels. Most of these complaints were reported by the Richards Bay mill for bad odour caused by TRS emissions which are set to be reduced further over the next year as a result of current investments.

Climate change and energy efficiency

We made a commitment to reduce specific fossil CO₂ emissions from our operations by 15% against a 2004 baseline, with 2014 as a deadline. We have also made commitments on energy efficiency. We report on our greenhouse gas emissions in line with World Resources Institute and World Business Council for Sustainable Development (WBCSD) guidelines issued in March 2004.

Energy efficiency

Over the past few years we have taken steps to improve the energy efficiency of our production processes in order to reduce our energy costs and our environmental impacts. We have increased the proportion of energy that we produce ourselves from 71% in 2004 to 85% at the end of 2008. During the same period, the proportion of energy we acquire from renewable sources has increased from 47% to 53%.

We have reduced our total energy use by 4% from 23.82 GJ/tonne production in 2004 to 22.85 GJ/tonne production at the end of 2008. We are on course to sustain this improvement in 2009 through focused capital investment in energy efficiency at our existing operations.

The table below shows Mondi's climate change targets for 2014 and the progress made relative to 2004 by 31 December 2008.

Target name	Reduction realised in 2008, relative to 2004 %	Reduction target 2014, relative to 2004 %
Specific energy usage	4	15
Specific fossil CO ₂ emission	11	15

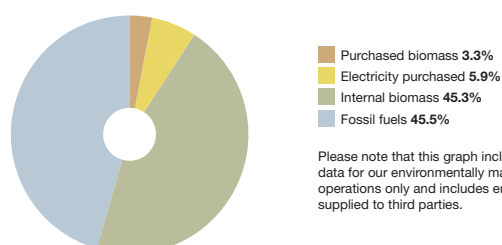
CO₂ emissions

We play our part in mitigating climate change by improving operating efficiency and substituting fossil fuels with carbon-neutral biofuels. To date we have achieved an 11% reduction in specific CO₂ emissions from fossil fuels since 2004. This has gone down from 0.80 to 0.71 tonnes per tonne of production in five years, while CO₂ production from fossil fuels has reduced from 4,684,000 tonnes to 4,435,000 tonnes in the same period. Similarly, we have invested in increasing our self-sufficiency by 14%, reducing our CO₂ emissions from purchased energy by 24%. CO₂ emissions from purchased energy have gone from 0.34 to 0.26 tonnes per tonne of production in five years, while total production of CO₂ emissions from purchased energy has reduced from 1,998,000 tonnes to 1,627,000 tonnes in the same period. In total, we have achieved a specific CO₂ reduction of 15% against a 2004 baseline.

In 2008, we were invited to join the independent Carbon Disclosure Project organisation, which provides the largest database of corporate climate change information in the world (see www.cdproject.net).

Further initiatives, including investments in the reconstruction of our existing bark boilers, should help us to increase the volumes of renewable materials available for energy production.

Energy sources 2008



Please note that this graph includes data for our environmentally material operations only and includes energy supplied to third parties.



For more information go to
www.mondigroup.com/products



Mondi signed the United Nations Global Compact – a framework for businesses that are committed to aligning their operations and strategies with ten universally accepted principles covering human rights, labour and anti-corruption.

Mondi participated in the Ethical Investment Research Services assessment and for the second year running were included in the FTSE4Good UK, FTSE4Good Europe, FTSE4Good Global and JSE Socially Responsible Investment indices.

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**For further information,
please contact:**

Uwe Fölster

Group head of sustainable development

Kelsenstrasse 7

A-1032 Vienna

Austria

Telephone: +43 (0)1 790 13 4040

Facsimile: +43 (0)1 790 13 976

Email: uwe.foelster@mondigroup.com

Tanya Patterson

**Sustainable development
reporting manager**

Building 1, 1st Floor, Aviator Park,

Station Road, Addlestone,

Surrey KT15 2PG,

United Kingdom

Telephone: +44 (0)1932 826364

Facsimile: +44 (0)1932 826351

Email: tanya.patterson@mondigroup.com