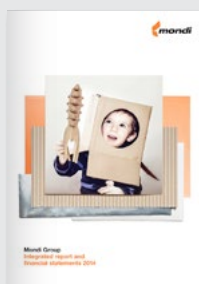






We are Mondi: IN TOUCH EVERY DAY

Our 2014 suite of reports



Integrated report and financial statements 2014
In this report we review our strategy, governance and performance in 2014. This report is also available online at www.mondigroup.com/ir14



Working together for a sustainable future 2014
This publication gives an overview of how we create sustainable value and highlights some of our business challenges and opportunities. It is also available as a downloadable pdf at www.mondigroup.com/sdpublication14



Online Sustainable development report 2014

At Mondi, our products protect and preserve the things that matter.

We offer over 100 packaging and paper products, customised into more than 100,000 different solutions for customers and end consumers – touching the lives of millions of people every day.

And we're determined to deliver the highest quality in everything we do, from managing forests and producing pulp, paper and compound plastics, to developing effective and innovative industrial and consumer packaging solutions. We work closely with our customers and other strategic partners to develop cutting edge solutions while also prioritising the responsible and sustainable management of our resources.

How to use this report

Navigation tools at the top right of each page and within the report are available. Click on:

- Icons to move to
 - home page
 - back a page
 - forward a page
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- Section names to guide to the front of that section
- Underlined copy in the contents sections to go to that page
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Mondi's advanced films and components, used in the manufacture of diapers

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Wood from our Mondi Eucalyptus plantation – one of our primary raw materials

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Safety at our Richards Bay operation, Mondi South Africa

Overview

In this section we discuss our approach to sustainable development and share some key highlights from the year.

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Part of the solution: working together

Society is facing unprecedented challenges on a global scale – including accelerated globalisation, climate change and degradation of biodiversity and freshwater ecosystems, and changing demographics – and organisations that use natural resources must consider the broader impacts. At Mondi, we believe it makes good business sense to be part of the solution.

A barometer for the health of our organisation

While the general shift towards more sustainable business practices is evident, an organisation's long-term performance confirms whether or not sustainable development is genuinely at the heart of its business. Increasingly, investors look to this as a barometer of the general health and resilience of an organisation.

Sustainable development is part of how we work every day, and we firmly believe we have a responsibility and role to play in being part of the solution. It makes for a more successful organisation and a more sustainable environment.

Continued on the next page >



Stephen Harris,
chairman of the DLC sustainable
development committee

David Hathorn,
Mondi Group, chief executive officer

Part of the solution: working together continued

Working towards sustainable solutions

We're proud of our ongoing improvements in our key sustainability performance indicators over the years, with 2014 being no exception. Keeping our people and contractors safe is one of our biggest priorities, and it is very pleasing that the steps we took during the year resulted in an improved safety performance overall and a year free of fatalities. Our investment in energy efficiency and increasing self-sufficiency has enabled us to reduce specific* CO₂e** emissions by around 29% over the last 10 years. Our continued commitment to operational excellence has also delivered pleasing results, with improved resource efficiency ultimately contributing to increasingly sustainable products.

Collaboration, partnerships and hard work

We place significant value on working together with stakeholders and 2014 has seen some exciting developments in this regard – not least of which has been the signing of our three-year strategic partnership with WWF (see **page 07**), with a focus on ecosystem, product and manufacturing stewardship. We have also demonstrated our commitment to constructive participation in global, regional and local debate which helps to inform solutions (see **page 17**).

There are seldom any quick wins in the sustainable development arena, so where do we focus our efforts going forward? We're committed to working hard at meeting our sustainable development commitments. Through continued investment in our operations and our people, working closely with our customers to develop innovative product solutions, and through our valuable partnerships and stakeholder engagement, we're confident of being able to contribute to sustainable development solutions.

“While the general shift towards more sustainable business practices is evident, an organisation’s long-term performance confirms whether or not sustainable development is genuinely at the heart of its business.”

Stephen Harris, chairman of the DLC sustainable development committee

“Through continued investment in our operations and our people, and working closely with our many stakeholders, we’re confident that we can continue to contribute to sustainable development solutions.”

David Hathorn, Mondi Group chief executive officer

* Calculated per tonne of saleable production

** See **page 111** of the glossary for a definition of CO₂e

Mondi's sustainability journey

How we do business, every day.

"A sustainable approach is, by definition, one that secures the business for the long term.

For me, what's so fascinating about Mondi, is that our people in many cases deliver sustainability without even realising it. For many businesses, the language around sustainability can be difficult and a real advocacy challenge.

But at Mondi, it's so embedded in what we do that, we don't always articulate it as sustainable development. It's just how we do business."

Continued on the next page >



Neil Burns, Mondi Group head of sustainable development

Mondi's sustainability journey continued

“ Our success lies in the fact that sustainable development has never been something that has been driven down from the top as an isolated agenda topic – our people do it because it makes good business sense. ”

Embedding sustainability

Mondi people are focused on delivering value and they work on what is important, so it's vital we show what sustainable development really means in the context of their daily lives. Our success lies in the fact that sustainable development has never been something that has been driven down from the top as an isolated agenda topic – our people do it because it makes good business sense. That is why our emphasis is not on aspirational targets and tick-box reporting, but on building realistic, meaningful targets that create value across our business and for our stakeholders.

Our challenge this year has been to build stronger internal relationships as we begin a conversation that will lead to the formulation of our next set of sustainable development commitments. We've got to talk about sustainability in terms that the people in our businesses understand – by focusing on the local solutions they can deliver to help address the big picture challenges we face.

Standing up for change

I'm proud of our reputation and strong relationships with partners such as WWF and the World Business Council for Sustainable Development (WBCSD). It's through partnerships like these that we can share our perspective and experience, contributing to industry and broader solutions. We have a responsibility to use our long-standing, wide-ranging relationships to support positive change. This year, we were able to host a multi-stakeholder meeting to begin discussing changes needed to global certification systems. And, at the WWF New Generation Plantations (NGP) platform annual summit in Cape Town, hearing the passion with which our people shared our work in forests and communities made me feel proud to be part of Mondi.

Looking to the future

The world has changed dramatically over the past decades and we need to understand what is important to our businesses and our stakeholders today. We've made good progress in many areas, but there is more work to do. We'll increasingly depend on our leaders to articulate and drive our strategy and address our key challenges and on our experts to identify new opportunities to improve our processes. That's why in our partnership with WWF we look to directly involve people from across our businesses to exchange perspectives and experiences – so we can continue to stretch ourselves while being confident we'll deliver what we say we will. Our new commitments will be meaningful, achievable and relevant – and focused on what is important for our business and our stakeholders. This approach has worked so far and we are convinced that it will continue to work in the future.



Our global partnership

In February 2014, we announced a new three-year global partnership with WWF, the world's largest conservation organisation, which builds on the success of our Mondi Wetlands Programme work, our active involvement in, New Generation Plantations and other initiatives.

It's an invaluable opportunity to share knowledge, experience, resources and networks across a broader range of sustainability challenges. Together, we're focusing on addressing three main areas:

Ecosystem Stewardship – protecting high conservation value ecosystems in Russia and increasing the value and resilience of production landscapes in South Africa.

Manufacturing Stewardship – reducing our water and climate footprint and promoting resource efficiency, recycling and the responsible use of forest products.

Product Stewardship – further enhancing the environmental performance of our products.

Our work with WWF is described throughout this report.

Sustainable development highlights 2014

Advanced

level reporter in the UN
Global Compact



Mondi employee checking the lifting
material before conducting a lift

€61 million

in social investments and
community initiatives since
2010 (2014: €7 million)



29%

reduction of specific carbon
emissions in 10 years



Woodyard, Mondi Štětí,
Czech Republic

66%

wood procured
from CoC
certified sources



Zero

fatalities
in 2014



Mondi participates in the NGP platform,
contributing to improved plantation management

3-year global partnership

announced with WWF



Started up a new recovery boiler

at our Ružomberok mill



Mondi Ružomberok, Slovakia

89%

of employees participated
in the latest employee survey



All owned and
leased forests are

FSC®-certified

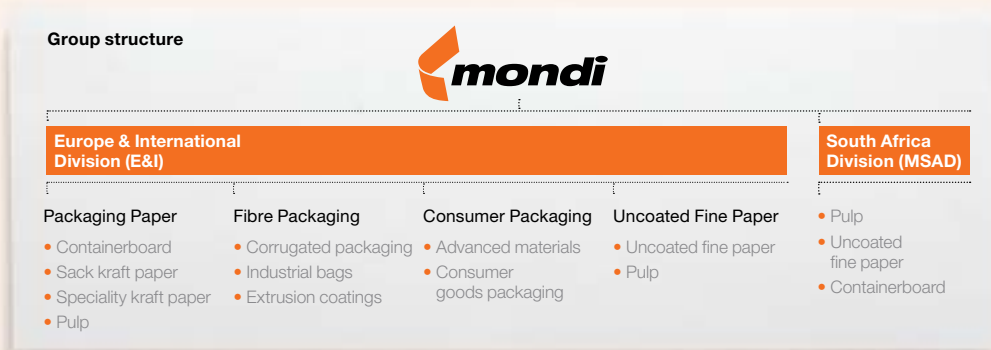


About Mondi

Mondi is an international packaging and paper Group, with a dual listed company structure: our primary listing is on the JSE Limited for Mondi Limited and premium listing on the London Stock Exchange for Mondi plc. Mondi is fully integrated across the packaging and paper value chain – from managing forests and producing pulp, paper and compounding plastics, to developing effective and innovative industrial and consumer packaging solutions.

Our structure

Our Group is structured into the Europe & International (E&I) Division and the South Africa Division. The E&I Division is further organised along product lines, combining business units with similar product portfolios.



Our strategy

We are focused on growing our packaging interests. Our key value drivers bring our strategy to life and set us apart:

- We **focus on developing in markets** that offer us growth opportunities
- We **invest** in our **exceptional people** and our **high-quality, low-cost operations**
- We are **passionate about performance**, reliability and sustainability
- We **work with our customers** and help them to succeed by finding innovative solutions

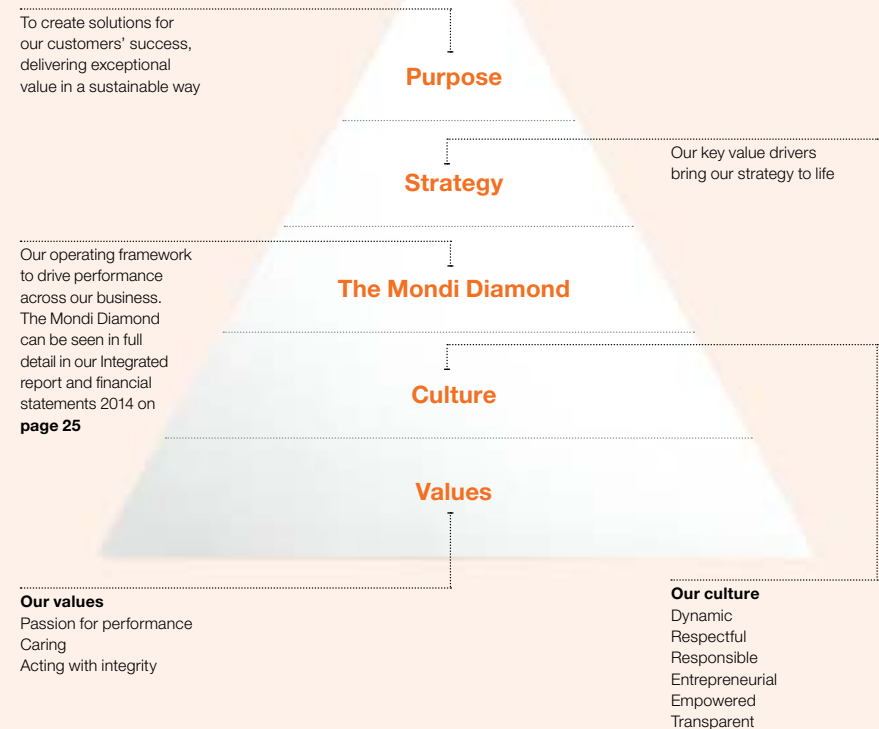
Our customers

Many of our customers are leaders in their industries and their products are household names around the world. Our innovative technologies and products can be found in a variety of applications including hygiene components, stand-up pouches, super-strong cement bags, clever retail boxes and office paper.

Our key customers are in industries such as automotive; building and construction; chemicals; food and beverage; home and personal care; medical and pharmaceutical; packaging and paper converting; pet care; and office and professional printing.

The Mondi Way

The Mondi Way demonstrates how our purpose, strategy and operational framework fit together, underpinned by our shared culture and values. This guides the way in which we work, helping our people to understand how we all contribute to sustainable value creation.



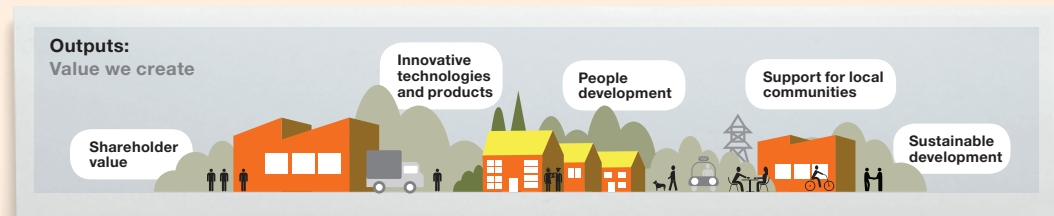
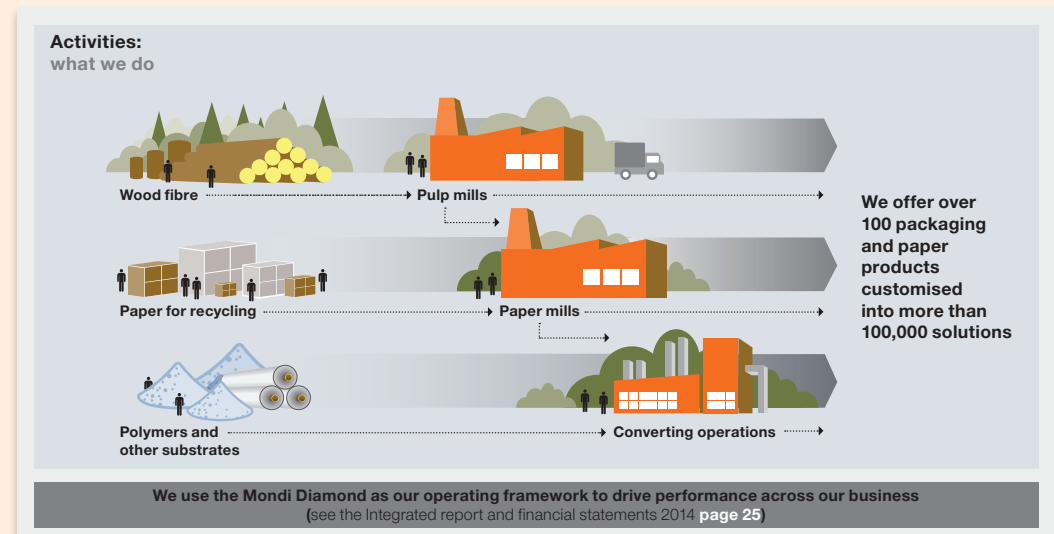
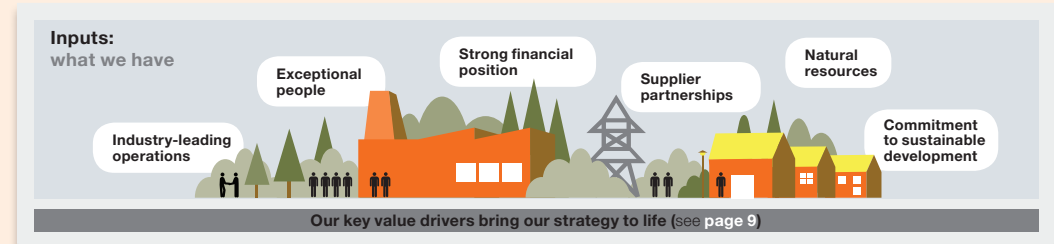
Our business model

Our business model explains how we use our resources to create value for our customers, investors, employees and other stakeholders.

What we do

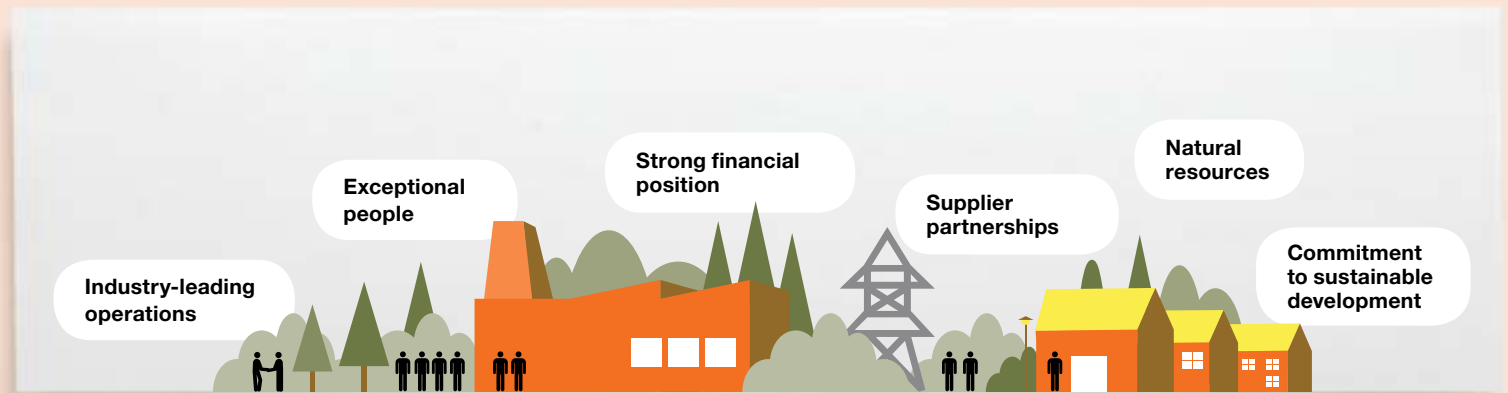
Mondi's pulp mills convert wood into pulp and our paper mills convert pulp and paper for recycling into packaging paper and uncoated fine paper. Our packaging paper products include containerboard and kraft paper, and our uncoated fine paper business produces office and professional printing paper.

We also convert packaging paper, polymers, films, aluminium foil and other raw materials into packaging products such as corrugated packaging, industrial bags, extrusion coatings, consumer packaging and advanced materials.



Our business model continued

Inputs explained



- Our **industry-leading integrated pulp and paper mills and converting plants** give us a lower cost position than many of our competitors. Our production assets have a carrying value of €3.4 billion and over the last five years we have invested €1.9 billion to further improve our operations, reduce our environmental footprint, enhance our competitive cost advantage and pursue growth opportunities (see **page 17** in the Integrated report and financial statements 2014).
- Our intellectual capital is inextricably linked to our team of **exceptional people** who together drive performance and find the solutions that our customers are looking for. We are committed to fostering a safe, fair and inspiring work environment that will continue to attract and retain talented individuals (see **page 44**).
- Mondi's **strong financial position** is founded on equity invested by our shareholders of €2.6 billion and committed credit facilities of €2.1 billion as at 31 December 2014 and strong cash flow generation from our operations of €1 billion in 2014. Our investment grade credit ratings enable us to access debt capital markets to fund selected growth opportunities when required (see **page 54** in the Integrated report and financial statements 2014).
- Our value chain is dependent on the supply of a broad range of production equipment and materials including wood, paper for recycling, polymers, foils, chemicals, energy and other raw materials. We **partner with our suppliers** to be first to market with new developments and access sustainable resources across our business. Our forestry resources in Russia and South Africa give us access to our own fibre supply, resulting in a wood self-sufficiency potential of 55% for pulp production (see **page 62**).
- Mondi depends on **natural resources**, most notably fibre, water and fuel, which are required for the manufacturing of pulp, paper, converted packaging products and advanced materials. We are committed to **using these resources responsibly**. Our pulp and paper mills are capable of generating approximately 97% of our overall electricity requirements mainly as a by-product of the pulp production process (see **pages 36 and 39**).
- We are **committed to operating sustainably** and being proactive in the way we deal with the global issues and their local consequences including climate change, energy, water and biodiversity. We work together with our customers and suppliers, other land users, local communities, scientific institutions, NGOs, governments and other stakeholders to foster strong and long-lasting relationships, deepen our understanding and increase our positive impact and influence (see **page 18**).

Our business model continued

Outputs explained



- We deliver direct **value to our shareholders** through capital appreciation and the distribution of dividends. Our internal return on capital employed (ROCE) hurdle rate of 13% through the economic cycle helps us to measure our success. Over the past four years, while investing for the future, we have consistently exceeded this measure. Mondi's share price has also consistently outperformed the average of our industry peers and the broader market. Over the same period we have distributed €585 million in dividends to our shareholders (see **page 10** in the Integrated report and financial statements 2014).
- We work closely with our customers and other strategic partners to develop cutting-edge solutions that contribute to their success, encourage resource efficiency and add societal value. Our **innovative technologies and products** can be found in a variety of applications including components for hygiene products, stand-up pouches, super-strong cement bags, clever retail boxes and environmentally responsible office paper (see **page 58**).
- Being a responsible employer with an open and honest culture helps us to deliver value while enhancing our position as an employer of choice by providing opportunities for personal growth. We **develop and train our talented people**, offering a variety of tailored courses in several languages on a range of topics including safety, technology, business tools, personal development and leadership skills (see **page 44**).
- We see it as our responsibility to make a real and lasting contribution to the communities in which we operate. We **support local communities and livelihoods by creating employment and business**. We employ local people, engage the services of local (and multinational) suppliers and contribute to regional and national economies through regular tax payments. We also seek to support and **invest in the development of local people and communities** and in 2014 we contributed €7 million to local community projects (see **page 53**).
- We seek to minimise our impact on the environment and enhance the eco-efficiency of our products through **resource efficiency and the responsible use of materials** across the value chain (see **page 62**). Our **active stewardship** of land and freshwater ecosystems helps us to develop more resilient landscapes, and we are committed to maintaining 100% FSC® certification of our forests and to procuring wood only from responsible sources (see **pages 27 and 32**).


Our global context

The world we live in is changing – fast. Accelerating globalisation, climate change, biodiversity loss, deforestation and degradation of land and fresh water, population growth and other global trends are increasingly affecting livelihoods and the way we do business.

We believe being part of the solution will help secure the future prospects of our business and our communities. As we explore opportunities to grow, we work closely with our stakeholders to address global sustainability challenges across the value chain.

A strategic approach to tackling challenges

Our understanding of the global context we operate in informs our approach to sustainable development. We've identified six material issues that help us address global challenges and become a more sustainable, value-adding business.

 [Read more on page 16](#)



Our global context continued

In this section we reflect on some of the global trends that affect our business and communities. It is important for us and for our stakeholders to identify our material sustainability issues within this global context.

Climate change

Climate change continues to represent one of the greatest threats to our environment, society and economy. Despite global efforts, greenhouse gas (GHG) emissions continue to rise.

Climate change remains top of the global environmental policy agenda, influencing local and regional regulations and investment decisions. We fully consider climate change in our own business decisions and strategies for growth, and have made public sustainability commitments to reduce our operational carbon footprint. We also seek to develop products that can help our customers and consumers better respond to challenges that climate change presents.

Biodiversity and habitat loss

WWF's Living Planet Index highlights the severe degradation of ecosystems and loss of habitat and species over the last decades, which significantly affect the provisioning and

regulating ecosystem services that communities and business rely upon. With the global population set to reach 9 billion by 2050, we need to find more efficient and effective ways to support livelihoods within the limits of the planet.

We have programmes and commitments in place to responsibly manage our land and associated freshwater ecosystems. We also procure wood exclusively from responsible sources to reduce our impact on natural habitats and to ensure that the wood we secure is from sustainable sources now and in the future.

Deforestation

Ongoing deforestation and land conversion continue to cause biodiversity loss and are a major contributor to climate change. Forest certification not only addresses deforestation, but also promotes sustainable forest management. Currently however, about 90% of global forests remain uncertified* and unless urgent change is made to improve and simplify certification processes, it is unlikely

that the situation will improve. We are actively involved in promoting change.

For example, we're part of multi-stakeholder collaborations that seek more sustainable solutions along the entire wood value chain. Our major focus is on credible certification of our forests and procuring wood only from responsible sources, helping to maintain land and freshwater ecosystems, and working with NGOs and other stakeholders to help identify and protect high conservation value areas.

Resource scarcity

Increased material consumption due to changing social trends such as population growth, urbanisation and rising incomes is placing additional pressure on already constrained natural resources. According to the Global Footprint Network, humanity currently uses the equivalent of 1.5 planets to provide the resources we use and absorb our waste. This trend is only set to continue into the future.

The key challenge and opportunity for us is to reduce our operational footprint by producing in a more resource-efficient way while addressing the needs of our customers and adding value to society.

We are responsibly managing the scarce natural resources we rely on, such as fibre, fresh water and fuel, and continue to introduce production processes and product solutions that promote resource efficiency; similarly, by seeking to bring to market new and innovative products that help tackle challenges such as climate change, scarce resources and food waste.

Increased transparency and public awareness

We operate in an increasingly transparent and connected world. This has an impact on our markets, strategy, communication and stakeholder engagement approach, as well as on our reputation. We engage with a wide range of stakeholders and seek to increase transparency by publicly disclosing our sustainability performance on a regular basis.

* UNECE/FAO 2009–2010 Forest Products Annual Market Review



Our response to global challenges

We understand the rapidly changing global context that we operate within, and seek to be part of the solution in addressing the social and environmental challenges it represents. By prioritising the most pressing issues to our business, our stakeholders and our local communities, we are positioning our business to tackle these challenges in an effective and responsible way.

At Mondi, we pride ourselves in our ability to respond to challenges and in playing a leadership role in key sustainability issues within our industry, such as the need for meaningful change in certification systems, the cascading use of wood principle, and the importance of collaboration in addressing key sustainable development challenges. But we also acknowledge that there are many more issues that are important to our stakeholders.

Our approach to materiality

In 2010 we conducted a detailed materiality assessment to identify, understand and prioritise the issues that are most important to our business and our stakeholders. Informed by stakeholder engagement, Mondi's risk management process as well as the Global Reporting Initiative (GRI) methodology for materiality assessment and other international best-practice standards, we identified six material issues and set public commitments to address them. These are discussed on the following page.

Our response to global challenges continued

Our material issues

1. Securing access to sustainable fibre in the short, medium and long term

Wood is one of our most important raw materials and sustainable forestry practices are fundamental to our long-term success.

We're working together with others to improve certification systems which will increase their global coverage and effectiveness, and we're supporting the WWF New Generation Plantations platform which contributes positively to communities and ecosystems.

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

We depend on strong relationships to continue to succeed as a business, and we see it as our responsibility to make a real and lasting contribution to the communities in which we operate. We're a member of the United Nations Global Compact (UNGC) and we work with the World Business Council for Sustainable Development (WBCSD) among others to strengthen our approach.

3. Understanding and minimising our contribution to climate change

Climate change is one of the most pressing global challenges, and we believe our energy-intensive industry has a role to play in reducing its impacts on the climate. We're committed to improving energy efficiency and replacing fossil fuels with renewable energy where we can.

We also optimise the role of sustainable forests in mitigating climate change and storing carbon.

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

Safeguarding the health of freshwater ecosystems, maintaining water security and preserving the biodiversity of natural landscapes are significant global challenges. We're working in partnership with stakeholders to preserve the natural resources on which we all depend.

5. Safeguarding the wellbeing of employees and contractors and securing key talent and skills

We rely on a skilled, diverse and safe workforce for a successful business, and invest in our people's development and training.

Our ultimate goal is zero harm. We believe all incidents are preventable and that everyone must learn from them. Overall, our safety performance has improved steadily over the past five years and we're among the leaders in our industry.

6. Increasing the eco-efficiency of our products

We develop products that meet today's socio-demographic and consumption needs and use less material. This is achieved through innovation and working together with our customers and suppliers, and by reducing the environmental footprint of our production processes.

Developing smart packaging and paper products can help address global challenges such as climate change and food waste, among others.

What's next?

Our previous set of 10-year carbon commitments ended in 2014, and our other environmental, social and governance commitments will come to an end this year. We are in the process of reviewing our material issues in order to set new five-year commitments for the Group.

As part of this process, we have assessed the global context in which we operate by looking at the global mega trends and local developments that affect our business, influence our stakeholders and can be shaped by our strategy and business decisions. Working in collaboration with our partners and global organisations such as the UNGC, WBCSD and WWF is central to this approach.

Our approach is one of global thinking with local priorities and local implementation. We work with all our business units and operations to better understand their business opportunities and risks, as well as their day to day activities and strategic insight to secure their support in achieving our common goals. As always, stakeholder engagement is key to this and we continue to work with our stakeholders across the supply chain to identify and address common challenges together.

We will finalise the materiality process and our next set of commitments this year.

Progress against our commitments

For each of our material issues we have a dedicated set of public commitments that guide our approach and practices in addressing them. With the exception of our commitments on carbon and energy, which cover the period 2004 to 2014, all other commitments are set against a base year of 2010 and are to be met by 2015.



Read more on page 87

Our stakeholders

Given the scale and nature of the social and environmental challenges facing society, no individual sector can make a significant, sustainable difference alone. We place great importance on engaging openly, transparently and collaboratively to help identify emerging issues, understand local priorities, and seek mutually beneficial solutions for sustainable growth. Collaboration with others – within and across sectors, globally and locally, along the supply chain and on landscape level – is central to our approach and a fundamental driver for change. We believe that by working with others we can achieve greater innovation, impact, scale, and sustainability.



Mondri employees at the 2014 interpack fair, Germany

We are working with customers and suppliers, other land users, communities, scientific institutions, NGOs, associated enterprises including banks, processors, retailers and other stakeholders across a broad range of projects to deepen our understanding of our global context and increase our positive impact and influence.

Our role in local communities

We believe that through close collaboration and engagement, we can help build more stable communities and create shared value. We engage openly on a regular basis with our communities to understand and respond to their concerns and priorities, using formal management tools that help us assess the local socioeconomic conditions. In our forest communities, we're also guided by the standards of FSC® in addressing community needs and respecting their rights.



Read more about the details of our community engagement approach on page 53.

Delivering value through partnerships

We work closely with global and local NGOs, industry associations and scientific institutions to understand environmental and social challenges and to develop joint solutions. Here are just a few examples of how we're working with others:

We're part of multi-stakeholder collaborations that seek more sustainable solutions along the entire wood value chain – from more effective certification systems and protecting forests **(page 27)** to promoting a smarter use of wood that maximises its value to society **(page 62)**.

We are actively working with the WBCSD to support sustainable business solutions that help address global challenges that business and society are facing.

Our work with WWF aims to sustain ecosystems through responsible business practices – building on our existing success with WWF New Generation Plantations platform **(page 29)** and the WWF Mondri Wetlands Programme **(page 35)**. We are looking to extend this success to other parts of the business.

We also work with the confederation of European paper industries (CEPI) in promoting recycling and use of recycled fibre, Forestry South Africa in promoting sustainable forestry practices, and Silver Taiga to identify and protect high conservation value areas in the Komi Republic (Russia) **(page 27)**.



Mondri Board site visit to our South Africa Forestry operation



Researchers in the Komi Model Forest, WWF study tour hosted by Mondri, Silver Taiga and Syktyvkar Forest Institute, Russia

Our stakeholders continued

Key stakeholders in 2014	Reason for engagement	Key engagement activities in 2014	What's next?
Employees	<p>Employee engagement is integral to the way we operate. To develop our culture, we initiated the Inspire process to engage our employees in discussions about our values and cultural characteristics. Together they form the foundation of the Mondi Way. We have three values: passion for performance; caring; acting with integrity.</p> <p>We regularly use employee surveys to monitor and improve our performance in the areas of employment and labour.</p>	<p>Since we introduced our values and cultural characteristics, we've carried out two Group-wide employee surveys to understand how we are progressing with living our values and improving our work culture.</p> <p>For our most recent survey (2013), 89% of Mondi's 24,400 people took part in the survey (2011: 81%). Results have shown that we've made good progress across all six cultural characteristics in all parts of the business (see page 46 for more).</p> <p>On 12 June 2014, Making a Difference Day (MADD) took place across the Group. MADD is a way of collectively practising measures to prevent harm to our people, communities and the environment (see page 47 for more).</p>	<p>We'll track our progress in our next survey which is due to take place at the end of 2015.</p> <p>MADD takes place on an annual basis at all operations across the Group. In 2015 MADD will focus on safety, related to Mobile Plant and Equipment as well as Moving and Rotating Equipment. For environment we will look at waste reduction.</p>
Local communities	<p>We work with urban and rural communities living in and around our operations, so it's vital that we understand and respect their concerns and priorities. It makes good business sense that we contribute to the long-term stability of the communities of which we are part. We use a formal assessment and engagement tool such as the SEAT process and annual community engagement plans (CEPs) in our approach.</p>	<p>We published the Stambolijski SEAT report in 2014. We have annual community engagement plans at our largest pulp and paper mill and all forestry operations (see page 54 for more).</p> <p>We have strengthened our Social Sustainability Network during the year to share best practices and learn from each other.</p> <p>Through Mondi Zimele, we provide small business loans, start-up capital and business development expertise (see page 57 for more).</p> <p>Mondi Syktyvkar supports regional social infrastructure and the development of local enterprises. By the end of 2014, eight forest entrepreneurs had been supported by Mondi Syktyvkar (see page 56 for more).</p>	<p>We are working on streamlining our engagement processes and agreeing on common frameworks for reporting and monitoring our engagement with communities, and will revisit our social focus areas as part of our materiality process that will feed into the 2020 commitment. We plan further SEAT reviews at our Merebank mill and Russian forestry operations in 2015.</p>
Suppliers and contractors	<p>Collaboration with our suppliers and contractors is vital to deliver innovative, sustainable packaging solutions.</p> <p>It is important that contractors who work on our sites understand and accept our safety standards and way of working.</p>	<p>See pages 48 and 62 for our engagement with suppliers and contractors.</p>	<p>Engagement with our suppliers and contractors is ongoing.</p> <p>We are looking to extend our supplier evaluation and assessment exercise to all key suppliers, and will proactively request information on our suppliers' sustainability performance to ensure they are compliant with our Code of Conduct and key business practices.</p>
Customers	<p>Collaboration with our customers is vital to deliver innovative, sustainable packaging solutions.</p>	<p>Launched in 2014, our global partnership with WWF will help us to further integrate the environmental and social criteria in our Green Range products and increase customer awareness on responsible products (see page 58 for more).</p> <p>In 2014, Mondi entered into a partnership to supply high grade, responsibly produced office paper to Papyrus for the Dutch Government (see page 59 for more).</p> <p>One of our business units conducted two customer surveys for its key customers to understand the role and value of sustainability in their businesses and to seek opportunities to address sustainability challenges in the supply chain (see page 62 for more).</p>	<p>We look to expand customer surveys on sustainability challenges and opportunities to the rest of the business.</p>
Shareholders and investor community	<p>It is important that we have an active dialogue with our shareholders and the investor community to explain our perspective and understand their expectations and response to global trends.</p> <p>Indices provide a tool for investors to assess companies on a broader base. They also provide us with a transparent and evolving global corporate responsibility reference against which we can assess our sustainability performance and progress.</p>	<p>In 2014, we maintained our membership in the FTSE4Good and JSE SRI global sustainability indices. We regularly engage with our shareholders and investors through AGMs and regular roadshows, and use other means of communication for responding directly to concerns and questions.</p>	<p>We will continue to engage with our investors as a key stakeholder group.</p>
National and local governments	<p>We engage with national and local governments working together with operations teams to share our intentions and understand their concerns and priorities and find mutually beneficial solutions.</p>	<p>In Russia, Mondi Syktyvkar has worked closely with the Komi Republic Government since 2010 to establish the Komi Forest Academy. The Academy provides training for employees and supports colleges and universities on the subject of forestry modernisation (see page 55 for more).</p> <p>In South Africa, we launched our fifth mobile health clinic in 2014 in partnership with local NGOs and the Department of Health (see page 57 for more).</p> <p>Other examples include our engagement with the South African Government to help settle land claims on our forestry land, and our multi-stakeholder partnership with the Mpumalanga Provincial Government to improve the socioeconomic conditions of the people living on Mondi owned land in South Africa through the Mondi Mkhondo Development Programme.</p>	<p>Through regular engagement and established CEPs we will continue to engage with government institutions to address mutual topics, help drive development and support livelihoods in the communities where we operate.</p>

Our stakeholders continued

Collaborative platforms and initiatives	Reason for engagement	Key engagement activities in 2014	What's next?
UN Global Compact (UNGC)	To reinforce our commitment to socially responsible business practices on a worldwide basis. Demonstrates our commitment to embrace universal principles in the areas of human rights, labour, environment and anti-corruption.	In August 2014, we submitted our fifth CoP and met the minimum requirements for an Advanced Level criteria of reporting. We were also selected for inclusion in the UNGC 100 stock index.	Ongoing.
The World Business Council for Sustainable Development (WBCSD)	The World Business Council for Sustainable Development (WBCSD) represents around 200 global companies, including many key customers, is a CEO-led, global association dealing with sustainable development through Action2020. We are actively working with WBCSD to support sustainable business solutions that help address global challenges that business and society are facing.	As a member of WBCSD's Forest Solutions Group, we're expanding sustainable forest solutions to benefit society. In 2014, Mondi's environmental manager continued to chair the WBCSD Carbon Action Team, which focused on the carbon benefits of forestry, defining biomass-related 'carbon neutrality' and developing climate change KPIs for forestry companies. We also remain a core member of the Ecosystem Cluster.	We will continue to help develop business solutions for forestry and its value chain, ecosystems and landscape challenges. Our Group Head of sustainable development will co-chair the Sustainable Value Chain and Procurement workstream.
Confederation of European Paper Industries (CEPI)	We are a member of CEPI in Europe, a Brussels-based organisation representing some 520 pulp, paper and board producing companies and 950 paper mills across Europe to champion the pulp and paper industry's achievements and the benefits of its products.	Mondi's Europe and International Operations Director is chair of the CEPI Raw materials committee covering virgin and recycled materials. A number of Mondi personnel hold positions on CEPI committees. We support CEPI's calls for identification and possible removal of subsidies that encourage inefficient use of biomass and distort fair competition (see page 65 for more). We are part of the CEPI Environmental Footprint Team.	We continue to work with CEPI on industry-related topics.
Forestry South Africa (FSA) and The Paper Manufacturers Association of South Africa (PAMSA)	Both organisations engage stakeholders on matters of legislation and critical industry issues such as research, land resettlement, skills development, environment, sustainability, and recycling in South Africa.	We are a member of the executive committee of The Paper Manufacturers Association of South Africa (PAMSA) and a member of Forestry South Africa.	We will continue to engage with FSA and PAMSA. We will support FSA's participation in the World Forestry Congress in 2015.
SAVE FOOD	SAVE FOOD aims at encouraging dialogue on food waste between industry, research, politics and civil society.	We became a member of SAVE FOOD in 2013. Mondi is involved in developing a wide range of innovative solutions to address food packaging challenges – such as reclosable bags and single-serve pouches, extrusion-coated barrier material, and water-resistant containerboard (see page 60 for more).	We will continue our membership of SAVE FOOD into 2015, and will continue to develop solutions to address food waste together with our customers and other stakeholders in the supply chain.
CDP	CDP is a transparency initiative which plays an important role in making available high-quality comparable data on company environmental performance covering climate change, water usage, forestry and supply chain to investors.	In 2014, we disclosed information in all four areas. Mondi was included in the CDP FTSE350 Climate Disclosure Leadership Index in 2014.	Ongoing. We will continue to disclose information in the future.

Our stakeholders continued

NGOs	Reason for engagement	Key engagement activities in 2014	What's next?
Business in the Community (BITC)	BITC is a large business-led UK charity that provides expert advice, benchmarking tools and networking opportunities and helps us develop our social sustainability strategy and measure our CSI performance.	We have worked with BITC and their member network to seek more effective ways to measure the impact of our investments, focusing on outcomes as well as outputs, to achieve more meaningful change in the development of communities we influence and impact.	We will continue to work with BITC to improve our methodology of monitoring and reporting investments, and measuring impact.
FSC®	Since it was founded in 1993, FSC® has succeeded in promoting responsible forest management. The problem is, only 10% of the world's forests are currently certified and there isn't enough certified wood to meet demand. There is recognition that certification is not delivering what we need for sustainable forestry and sustainable fibre. That's why we're working with FSC® to address these challenges.	We have been actively involved in the process to help change FSC®'s strategy. In 2014 we hosted a multi-stakeholder meeting at our UK Group office (see page 7). We were actively involved in the FSC® General Assembly where a motion was passed to develop a new global strategy.	We will continue to actively provide input to the new FSC® strategy which is due to be delivered in 2015.
WWF International	Our partnership with WWF provides an opportunity to work together across all our operations and to share each other's perspective and experiences, and look for advocacy opportunities to address issues important to both Mondi and WWF.	Mondi-WWF Partnership was launched in February 2014 (see page 7). The global partnership focuses on ecosystems, manufacturing and product stewardship and will involve our forestry, pulp and paper mills and converting operations. Projects have been set up across all three workstreams. Two key advocacy areas have been identified, where we can work together: certification and the cascading use of wood. We have had productive meetings and shared our positions and have started working together and developing action plans.	We will continue with our three existing workstreams. We are looking to present a joint paper on the cascading use of wood. We are looking at ways to work with WWF at the World Forestry Congress in Durban, September 2015.
WWF's New Generation Plantations (NGP) platform	The New Generation Plantations (NGP) platform promotes learning about better plantation management and influences companies to adopt better practices. It brings together multi-sector plantation companies, local communities and government agencies to share knowledge and improve our industry.	As one of the founding participants, we've worked closely with WWF and other NGP participants to develop and champion the NGP concept since it was established. Mondi and WWF co-hosted the first NGP meeting and field visit to Africa in 2013, followed by the WWF NGP annual summit in 2014. In addition, Mondi and WWF took 42 representatives from 14 countries on a catchment study tour to share knowledge and learning from the successful approach of the WWF Mondi Wetlands Programme (see page 35).	Mondi and WWF are exploring how the NGP concept and principles might be applied to include other forest types, such as boreal and tropical forests and agriculture. We will continue to participate in the WWF NGP platform.
WWF Mondi Wetlands Programme (MWP)	South Africa's wetlands are vitally important for wildlife, for people and for our business. But the country's wetland resources are under increasing pressure, with demand for water expected to outstrip supply by 2030.	In 2014, the WWF Mondi Wetlands Programme (MWP) broadened its horizons to take on a much bigger challenge: bringing stakeholders together to tackle the challenges facing freshwater ecosystems in catchments. We are focusing on three catchments in South Africa that are important to us and the WWF MWP partners (see page 35).	We continue to engage with WWF on MWP activities within the Mondi-WWF Partnership.
The Forest Dialogue (TFD)	The Forest Dialogue (TFD) is a WBCSD/World Bank initiative with a global multi-stakeholder process for dealing with contentious social and environmental forestry issues. We are an active participant and supporter of TFD and are engaged in numerous dialogues, including matters related to deforestation, certification and sustainable forestry practices.	TFD has scoped deforestation to develop a common definition with all stakeholders and is looking to develop a certification dialogue to address gaps and look "beyond certification".	We will continue to support TFD, particularly on developing the Landscape Dialogue Concept.

Our stakeholders continued

NGOs	Reason for engagement	Key engagement activities in 2014	What's next?
The High Conservation Value (HCV) Resource Network	The High Conservation Value (HCV) Resource Network (HCVRN) is an organisation working closely with FSC®, NGOs, IGOs (IUCN, World Bank, FOA, UNEP etc.) and companies to develop and implement a practice for use of the HCV concept in all land use.	In 2014 the HCVRN went through reorganisation aimed at self-funding. Mondi is a member of the new management committee.	Mondi continues to be an active supporter of the HCVRN. The restructured network and new management committee will promote the HCV approach as a resource management tool for forestry and agriculture globally.
Silver Taiga	We work with local NGOs such as Silver Taiga in Russia to assist in developing best practice and to participate in shared projects with WWF.	Mondi has been the core sponsor of Silver Taiga's work since 2008 (IFLs) (see page 30). They provide us with ongoing technical support on: FSC® certification Ecosystem classification Identification and protection of IFLs, and Ecosystem definitions for the harvesting operations. In 2014 Mondi engaged with Silver Taiga and other stakeholders to do an assessment of the changes in the Mezen River channel in the Komi Republic (see page 34).	Mondi will continue to support and fund the work in north west Russia until all the areas identified are officially ratified as protected. We will continue to support Silver Taiga on the Model Mezen River project.
Scientific institutes and universities	Reason for engagement	Key engagement activities in 2014	What's next?
Stellenbosch University	Mondi has supported detailed research into the effective design and management of ecological networks, which when implemented can make a significant contribution to land and freshwater stewardship.	The Mondi Ecological Network Programme (MENP) at Stellenbosch University has provided important results for biodiversity conservation and planning. We continued working with the university to further support the management of our ecological networks in our plantation forests.	Mondi will support the MENP initiative and its continued focus into 2015, with an additional emphasis on biodiversity indicators to assess the quality of freshwater across production landscapes.
Cambridge Institute for Sustainability Leadership (CISL)	CISL Natural Capital Leadership Platform is a collection of major companies involved in the management of natural capital.	CISL asked Mondi to attend a number of roundtables to discuss the challenges around the management of natural capital, with a view to join Natural Capital Leadership Platform.	We have joined the Natural Capital Leadership Platform from 1 January 2015. IUCN/Cambridge Institute for Sustainability Leadership (CISL) consortium will conduct sector guidelines and pilot testing.
University of Pretoria	We work with the university to stay informed of the most recent scientific trends and developments related to tree breeding and control of pest and disease.	We have an ongoing partnership with the University of Pretoria and we sponsor the Mondi Chair for Plant Pathology, specifically focusing on the increasing incidence of pests and disease in our plantations with practical measures to manage the Sirex wasp and the Chalcid wasp, two pests of pine and eucalyptus, respectively.	Ongoing.
University of KwaZulu-Natal	We work with the university on the Two Streams catchment and sponsor part of their project.	We are a patron organisation of the Institute of Commercial Forestry Research, based at the University of KwaZulu-Natal in Pietermaritzburg, which conducts applied research work on the Two Streams catchment project.	We will continue to work with the university on the Two Streams catchment project.

Governance of sustainability

Governance and risk management

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

Stakeholder engagement at multiple levels informs our materiality assessment, our strategy and our reporting. Our materiality assessment ensures that the Group acts and reports on issues that reflect its material economic, environmental, social and governance issues, or those that would affect our stakeholders now and in the future.

Management, employees and our business partners are guided by our Code of Business Ethics, which is supported by our Business Integrity Policy. Our Sustainable Development Policy outlines our overall sustainability strategy.

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

Board oversight and functioning

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

The boards guide strategy and provide oversight on performance. Mondi has joint chairmen, Fred Phaswana and David Williams, with the chief executive officer's position held separately by David Hathorn and the division of responsibilities between the joint chairmen and the chief executive officer has been clearly defined and approved by the boards.

The Boards each have nine members: the joint chairmen, four independent non-executive directors and three executive directors. Its members are diverse in respect of origin, gender, race and education. Together, they

bring a wealth of experience and expertise to the Group and reflect the nature of its business and domicile. Two of the nine Board members are women and two of the four South African-based Board members are from historically-disadvantaged communities.

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

Accountability

Accountability at Group level for our sustainable development policies, systems, practices, commitments and actions is guided and was monitored in 2014 on three levels by:

- The DLC sustainable development committee – a committee of the Boards which ensures that the Group's sustainable development strategy, policies and commitments are aligned with global best practice. The governance responsibility for environmental, labour, human rights, society and product responsibility aspects in the Group lies with the DLC sustainable development committee, while the management responsibility of these aspects lies with the chief executive officer.
- The DLC executive committee chaired by our chief executive officer – this committee has executive responsibility for sustainability performance and ensures that business line management holds primary responsibility and accountability for sustainability performance, supported by the sustainable development committee and specialist network groups.

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

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

Guiding sustainability

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

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

Governance of sustainability continued

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

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

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

Our Sustainable Development Policy supports our overall strategy and is further supported by our sector policies.

Internal audit

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

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

The DLC audit committee has responsibility for monitoring and reviewing the effectiveness of the Group's internal audit function. Each year the committee considers and approves the internal audit plan which is designed to focus on the Group's key risks to ensure that they are managed effectively within the context of our business objectives and that appropriate internal controls are in place. The committee ensures that all material operations are covered and that there is an appropriate degree of financial and geographical coverage. Reports are given at each committee meeting providing an update on activities, progress against plan, results from audits carried out and management's response to address any areas highlighted for improvement. The committee will consider deviations from plan as the need arises during the year, usually in response to a material acquisition or change in the Group's risk

profile highlighted through audit reports and through matters raised via the confidential reporting hotline, Speakout. The committee regularly challenges the nature and speed of management's response to issues raised in audits and to Speakout messages in order to be satisfied that this has been appropriate to the circumstances.

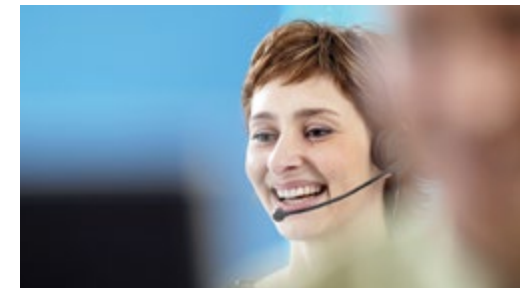
Internal audit assumes regular evaluation of the adequacy and effectiveness of our systems of internal control, across all business sites and all business processes. Internal audit visits every Mondi operation at least once every five years, with all major plants audited every year. Internal audit continues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

The committee also monitors the staffing and resources available to the internal audit function and the quality of those resources. The last external review of the internal audit function was carried out in 2010 by PricewaterhouseCoopers. That review concluded positively on the effectiveness of the internal audit function while making some recommendations to further improve on this. Since that review the committee has monitored progress with the implementation of the recommendations and annually reviews the effectiveness of the function. The next external review has been scheduled for 2015.

Speakout hotline

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

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



Speakout, Mondi's confidential reporting hotline

Governance of sustainability continued

During 2014, there were 129 Speakout messages received worldwide compared to 79 in 2013. The number of messages and quality of information reflect positive recognition and effectiveness of this confidential reporting hotline. All information pertaining to Speakout messages received was forwarded to the respective Mondi management according to Mondi procedures. Management took appropriate and adequate measures in each case which led to corrective actions when appropriate and necessary.

Political donations, gifts and bribes

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

Fines, non-monetary sanctions and significant legal issues

Mondi has not been the subject of any legal actions against it for anti-competitive behaviour, anti-trust, or monopoly practices during the year. No material fines or non-monetary sanctions for non-compliance with laws and regulations were received during 2014.

Risks and opportunities

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

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

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

Risk management is one of the internal processes that have informed the identification of our six material sustainability issues, and the commitments we have set to monitor and improve our performance within these. See Our global context (on **page 13**) for a more detailed discussion on our material issues, and Our sustainable development commitments (on **page 87**) for a detailed report on our progress against our commitments.

About this report

Reporting boundary

This online Sustainable development report 2014 covers the 2014 financial year (1 January 2014 to 31 December 2014) and should be read in conjunction with our Integrated report and financial statements 2014 as well as our Working together for a sustainable future printed sustainability publication. Our previous report was published in April 2014 for the financial year 1 January 2013 to 31 December 2013.

Reporting standards and format

This report provides a comprehensive view of our approach to sustainable development and our performance in 2014 with regard to environmental, social and governance issues; and is prepared in accordance with the Global Reporting Initiative (GRI) G3 guidelines to a B+ level.

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

Guided by the GRI framework for structure and principles of reporting, our report content is defined through various internal and external processes including risk management (see Governance on **page 22**), materiality assessment (see the discussion on Our global challenges on **page 13** and Our material issues on **page 16**), and stakeholder engagement at various levels (see Our stakeholders on **page 17**). We also report our performance against the sustainability metrics defined in our non-financial reporting system (SIM) for internal and external reporting of key performance indicators (covering safety and health, wood procurement, forestry, environment and energy), and against the public commitments we made for the period 2010 to 2015, with the exception of climate and energy commitments that cover the period from 2004 to 2014.

Reporting scope

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

- No significant changes from previous reporting periods in the scope, boundary or measurement methods were applied in the report this year.
- No material restatements have been made to data in this report, with the exception of data related to land claims in South Africa. See **page 57** for more details.
- Reported data remains comparable with last year's data, unless noted otherwise. Examples include certain safety-related data due to the inclusion of acquisitions in 2014. See **page 48** for more details.

- Performance data from our acquisitions of Nordenia and the Duropack corrugated packaging plants in Germany and the Czech Republic in 2012 have been integrated into our 2014 reports.
- Our environmental performance covers our pulp and paper mills and converting operations (100% of our manufacturing operations), unless stated otherwise. Examples include energy and climate-related data. See **page 36** for more details.
- GHG emissions are reported according to the GHG Protocol, published by the World Business Council for Sustainable Development and the World Resources Institute.
- Safety data includes all employees and contractors, but excludes service suppliers such as catering, office cleaning or telecommunications services and management consultants.
- Financial information is reported in euros (€), for ease of reading and to allow comparisons.
- Figures are based on the conversion rate at the end of December 2014.
- Where we have reported wood volumes in m³, this figure reflects Solid Cubic Metres (SCM).
- Key performance data throughout Working together for a sustainable future is provided for context only, and our full performance is available in this online Sustainable development report 2014.

External assurance

We believe that external assurance plays an important part in the way we work and that it provides stakeholders with assurance in respect of our performance. Environmental Resources Management Certification and Verification Services (ERM CVS) provided limited assurance on selected key performance indicators that we report, on the status of compliance of this report with GRI G3 guidelines to level B+ and verification of greenhouse gas (GHG) data in accordance with ISO 14064 to reasonable (pulp and paper mills) and limited (converting operations) levels of assurance. Deloitte, our appointed statutory auditors, provided an unqualified audit opinion on our 2014 financial statements.

Additional information

In addition to our online Sustainable development report 2014, other information – including policies and standards, report archives, governance of sustainability, associations we support, useful links and sustainability contacts – can be found at www.mondigroup.com/sustainability.

In our publication Working together for a sustainable future 2014, we discuss the challenges facing our industry, our Group and its stakeholders, and share our views on the solutions we continue to explore through working together with a range of stakeholders.

Issues in focus

In this section we outline how we're managing sustainable development across a number of key areas.

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Forests

Forests are home to as much as 80% of the world's land-based animal and plant life.* They also provide food, shelter, fuel and an income for over a billion people whose livelihoods depend on them and benefit the environment by regulating climate and water cycles and preventing soil erosion.

As global population grows and incomes rise, demand for forest products will grow. Our challenge is to meet increasing demand from sustainable forestry practices that protect high conservation values (HCVs) and maintain ecosystem services. This includes well-managed plantations.

* Source: <http://www.worldwildlife.org/habitats/forest-habitat>

Discover how we're...

Protecting high conservation value areas that are vital for the preservation of forests and associated ecosystems

Implementing a range of good practices that demonstrate the WWF New Generation Plantations (NGP) concept

Working with partners and other stakeholders to develop and implement the concept of resilient landscapes

Maintaining 100% certification of our forests and plantations, strengthening our own standards and encouraging certification across our suppliers

2014 at a glance

100%

of our owned and leased forests are FSC® certified, representing 2.4 million hectares

100%

of our owned and leased forests are ISO 14001 certified

25%

of our owned and leased land is set aside for conservation

Russian forest in Komi (Source: Per Angelstam)

Forests

Management approach

- We are not party to deforestation or illegal logging, and we do not use controversial or illegal wood
- We consider the productive capability, biological integrity and needs of our forests and associated ecosystems
- We collaborate with a wide range of stakeholders to learn, share and develop best practices

Wood is one of our most important primary raw materials. To ensure a sustainable supply for the future, we are developing operational practices to keep us globally competitive and demonstrate appropriate ecosystem stewardship.

We consider the productive capability, biological integrity and needs of the forests that we own or lease, and from which we source the majority of our fibre. Promoting sustainable forest management is also an important dimension of our climate change mitigation strategy.



High conservation value
intact forests in Komi Republic, Russia

Third party certification of our forests is an important part of our approach, as this gives stakeholders assurance that we continue to meet globally-accepted standards for sustainable forest management. Certification also ensures that high conservation value areas are identified and protected.

In Russia and South Africa where we own and lease forestry land, we maintain 100% FSC® certification and in 2014, we additionally certified 100% of our land in Russia to PEFC™ standards. We strive to increase the amount of credibly certified wood we procure. All non-certified wood that we procure meets the FSC® Controlled Wood Standard, European Union Timber Regulation (EUTR) requirements, the US Lacey Act and our own Requirements for the Responsible Procurement of Wood, Virgin Fibre, Biomass and Finished Product.

We have a long history of collaboration and engagement with a wide range of stakeholders at global, regional and local levels. We aim to share knowledge and learning, raise awareness, mitigate negative impacts, seek joint solutions and participate in developing good practices. Among the organisations we engage with and support are: WWF, FSC®, WBCSD, TFD, HCVRN, Silver Taiga, FSA, CEPI and research institutions (refer to our Stakeholders on **page 17** for more).

We are not party to deforestation or illegal logging. We do not use illegal wood, including mixed tropical hardwood species or other species listed by the Convention of International Trade on Endangered Species (CITES). We use no wood from Genetically Modified (GM) trees, nor do we grow GM crops. Approximately 25% of our owned and leased land has been set aside for conservation purposes. Of this 25%, around 525,000 hectares have been identified as high conservation value (HCV) land.

We report our performance in our public reports annually, various communication channels with stakeholders, as well as global sustainability indices (refer to our Energy and Climate change on **page 36** for more) and platforms such as CDP.

Key policies

Our performance is guided by our Sustainable Development Management System (SDMS), which has seven sector policies for sustainable development. Our Sustainable Forestry Policy guides our performance with respect to forestry management performance. Operating standard 11 of our SDMS, Sustainable Forestry, supports our sustainable forestry policy. We have four further detailed performance requirements that in turn support our policy and standards.

Performance

- 100% of our owned and leased forests are FSC® certified, representing 2.4 million hectares
- Our Russian forests are 100% PEFC™ certified
- 100% of our owned and leased forests are ISO 14001 certified
- 25% of our owned and leased land is set aside for conservation

What are resilient landscapes?
Resilient landscapes are production landscapes where there is a mosaic of commercial and natural ecosystems that have the capacity to recover from disturbances such as climate change, intensive management, poverty induced overuse, drought, fire, floods, pests and disease.

2014 Review

- With WWF, we continue to develop the resilient landscapes concept in selected catchments in South Africa
- Together with WWF, we continue to explore how the New Generation Plantations concept can be adapted to other forest types and agriculture
- We continued to support multi-stakeholder processes led by Silver Taiga and WWF Russia to identify and protect north west Russia's intact forest landscapes
- We continued to improve efficiencies and yield in our Russian and South African forest operations

Developing resilient landscapes

We aim to develop resilient landscapes that help to support natural ecosystems, encourage biodiversity, minimise our environmental impact, contribute to the socio-economic needs of the area and ensure a sustainable supply of wood for the future. Collaboration can act as a fundamental driver for this change and in partnership with WWF, we are working with other landowners, NGOs, associated enterprises (including banks, insurance companies, processors, and retailers) and other interested parties across a broad range of projects to deepen the understanding and increase our positive impact and influence in this area.

Forests

In focus:

Landscape restoration supporting a World Heritage site

In 2001, we agreed to take over management of government-owned commercial plantations on the banks of the Lake St Lucia estuary. Situated in the country's last remaining coastal wilderness, the estuary and its surroundings are rich in wildlife and other natural values and as such have been declared a World Heritage site. But the plantations were reducing freshwater flows to the lake system and causing tensions with conservation authorities and NGOs.

We worked with the iSimangaliso Park and NGOs, local people and authorities to map out a 120 km 'eco-boundary' which now divides dry plantation soils from sensitive wetland areas. Some 9,000 hectares of plantations were given over to the park. Plantation trees were removed, and the land restored to wetland and savannah. Rhino, buffalo and elephant now roam alongside the commercial plantations and the trust of the local community is strengthening.

Due to the success of the project, and the community collaborative business model associated with this, the partnership was highlighted as a model for plantation and wetland management in WWF's *Living Planet Report* in 2014.



Giraffe, zebra and other wildlife roam alongside Mondi's SQF plantations, iSimangaliso, South Africa

In 2014, developing and introducing the resilient landscapes concept in selected catchments in South Africa was a key focus for the Mondi-WWF Partnership. This included working with the WWF Mondi Wetlands Programme and the WWF New Generation Plantations (NGP) initiative to host two study tours in the targeted areas, where relevant South African stakeholders and representatives from WWF offices and forestry companies from around the world came together to learn more about the approach, and what it could look like in practice.

In the Komi Republic, with WWF Russia, Silver Taiga and other stakeholders, we are exploring how the successful WWF NGP process can be used to catalyse the concept of sustainable boreal landscapes using best practice examples from Silver Taiga, Mondi Syktyvkar and other operations in the Komi Republic landscapes.

Plantations – an important part of future fibre supplies

Plantation forests generally comprise of even-aged monocultures and are established primarily for wood and fibre production. They are intensively managed, have relatively high growth rates and productivity and have assumed greater global importance as a source of quality wood and fibre.

Forest plantations produce more wood on less land than natural forests. While they account for only 7% of forest cover globally, managed plantations provide around 35% of all commercial wood production, and this is expected to increase to 44% by 2020*.

* Source: State of the World's Forests, WWF

To meet expected global demand for wood and fibre without damaging the world's remaining natural forests, WWF estimates that 250 million hectares of new plantations will be required by 2050. Research has shown that, if managed responsibly, intensively-managed plantation forests can play a significant role in the conservation of species and ecosystems, the provision of ecosystem services and future wood supply, whilst contributing to local socio-economic development.

Developing New Generation Plantations

We believe in managing our plantations in harmony with the natural environment and respect for local people. That's why we're actively involved in the WWF New Generation Plantations platform (NGP), which brings together multi-sector plantation companies, local communities and government agencies to share knowledge that improves plantation management.

We've worked with WWF and other participants to develop and champion the WWF NGP concept since it was first established in 2007.

Between them, NGP participants manage over 12 million hectares of land, of which five million hectares are plantations.

By identifying key principles such as high conservation value, stakeholder involvement, economic development and ecosystems diversity, NGP has demonstrated that well-managed and economically viable forestry plantations can make significant social and environmental contributions.

The concept also offers similar benefits to other commercially managed forest types such as boreal and tropical forests, commercial agriculture and other land use.

The future

The NGP concept now needs to engage a wider audience to extend its reach and influence. Working with WWF, we are exploring how the NGP concept could be broadened to other forest types, such as boreal and tropical forests, as well as to the commercial agriculture sector. This will be a complex process, but one that we are supporting through collaboration and engagement. To see the role and the outcomes of NGP see the next page.



2014 WWF NGP platform study tour field trip, iSimangaliso Park, South Africa

What are New Generation Plantations?
New Generation Plantations maintain ecosystem integrity, protect the high conservation values and are developed through effective stakeholder participation, while contributing to economic growth and employment.

Forests

In focus:

A decade of successful collaboration in Komi Republic

In 1996, WWF and the Swiss Agency for Development and Cooperation set out to create an inventory of pristine forests, using local NGO Silver Taiga to lead the mapping.

We became involved in the inventory in 2004, when we acquired the leasehold for 2.1 million hectares of forest area in Komi Republic. We cooperated closely with Silver Taiga from the outset as the identification of HCV Intact Forests was a basic requirement for the FSC® certification, to which we were committed.

Since then, over 21 million hectares of forest has been assessed in Komi Republic and 4.3 million hectares of pristine forest identified. The Silver Taiga-led multi-stakeholder process has resulted in five large areas (some 2 million hectares) being identified for future protection. We directly manage and protect around 76,000 hectares of this land. In the process, we have set aside a total of 525,000 hectares of HCV areas on our land.

In addition to funding Silver Taiga, working essentially within Komi Republic, we've also contributed to funding WWF Russia in neighbouring Arkhangelsk to address the IFLs in that region, especially the four forest areas that straddle the borders of Komi Republic and Arkhangelsk.

We will continue to support the work of Silver Taiga and WWF Russia until the remaining four of the five proposed IFL areas receive formal recognition and protection. We hope the approach in Komi Republic will support the development of a practical standard for the protection of Russia's vitally important IFLs.

Protecting some of Europe's last intact forest landscapes (IFLs)

Komi Republic in north west Russia is home to some of the last remaining intact forest landscapes in Europe. These High Conservation Value old-growth forests are greatly valued for their crucial importance to biodiversity and the social benefits they provide, including food and livelihoods.

Environmental NGOs have recognised the need to map and protect north west Russia's Intact Forest Landscapes as part of a framework for responsible commercial forest management. We've been the core sponsor of the work led by local environmental NGO, Silver Taiga, in Komi Republic since 2008 and we're funding similar work led by WWF Russia in the neighbouring Arkhangelsk region.

What are intact forest landscapes?
Intact forest landscapes (IFL-s) are an unbroken expanse of natural ecosystems within the zone of current forest extent, showing little signs of human activity and large enough that all native biodiversity, including viable populations of wide-ranging species, could be maintained.*

*Source: www.intactforests.org

HCV Resource Network

We will also continue to actively support the HCV Resource Network. The restructured network and new management committee will promote the HCV approach as a resource management tool for forestry and agriculture globally.

Modernising our operations for efficient and effective practices

Since 2008, we have been running a programme to modernise our forestry operations. Across our Russian and South African forests, this programme has focused on developing operational practices that improve yield and that meet international standards to strengthen the safety, efficiency and the sustainability of our forestry operations.

Intensive forest management

Over the past two years, we have focused on modernising our silviculture operations in South Africa and Russia. Our aim is to increase our yield while protecting the environment. This is achieved through species and nurseries management.

In South Africa, we have introduced new equipment and systems that are transforming traditional manual operations, and are bringing our plantation operations in line with international good practice. We have also worked hard to strengthen standards, increase productivity and improve quality.

What are high conservation value areas?
High conservation value (HCV) areas are critical areas in a landscape, which need to be appropriately managed in order to maintain or enhance high conservation and/or cultural values.*

*Source: www.hcvnetwork.org

The role of New Generation Plantations



Maintaining ecosystem integrity



Protecting and enhancing high conservation values



Developed through effective stakeholder involvement processes



Contributing to economic growth and employment

The outcomes of New Generation Plantations



Improving livelihoods
Promoting small business initiatives



Increasing habitats for a wide range of species



Restoring wetlands
Improving freshwater ecosystems and biodiversity

Forests

An important aspect of the modernisation process in Russia was setting up silviculture operations, including nurseries, land preparation and planting. This was in part to meet the requirements of the latest Russian Forest Code, but more importantly to implement intensive forest management thus ensuring improved yields of sustainable high-quality wood in economically accessible areas. This is a prerequisite for conserving the last remaining IFLs.

As a result of this modernisation in Russia, we are now able to make environmental, social and other improvements such as adopting selective harvesting based on world-class Scandinavian practices to improve the yield and health of commercial forests.

*What is silviculture?
Silviculture is the growing and cultivation of trees.*



Mondi forestry, Syktyvkar Russia

Modernisation of harvesting operations

By 2014, our harvesting mechanisation strategy had been fully implemented across our Russian and South African operations, improving productivity, reliability and quality of supply, as well as safety.

In 2014, over 94% of pine and 92% of our eucalyptus harvesting operations in South Africa had been mechanised. The remaining operations will remain un-mechanised, until further technological developments become available, due to topography constraints.

In Russia, the modernisation process continued throughout 2014, with a focus on improving living standards for employees across logging camps, upgrading road infrastructures to optimise access to the harvesting operations and incorporating the requirements of the Russian Forest Code into our systems and processes.

Further developing our modernisation programme

We continue to fine-tune these new systems. Modernisation has direct implications for other areas of the business as well, including tree breeding, planning, mapping and improved Geographic Information Systems (GIS) and training, all of which contribute to a more integrated and streamlined forestry operation. These new systems also require new skills to be developed which will be addressed by introducing appropriate training programmes for forestry workers in 2015 and beyond.

The future

Learning from the WWF NGP platform and our rigorous standards in South Africa, Mondi and WWF are exploring opportunities to use the NGP concept to promote improved practice in the

Russian boreal forest, thus broadening the scope of the NGP concept to include other forest types.

The inclusion of natural forests is the next challenge in this regard. It will be a complex process, with external stakeholder feedback remaining vital in guiding our path and practice throughout this journey.

Strengthening our standards

We are continuing to strengthen the standards we apply across our forestry operations to keep up-to-date with requirements and ensure we are acting in a responsible and sustainable manner.

Promoting certification in our forests

We have played an active role in working with the FSC® to promote certification in Russia and to improve the practicality and efficiency of certification systems generally. In Russia, we have been members of the FSC® steering committee since 2012, to facilitate collaboration and the strengthening of standards for the benefit of all.

100% of our owned and leased forests in South Africa and Russia are FSC® and ISO 14001 certified, representing an area of 2.4 million hectares. Additionally, all our leased operations in Russia are certified in compliance with PEFC™ standards.

In Russia, we signed an agreement between several big companies to promote FSC® certification and FSC® labelled products. Mondi Russia was the first Russian brand to apply the FSC® trademark to its Snegurochka office paper.

For more information on our position on certification, refer to our Supply chain and responsible procurement on **page 62**.



Modernised harvesting operations, Mondi South Africa

Control and monitoring of pests and disease

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

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

Mondi is partnering with the University of Pretoria's world-renowned Forestry and Agricultural Biotechnology Institute (FABI), established in part to help the development of food and fibre crops. One example of this work is the practical measures FABI developed to manage the increasing incidence of pests and disease in our plantations such as the Sirex wasp and the Chalcid wasp, two pests of pine and eucalyptus, respectively.

Water, biodiversity and ecosystems

The health of freshwater ecosystems and water security are among society's most urgent environmental challenges. But natural landscapes have little respect for human boundaries. We're encouraging people to look beyond their own borders and work together to protect wetlands, riparian areas and biodiversity on landscape scale.

Discover how we're...

Developing processes and tools to protect the natural environment

Increasing our understanding of the value of ecological networks where we operate

Partnering with WWF to develop and implement the resilient landscape approach within ecosystem stewardship

Identifying and protecting freshwater ecosystems such as wetlands and rivers to enhance water quality, water security and biodiversity

2014 at a glance

Co-hosted Support

Co-hosted the 2014 WWF NGP platform annual summit and two study tours in South Africa

Ongoing support of Silver Taiga's projects in the Komi Republic, Russia

Member

Member of HCV Resource Network management committee

High conservation value intact forests, Komi Republic, Russia

Water, biodiversity and ecosystems



Freshwater ecosystem stewardship part of Mondi's forestry plantation management, South Africa

Management approach

- We help to identify and protect high conservation values in our forests and associated ecosystems
- Water is a critical resource and we take care of freshwater ecosystems associated with all our operations
- We work in partnership with stakeholders, across sectors and value chains, to seek solutions

Our business and ecosystem services are inextricably linked. Our forestry practices have an impact on ecosystems, natural landscapes and biodiversity which we seek to manage. Additionally, our businesses and local communities rely on ecosystems for the provision of services such as water, biodiversity and fibre. We recognise that deforestation, loss of protected areas and other high conservation value (HCV) areas, as well as loss of species are global concerns.

Therefore it's vital that we play a role in helping to secure the biological integrity, commercial value and community needs of the HCV ecosystems associated with our operations. We are not party to deforestation or illegal logging, and we protect HCV areas on or adjacent to our land (see **page 28** for more).

Water is a critical resource for the packaging and paper industry, required at various stages in the production process, from growing trees to processing pulp into the final product. We use a significant amount of water across our operations and are committed to managing it responsibly. We seek to protect natural water sources and freshwater ecosystems on or adjacent to our forestry land and have measures in place to monitor our progress, such as our Ecosystem Management Plans and Water Impact Assessments.

In many instances, we work together with global and local stakeholders such as NGOs, communities, authorities, farmers and neighbours to collectively address challenges and to share

insights across sectors, stakeholder groups and value chains. Some of these initiatives include the WWF Mondi Wetlands Programme, the Mondi Ecological Network Programme, WWF's New Generation Plantations platform, HCV Resource Network, and work with conservation NGOs such as Silver Taiga to identify and protect high conservation value areas and ecosystem services.

Key policies

Our performance is guided by our Sustainable Development Management System (SDMS), which has seven sector policies for sustainable development. Our Sustainable Forestry Policy, guides our performance with respect to forestry management performance. Operating standard 11 of our SDMS, Sustainable forestry, supports our sustainable forestry policy. We have four further detailed performance requirements that in turn support our policy and standards.

Performance

- Co-hosted the 2014 WWF NGP platform annual summit and two study tours in South Africa
- Ongoing support of Silver Taiga's projects in the Komi Republic, Russia
- Member of HCV Resource Network management committee

Water, biodiversity and ecosystems

In focus:

Assessing river health in north west Russia

Rivers play a number of important roles in the Komi Republic landscape, providing a transport and communication system for this geographically remote region of Russia, supporting biodiversity and fish populations that support the indigenous and other local people, and providing recreational and tourism roles.

The Mezen River is one of the biggest in north west Russia, flowing into the White Sea and Barents Region. Through its work with communities, local NGO Silver Taiga noticed that the river's fish population had been declining over a period of around 20 years. We proactively encouraged Silver Taiga to bring people together to understand and tackle the causes of problems facing the river, some of which appeared to relate to past forestry practices and local overfishing.

Since 2011, with funding from Mondi, Silver Taiga brought together commercial logging operations, local communities and municipalities, students and youth groups and local NGOs to focus on the upper Mezen River, aspects in seeking to understand impacts and possible solutions for restoring fish resources and other ecosystem services.

This project has led to greater understanding of the scope of the challenge and the need for effective solutions. With increased funding from Mondi for a dedicated hydrologist, the second phase, which commenced in 2014, will focus on:

- The development and implementation of Komi Republic-Arkhangelsk fish restoration programme
- The development of a monitoring system for the sustained use of fish resources in the Mezen River
- Assessing the influence of commercial forestry and large clear-cuts on freshwater resources

2014 Review

- We broadened our approach to develop resilient landscapes that maintain functioning ecosystems and sustainable commercial operations
- We worked closely with the WWF Mondi Wetlands Programme in water-scarce catchments to promote the resilience of freshwater ecosystems
- We continued active support of Silver Taiga's Mezen River project to address declining fish resources in Komi Republic
- The Mondi Ecological Network Programme (MENP) continued to deliver supporting science on the value of ecological networks in resilient landscapes

Extending our focus on resilient landscapes

Globally, natural ecosystems are being rapidly transformed and fragmented. WWF's recent Living Planet Report estimates that the planet has lost half of its wildlife in 40 years, and that river life has been reduced by an astonishing 76%.

We recognise the need to protect the natural ecosystems where we work and together with WWF, we are developing the application of the

What are ecological networks?
Ecological networks are wide strips of unplanted, interconnected land, or corridors, which separate stands of plantation trees. They play an important role in improving ecological connectivity and conserving biodiversity in production landscapes.

resilient landscapes approach. Our investments include supporting freshwater projects through the WWF Mondi Wetlands Programme and researching biodiversity management practices through the Mondi Ecological Networks Programme (MENP). We aim to align our programmes more closely to maximise their impact.

Mondi's Ecological Network Programme

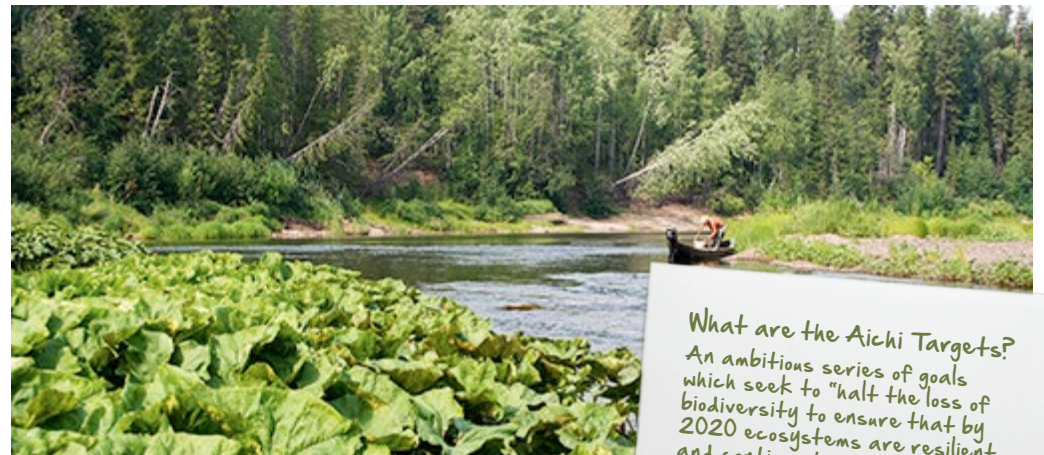
Human development, including forestry and agriculture, increasingly dominates the global landscape. Urgent solutions are needed to prevent further loss of biodiversity and other ecosystem services. Ecological networks are one such solution that is proving highly effective in production landscapes. We're working with Professor Michael Samways and his team from the Department of Conservation Ecology and Entomology at Stellenbosch University to identify and manage ecological networks in our plantation forests in South Africa. The science is telling us that well managed ecological networks can extend and connect important habitats and high conservation areas enhancing the conservation of biodiversity across production landscapes.

Assessing ecological network values

In 2014, the MENP continued to explore the value of biodiversity in ecological networks relative to protected areas and improve the database used to determine how best to manage these networks.

After four years of extensive research into the value, functioning, design and management of Mondi's ecological networks and the adjacent protected or high conservation areas, the MENP team has developed a database with 29,000 records of species in Mondi-owned plantation and adjacent areas. Moreover, the team of scientists based at the University has revealed ways in which these ecological networks, especially the wider corridors, are helping to meet the Aichi Biodiversity Targets, set by the international conservation community and signed by South Africa.

The research has concluded that ecological networks, when well designed and managed, are effective at conserving biodiversity and ecosystem functions to provide good quality habitat.



Sula River, a Mezen River tributary, Russia

What are the Aichi Targets?
An ambitious series of goals which seek to "halt the loss of biodiversity to ensure that by 2020 ecosystems are resilient and continue to provide essential services".

Water, biodiversity and ecosystems

In focus:

Working with WWF Mondi Wetlands Programme (MWP) on the uMngeni River basin

In developing resilient landscapes as part of the Mondi-WWF Partnership, the first phase of the Ecosystem Stewardship workstream has involved the WWF MWP and Mondi working on freshwater ecosystems in selected South African sub-catchments. This work will form the base to promote ecosystem stewardship and resilience in production landscapes that are important to Mondi and WWF.

The uMngeni River basin in the KwaZulu-Natal province of South Africa supplies water to more than four million people; its water resources are also critical to at least 15% of South Africa's economic output. But the supply of fresh water can't keep up with demand.

With this new approach, WWF MWP brought together farmers, foresters and water engineers for shared learning and advocacy, supported by science, to better manage and restore local fresh water supplies along their value chains.

Through this initiative, we will continue to work with WWF MWP and other stakeholders to develop ways of managing local ecosystems that provide shared value for business and society.



Promoting freshwater ecosystem stewardship is a critical part of responsible plantation management in South Africa

What next?

We will continue to support the MENP initiative into 2015, with an additional emphasis on biodiversity indicators to assess the quality of freshwater systems across production landscapes.

WWF Mondi Wetlands Programme (MWP)

In South Africa, water security and the health of freshwater ecosystems are among the country's biggest risks. South Africa's water resources are under increasing pressure, with demand expected to exceed supply by 2030 at current supply and demand levels. The country's wetlands and riparian zones are important for our natural environment and people in terms of ecosystem services they supply and because our commercial activities use significant volumes of water.

Since 1991 the WWF Mondi Wetlands Programme has advanced wetlands conservation in South Africa by catalysing collaboration between government, communities, industry and NGOs on the wise use and conservation of wetlands. The partnership has elevated the profile of wetlands conservation across land-use industries – particularly forestry and sugar – improving the management of wetland sites.

Strengthening our forestry systems and practices

We believe in continually improving our forestry systems and practices to ensure that issues surrounding water, biodiversity and ecosystems management are taken into account across our operations.

In 2014, as well as helping to develop ecological networks research, preserve natural landscapes and partner to develop wetlands programmes, we rolled out a number of additional initiatives:

Strengthening ecosystem management plans in Russia

In 2014, we continued to work alongside conservation NGO Silver Taiga in Russia to help develop a biotope classification system that uses satellite imaging to manage biodiversity in commercial landscapes.

Here, rivers, wetlands, other key biotopes and HCV areas are delineated with appropriate management recommendations within an eco-sensitive harvesting plan.

The Integrated Biodiversity Assessment Tool (IBAT)

In 2013, we adopted the Integrated Biodiversity Assessment Tool (IBAT) for our business, an innovative tool designed to facilitate access to accurate and up-to-date biodiversity information. In 2014, we used IBAT to generate data across our operations, highlighting those operations that are close to or in the vicinity of biodiversity hotspots. This data has been incorporated in our water impact assessments.

“Mondi has always looked beyond its own boundaries. Our partnership has enabled us to explore large-scale solutions for better wetlands management on the ground, and to increase our influence far beyond what we could have achieved alone.”

David Lindley, WWF-SA



Wildebeest roam alongside Mondi's SQF plantations, iSimangaliso, South Africa

Energy and climate change

Climate change is one of the greatest threats to the environment, to society and to economies across the world. We are reducing our own carbon footprint by cutting emissions, improving energy efficiency and the use of renewable energy sources. We also contribute through responsible management of forests and associated ecosystems, and utilising the role of sustainable forests in mitigating climate change and storing carbon.

Discover how we're...

Improving the energy efficiency of our operations

Setting clear long-term commitments to reduce our carbon and energy intensity

Playing a leading role in the industry in addressing climate change

Being transparent about our progress by communicating our performance and confirming our related commitments to further progress

2014 at a glance

59%

Renewable fuel consumption of mills increased from 49% to 59% over 10 years

21%

Reduction of specific energy consumption over 10 years

97%

Electricity self-sufficiency

29%

Reduction of specific CO₂e emissions over 10 years

Energy and climate change

Management approach

- We look to produce our own energy from renewable sources such as biomass to reduce our reliance on carbon intensive energy sources
- We recognise the role of forests in mitigating climate change, manage our forests responsibly, and procure wood exclusively from certified and controlled sources
- We participate in a wide range of transparency initiatives such as CDP to support industry transparency and climate action

Energy generation is a significant contributor to Mondi's overall greenhouse gas emissions. Our climate change programme therefore focuses on increasing the energy efficiency of our energy-generating plants and production units. It also looks at opportunities to use biomass-based fuels (such as black liquor, bark and residues from the pulp process) and reduce our reliance on carbon intensive energy sources.



Mondi Štětí, Czech Republic

We recognise the important role of forests in mitigating climate change by storing carbon and see it as our responsibility to manage forests and associated ecosystems responsibly and procure wood exclusively from certified and controlled sources.

Our first set of energy and carbon commitments for the period 2004–2014 focused on reducing the carbon and energy intensity of our operations. Both commitments have been successfully achieved (Refer to our Performance for more information).

We are currently developing a new set of climate change commitments for the 2014–2020 period, against a 2014 baseline. Our approach to reducing our carbon emissions further involves significant energy-related investments across our pulp and paper mills, focused mainly on modernising our recovery boilers and reducing our dependence on external electricity providers by increasing the electrical self-sufficiency of our mills.

To demonstrate our support for industry transparency, benchmark our performance, and help us identify opportunities for improvement, we participate in a wide range of benchmarking and transparency initiatives. We report annually to CDP's climate change, water, forests and supply chain programmes, and were included in the CDP FTSE350 Climate Disclosure Leadership Index (CDLI) for the fourth time since 2010. We also take part in a number of consumer facing initiatives such as WWF's Check Your Paper and Environmental Paper Company Index.

Key policies

Our Sustainable Development Management System (SDMS) provides a set of guidelines and practices that enable us to reduce our environmental impacts and increase our operational efficiency. The SDMS contains seven sector policies for sustainable development. One of these, Climate Change guides our performance with respect to energy management and carbon emissions. Standards and detailed performance requirements on energy consumption and efficiency, and carbon trading, support our policy and strategy.

Performance

- Renewable fuel consumption of mills increased from 49% to 59% over 10 years
- 97% electricity self-sufficiency
- 21% reduction of specific energy consumption over 10 years
- 29% reduction of specific CO₂e emissions over 10 years

2014 Review

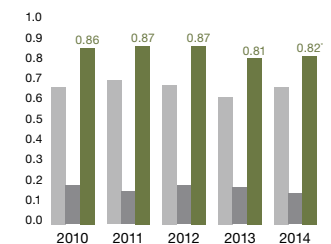
- We have started developing a new set of climate commitments for the 2014–2020 period against a 2014 baseline
- We continued investing in our mills to increase our electrical self-sufficiency while reducing our reliance on carbon intensive energy
- We co-chaired the WBCSD's Carbon Action Team and contributed to climate-related publication

Fuel sources for our pulp and paper mills: renewable vs non-renewable 2014



%	
Renewable	
• Black liquor	45.1
• Own biomass	7.5
• Biomass purchased	5.0
• Other	1.0
Non-renewable	
• Natural gas	31.0
• Black coal	7.8
• Brown coal	1.9
• Other	0.8

Specific CO₂e emissions from our pulp and paper mills



tonnes per tonne of saleable production

- Specific Scope 1
- Specific Scope 2
- Specific Total CO₂e

* Energy sales increased by 16%, causing an increase in CO₂e emissions from 2013.

Energy and climate change

In focus:

Investing in our mills

In November 2014, we started up a new recovery boiler at our Ružomberok mill in Slovakia – part of a €128 million investment which will double the energy we generate on-site and will decrease carbon emissions at the same time. Over 95% of the energy used by the mill will come from renewable biomass, and we will be able to supply sustainable heat energy to the local community. This followed the successful completion of a €60 million investment in a new recovery boiler at our Frantschach mill in Austria in 2013, which produces over 95% of the mill's energy from renewable sources.

A new recovery boiler is currently under construction at our Świecie mill in Poland, scheduled to start in 2015. This €166 million investment is part of a project that also includes the installation of a new steam turbine and upgraded evaporation plant. The existing recovery boiler will be rebuilt as a biomass boiler and will replace two coal-burning boilers.

This investment is a further step to becoming energy self-sufficient and will significantly reduce carbon emissions.



Mondi Frantschach, Austria

Improving the energy efficiency of our operations

In 2014, total energy use by our pulp and paper mills was 145 million GJ (2013: 144 million GJ). Total electricity requirements for producing pulp and paper amounted to 5.3 million MWh (2013: 5.3 million MWh), with 97% of this electricity generated by our own power plants.

Since 2004 we have increased the use of renewable energy in the fuel consumption of our mills from 49% to 59% and we intend to further increase this percentage by making use of even more renewable raw materials such as biomass from wood-based residues from the pulp process in the future (see [page 62](#) for a discussion on the cascading use of wood principle).

During 2014, we continued making energy-related investments at our operations, including commissioning a new recovery boiler at Ružomberok. At Świecie, we will be making new energy investments in 2015 and beyond. The focus of these and other projects still under consideration is to improve energy efficiency and electricity self-sufficiency whilst providing opportunities to capture additional benefits in the form of electricity sales.

Additionally we reduced specific energy consumption by 21% in the same period. This helped us to reduce our specific CO₂e emissions by 29%, an absolute equivalent reduction of around 1.2 million tonnes over this period.

GHG emissions from our pulp and paper mills*

In 2014 our Scope 1 emissions amounted to 4.2 million tonnes CO₂e (2013: 3.9 million tonnes) while specific Scope 1 emissions were 0.67 tonnes per saleable production (2013: 0.62). Scope 2 emissions amounted to 0.9 million tonnes CO₂e (2013: 1.1 million tonnes), and specific Scope 2 emissions were 0.15 tonnes

per saleable production (2013: 0.18). Our indirect emissions (Scope 3) from transporting our products and raw materials, employee commuting, business travel and raw materials are estimated to amount to 2.2 million tonnes CO₂e (2013: 2.7 million tonnes CO₂e).

Playing a leading role in mitigating climate change

We believe that the pulp and paper industry, as a significant energy consumer, can play an important role in tackling climate change. We are working with industry associations, NGOs and influential stakeholders to find ways in which we can reduce our impact.

Working together with WWF and WBCSD

Together with experts from WWF, we are seeking to improve the accuracy of the measurement of our Scope 3 emissions. In 2015, we will continue to work with WWF and are developing new CO₂e commitments.

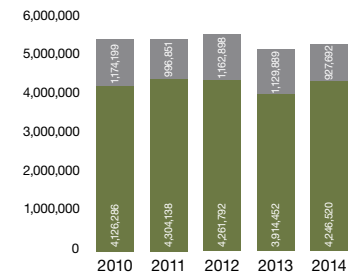
We are actively involved in the World Business Council for Sustainable Development's (WBCSD) Action 2020 platform. We are a member of the Forest Solutions Group, which provides business leadership in expanding sustainable forest solutions to benefit society.

Between 2012 and 2014, our Group Environmental Manager chaired the Carbon Action team, which worked on a number of projects – including a report (see www.wbcsd.org) on the carbon benefits of responsible forest management published in 2013, and an issue brief published in 2014 on biomass-related carbon neutrality**.

* Our pulp and paper mills account for about 94% of the Group's GHG emissions.

** The term 'carbon neutrality' implies that the net transfers of carbon to the atmosphere, associated with using biomass or biomass-based products, are zero. Using biomass-derived fuels and materials instead of more fossil fuel-intensive alternatives is one approach to mitigating increases in atmospheric CO₂.

CO₂e emissions from our pulp and paper mills



tonnes

- Scope 1
- Scope 2

CO₂e emissions from our pulp and paper mills by country 2014



tonnes

- Russia
- South Africa
- Poland
- Czech Republic
- Austria
- Slovakia
- Sweden
- Germany
- Turkey
- Bulgaria
- Finland

Operational excellence

We operate in a resource-constrained world, so it is vital we use resources wisely and minimise any negative impact our operations may have on the environment or communities. Operational excellence – from resource efficiency in our production processes to wastewater treatment and the way we manage our waste – is the foundation of our management approach.

Discover how we're...

Embedding resource efficiency in everything we do by focusing on doing more with less

Building on the conclusions of our water impact assessments to manage our impacts and improve water stewardship

Reducing our emissions to air to become a better neighbour in our communities

Playing a part in policy development to address industry issues

2014 at a glance

100%

Of pulp and paper mills, and
53% of converting operations
ISO 14001 certified

100%

Water impact assessments
completed for 100% of mills
and forestry operations

11%

Reduction of landfilled waste
since 2010

37%

Reduction of total reduced
sulphur emissions since 2010

90%

Reduction of level II
environmental incidents
since 2010

Start up of our new recovery boiler, Mondi Ružomberok, Slovakia

Operational excellence

Management approach

- Through operational excellence we seek to ensure that we reduce risk, while increasing our competitiveness and securing our licence to operate
- We base our environmental strategy on the 'precautionary principle' and strive to minimise emissions, discharges and waste
- We use credible management systems such as ISO 14001 at our operations to improve our performance

Operational excellence is an important component of Mondi's operational framework and drive to create sustainable value. Featured in The Mondi Diamond, the principle of operational excellence seeks to ensure that we reduce risk, while increasing our competitiveness and secure our licence to operate.

Managing our environmental footprint

We base our environmental strategy on the 'precautionary principle' and aim to identify and address any negative impacts that could result from our emissions, discharges and waste. We measure, monitor and report our performance regularly. We investigate environmental incidents including spills and releases and respond appropriately to be able to develop proper corrective actions and avoid recurrences.

A special focus is on the investigation of the causes of spills and releases, and we introduced a new procedure to categorise those Loss of Primary Containment (LOPC*) occurrences according to the nature and amount of the chemical released.

We believe that certification is important to ensure we steadily improve our environmental performance. All our pulp and paper mills and forestry operations, as well as about 53% of our converting operations are ISO 14001 certified.

* Loss of Primary Containment: A loss of primary containment (LOPC) is an unplanned or uncontrolled release of any material from primary containment, including non-toxic and non-flammable materials (e.g. steam, hot condensate, nitrogen, compressed CO₂ or compressed air).

Resource efficiency

We operate in a resource-constrained world. Natural resources, such as our raw materials, fuels and water have to be used wisely. Our energy and environmental network teams share knowledge and best practices. Our operational excellence team supports our operations by monitoring, benchmarking and giving advice on how to improve their key performance indicators.

Since 2004, we have reduced the specific energy consumption at our pulp and paper mills by 21%. Additionally, over the last four years, the specific contact water** consumption (contact water consumption per tonne of saleable production) has reduced by 5% in our pulp and paper mills.

** Contact water: Sum of all water volumes used on the production site for:

- Water usage in processes, for washing and as product input
- Water usage for sanitary purpose and for non-industrial operation (e.g. in kitchens, toilets and bathrooms)
- Water usage in boilers for steam production

Waste efficiency

We monitor process waste regularly. Our key waste streams include: green liquor dregs, boiler ash, lime mud, wastepaper rejects and fibre sludge. Where recycling or reuse is not possible, our treatment options include treatment for change of physical status and chemical composition (such as drying and filtration) or treatment to change hazardous to non-hazardous; combustion in incineration facilities preferably in combination with energy recovery; and disposal to landfill.

We aim to reduce greenhouse gas emissions and avoid disposal to landfill by using recycled fibre in our products wherever possible.

Reduction in emissions to air

We focus on reducing emissions of sulphur (TRS***) compounds from kraft pulp mills, as they may create an odour nuisance, giving rise to public complaints. Our approach includes the capture of TRS-containing off-gases in our recovery boilers. We detect diffuse emissions (due to leakages) using mobile equipment and TRS monitoring stations outside our boundaries. We regularly engage with local communities and neighbours and a number of our mills have dedicated community hotlines to address complaints and questions.

We also aim to reduce SO₂ and NO_x emissions from the combustion of fossil fuels and biomass at our on-site energy generation plants. We do this by increasing the efficiency of our boilers and de-NO_x systems used in the purification of exhaust gases.

*** Total amount of malodorous gases (reduced sulphur compounds) such as H₂S, methyl mercaptane, dimethyl-sulphide and dimethyl-disulphide.

Reducing our water consumption and managing emissions to water

We reduce our contact water consumption by implementing closed loops and recycling water streams, where economically feasible. The discharge after production is treated in wastewater treatment plants before being released back into the natural environment. Two key indicators of discharges to water in our pulp and paper mills are: chemical oxygen demand (COD), reflecting the organic load being discharged by the operations in the form of wastewater after treatment; and adsorbable organic halogens (AOX), reflecting adsorbable halogen compounds present in water released from the pulp bleaching process.

We maintain our COD and AOX emission levels within the best available technique (BAT) range. During previous years, we achieved significant reductions in AOX through discontinuing the use of elemental chlorine during bleaching. We also reduced COD emissions, mainly by investing in our wastewater treatment plants and closing the loops in production processes. Currently two major investments are underway at our Syktyvkar and Świecie mills which will improve our overall performance.

Operational excellence



Wastewater treatment plant,
Mondi South Africa, Richards Bay

Key policies

Our performance improvement is guided by our Sustainable Development Management System (SDMS), which has seven sector policies for sustainable development. Our Environmental Policy, guides our performance with respect to environmental performance. Standards and detailed performance requirements support our policy and strategy.

Performance

- 100% of pulp and paper mills, and 53% of converting operations ISO 14001 certified
- Water impact assessments completed for 100% of mills and forestry operations
- 11% reduction of landfilled waste since 2010
- 37% reduction of total reduced sulphur emissions since 2010
- 90% reduction of level II environmental incidents since 2010

2014 Review

- We reduced waste to landfill at our Świecie mill by transferring some waste to manufacturing companies to be reused as building material
- We invested in our Świecie and Syktyvkar mills' wastewater treatment plants to improve our performance and reduce emissions
- We updated the measurements for our operations' water footprint, using the methodology provided by the Water Footprint Network

Doing more with less

We see waste as lost raw material and have an internal zero waste commitment to minimise the amount of waste we produce. We have cut the waste we send to landfill by more than 39% since 2005, as a result of waste reduction projects.

We have also taken steps to use waste streams as secondary raw material or as a fuel, substituting fossil fuels. We use waste paper as a secondary raw material in our paper and board products.

In 2014, our total waste to landfill amounted to 262,368 tonnes (2013: 272,783 tonnes), a reduction of 4% on 2013. During 2014, we delivered 1,671 tonnes of hazardous waste to landfill (2013: 2,107 tonnes), mainly clean-up waste from an oil leakage incident at our Richards Bay mill. Mondi remains committed to further reducing its waste to landfill by re-using and recycling. Certain Mondi operations still have some hazardous waste to landfill which is not process-related. These include oily waste residues, fluorescent tubes and cleaning of sumps (which may contain oil).

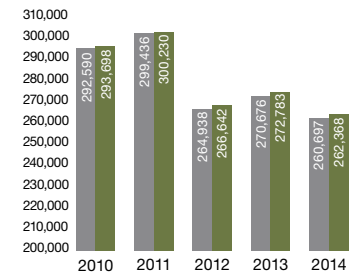
Tackling our water impacts

We currently use an average of 300 million m³ water a year – most of it in our pulp and paper mills – so managing water use is critical. Over the past three years, we've conducted water impact assessments at all our pulp and paper mills and forestry operations to better understand our water impacts and to promote the responsible use of water at a local level among stakeholders. We share and discuss the findings of our water impact assessments with third parties such as WWF, WRI, WBCSD and other NGOs.

We also measure the water footprint of our operations, and updated these measurements in 2014, using the methodology provided by the Water Footprint Network's Assessment Manual*.

* Source: <http://www.waterfootprint.org/>

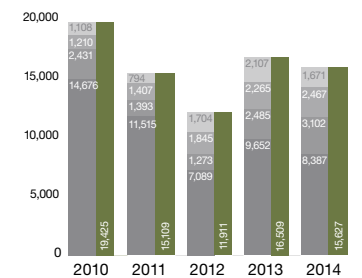
Total waste to landfill



tonnes

- Non-hazardous waste to landfill
- Total waste to landfill

Hazardous waste



tonnes

- Hazardous waste for treatment
- Hazardous waste sent for recycling/reuse
- Hazardous waste incinerated
- Hazardous waste to landfill
- Total hazardous waste

Operational excellence

In focus:

Reducing waste at Mondi's Świecie mill

Reducing waste to landfill has become an increasingly important issue for Mondi's Świecie mill over recent years.

As well as reducing waste to landfill by recycling and reusing solid waste, we are transferring some of the mill's waste to manufacturing companies to use in construction and building materials. This waste includes fibre fraction generated through the pulping process to produce building boards, pellets and alternative fuels.

In 2014, we started sending foil waste to a Lafarge cement plant, where Lafarge has invested in equipment that will treat and use this waste to generate energy.

We expect to deliver up to 50,000 tonnes annually of foil fraction that was previously sent to landfill, from 2015 onwards. This will help the Świecie mill reduce its waste by-products, which previously made up around 20% of the Group's total waste to landfill. Our next challenge is to improve the process to allow the remaining foil waste to be reused in the same way.



Foil waste, Mondi Świecie, Poland

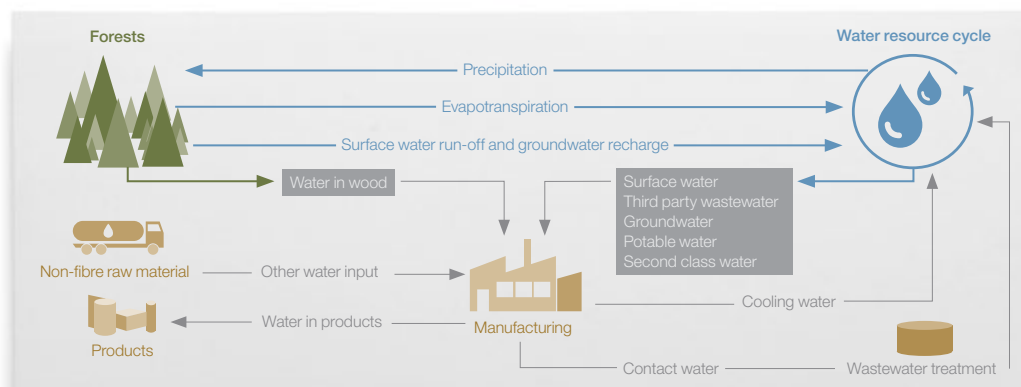
Most of our water footprint is 'green' water – rainfall that infiltrates into the soil and is available to plants. In 2014 our total freshwater input was around 314 million m³ (2013: around 298 million m³).

Progress was made in reducing chemical oxygen demand (COD) emissions from water by 10% between 2010 and 2014. In 2014, COD tracked at 44,901 tonnes (2013: 45,552 tonnes). The Group's volume of COD lies within the best available technique (BAT) range.

In 2014, AOX emissions were maintained at 150 tonnes (2013: 151 tonnes). Mondi continues to investigate ways of further reducing AOX emissions. The Group's volume of AOX also lies within the BAT range.

Water discharges: emissions to water COD (tonnes)

2010	49,923
2011	46,987
2012	47,049
2013	45,552
2014	44,901



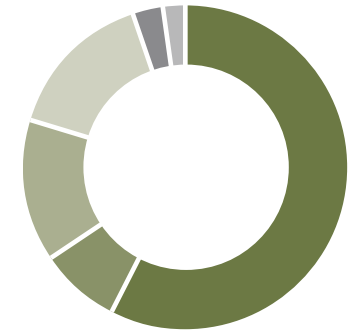
Assessing our water use to improve wastewater management

Three of Mondi's largest mills collectively contribute 56% of the Group's total water use, which highlights the importance of managing wastewater in our mills.

Between 2013 and 2015 our Syktyvkar operation in Russia, is investing to improve the wastewater treatment plant, treating the wastewater from our mill and the local community. We're optimising the treatment of wastewater by storing community wastewater and managing its flow to ensure the right balance of carbon, nitrogen and phosphorous – nutrients necessary for a functioning wastewater treatment process. This significantly reduces the need to add chemicals to treat the wastewater from our mill.

At our Świecie mill in Poland, we've invested in upgrading the local wastewater treatment plant.

Annual water footprint by type*



%	
Green Water footprint (from purchased wood)	57
Green Water footprint (from own wood)	8
Green Water footprint (from purchased pulp)	14
Green Water footprint (from recovered paper)	15
Grey water (to get 150mgCOD/Litre water)	3
Blue water (surface water)	2
Blue water (ground water)	0
Blue water (potable water)	0
Blue water (second class water)	0

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

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

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

* representing a total of approximately 10 billion m³

Operational excellence

Reducing emissions to air across our operations

One of the key concerns of our communities is reducing the total amount of the malodorous reduced sulphur (TRS) compounds from the Kraft process of our pulp mills. While the scale of current emissions does not pose a health threat, trace amounts are enough to create unpleasant odours.

In 2014, our TRS emissions amounted to 67 tonnes, representing a 37% reduction against 2010 levels. This was achieved through the collection and combustion of sulphurous off-gases in incineration facilities, such as recovery boilers.

Despite this progress, our Richards Bay mill in South Africa received increased odour complaints for reasons including mill shuts due to grid power outages. We are taking measures to prevent those mill shuts due to power outages and are installing further odour mitigation measures in 2015.

SO₂ is emitted mostly as a result of the combustion of coal for energy generation. In 2014, our SO₂ emissions were 5,107 tonnes. This represents an increase of 29% against 2013 levels, due to increased coal-based energy generated on-site in South Africa.

NO_x emissions arise from the combustion of fossil fuels and biomass in our on-site energy generation plants. We have implemented programmes to increase the efficient use of our existing boilers and have introduced de-NO_x systems in the purification of exhaust gases. In 2014, our NO_x emissions increased by 3% based on 2013 levels due to higher energy consumption needed to increase our electricity self-sufficiency which amounted to 11,705 tonnes.

Reducing fine dust emissions is an increasingly important issue for the pulp and paper industry due to increased public and industry attention, rising investments to reduce emissions, and stricter legislation. Mondi emitted 1,570 tonnes of particulates in 2014, a 5% reduction compared with 2013. We are investigating ways to reduce our particulate emissions by modernising our energy boilers and anticipate this will also result in measurable reductions in NO_x and SO₂ emissions.

Addressing environmental incidents at our operations

In 2010, we committed to reducing our level II environmental incidents by 50% for 2015. By 2014, we had achieved a 90% reduction, with only two level II incidents reported across the Group. In such cases, Mondi has emergency plans in place, and works with local authorities and invests in improvements to avoid reoccurrence of such incidents.

At our Lohja mill in Finland, we experienced a release of about 5 m³ of rosin (a solid form of resin derived mainly from pines that dissolves in water) into our wastewater treatment plant, with a minor leakage into the Lake Lohja. At our Tire mill in Turkey, we had an overflow of 20 m³ of wastewater from our clear water tank into the Tabak creek.

Playing our part in addressing industry issues

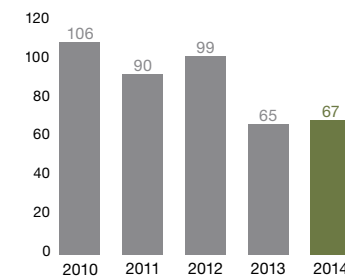
Beyond our own operations, we increasingly aim to contribute to policies that will help us and others improve their operational efficiency. For example, we are working with the Confederation of European Paper Industries (CEPI) and with other organisations such as the World Business Council for Sustainable Development (WBCSD) and WWF International.

We aim to use as much recycled fibre content in our products as possible, but we are currently limited by the availability and quality of recycled fibre. Our Operations Director for the Europe & International Division currently chairs the Raw Materials Group of CEPI, whose work includes ensuring paper recycling continues to move forward.

Together with CEPI, we are actively lobbying for European waste policies that will promote more recycling of recovered paper, improved quality and the removal of unjustified red tape and related costs that are barriers to paper recycling. We are working on several fronts to lobby against the burning of recovered paper as an energy source, and engaging with certification bodies to align certification standards for wood and recovered paper.

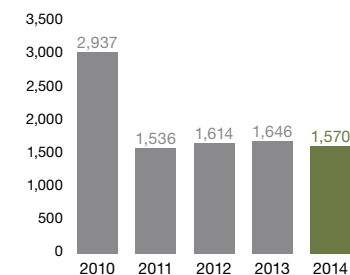
We support CEPI's call for the European Union (EU) to put the cascading use principle at the core of its climate and energy policy. This would ensure the most efficient use of available biomass and also contribute to EU growth and jobs objectives. CEPI also calls for identification and possibly removal of subsidies that encourage the inefficient use of biomass that distort fair competition on the biomass markets.

Total reduced sulphur from processes



tonnes

Total particulate emissions



tonnes

People

Our diversity is one of our greatest strengths, and our decentralised approach allows people to respond quickly to local needs. This makes for a fast-paced, exciting work environment and provides opportunities for personal growth. It also means we need to continue developing an inspiring and caring culture where everyone can thrive.

Discover how we're...

Creating an inspiring working environment through improving our culture based on our values and The Mondi Way

Focusing on employee development as a key element of the Mondi Diamond

Engaging with our people and responding to their needs supported by regular employee surveys

Training and developing our people through Mondi Academy to support them in unfolding their potential

2014 at a glance

22%

Of our employees, 22% of our Boards and 8% of our senior management are female

30%

At least 30% of our employees represented by trade unions

89%

Latest employee survey completed by 89% of employees

5,000+

Over 5,000 employees trained through the Mondi Academy since 1998

871,000

Hours of employee and contractor time devoted to training and development

Mondi employees at the 2014 interpack fair, Germany

People



Researchers visiting Mondi's forests, Russia

Management approach

- People development is central to the Mondi Diamond, and one of our material issues
- We treat our employees and contractors with dignity and respect, and don't tolerate any form of forced labour or abuse in the workplace
- Employee engagement is integral to the development of our culture and we regularly conduct surveys and performance and development reviews with our people

People development is a key aspect of our Mondi Diamond. It is also essential to the way we do business and to our strategy – and is one of our key material issues. We invest in our people's development and training because their development and growth are important to their and our success. The Fundamental Rights Convention of the International Labour Organization informs our employment practices and we are guided by the United Nations Global

Compact (UNGC) policy initiative. Although labour and collective bargaining practices differ from country to country, basic labour rights and fair employment practices are embedded throughout the Group, with labour and employment issues being managed locally (under the guidance of the Group policies and standards).

We treat our employees with dignity and respect, and don't tolerate any form of forced labour, degrading treatment, physical punishment, harassment or abuse in the workplace. Our global employment policy prohibits harassment of any kind in the workplace, and appropriate mechanisms, such as grievance procedures, are in place to support this.

Employee engagement is integral to the way our culture has developed over recent years, and we regularly conduct performance and development reviews with our people, engage with our employees at local level, and undertake annual employee surveys to monitor and improve our performance.

We expect our suppliers to comply with our human rights and labour performance policies and standards as set out in our Suppliers Code of Conduct. We report compliance with the Universal Declaration on Human Rights on an annual basis to the United Nations Global Compact, and our Communication on Progress is available at www.mondigroup.com/ungc_cop.

Key policies

Our employee management approach is guided by our Sustainable Development Management System (SDMS), which has seven sector policies for sustainable development. One of these, Global Employment, guides our performance with respect to our communities. Operating standard 17 of our SDMS, Human Rights and Working Conditions, supports our global employment policy. We have a further five detailed internal performance requirements that support our policy and standard.

Performance

- 22% of our employees, 22% of our Boards and 8% of our senior management are female
- At least 30% of our employees represented by trade unions
- Latest employee survey completed by 89% of employees
- 871,000 hours of employee and contractor time devoted to training and development
- Over 5,000 employees trained through the Mondi Academy since 1998

2014 Review

- We continued to develop our culture based on three core values – passion for performance, acting with integrity and caring
- Our annual Making a Difference Day once again raised awareness across the Group of the individual and collective efforts needed to achieve our goal of zero harm
- Mondi Sales Excellence Academy helped strengthen the skills and competitive position of our sales force

People

Developing our Mondi culture

In 2010, our senior leaders recognised the need to continue focusing on the development of a more caring culture. Based on three core values – passion for performance, acting with integrity and caring – and six cultural characteristics – dynamic, respectful, responsible, entrepreneurial, empowered and transparent, our culture creates the foundation of The Mondi Way. Our people management approach is based on our values and The Mondi Way – from performance management and employee engagement to training and recruitment. See **page 9** for the Mondi Way.

Mondi has a flat structure with open and transparent communication processes. Our global strategy gives us a common purpose and vision, while empowering our people to take local responsibility.

At the end of 2014, Mondi employed around 25,000 people across 30 countries. In addition, we had an average of 13,000 contractors on-site throughout our mills and forestry operations during 2014. At least 30% of our employees in 2014 were represented by trade unions.

Diversity at Mondi

In line with our philosophy of encouraging diversity and excluding discrimination, we provide equal opportunity for all men and women in the Group.

Gender diversity	Male	%	Female	%
Directors	7	78	2	22
Senior managers	280	92	24	8
Employees	20,000	78	5,500	22

In 2014, 22% of our employees were female (2013: 20%) and 8% of our senior managers were female (2013: 7%). Two of our nine Board members are women and two of the four South African-based Board members are from historically-disadvantaged communities. The percentage of Mondi South Africa Division's management from previously disadvantaged individuals (PDI) was approximately 47% in 2014.

Listening to our people

We value open and honest feedback so that we can continue creating an inspiring work environment for our employees and offer an attractive employment option for new recruits. In 2013, 89% of Mondi's employees took part in the Group-wide survey (2011: 81%) and the results were encouraging. We have made good progress in embedding all six cultural characteristics across the business, with safety and integrity being the clear stand-out successes. The key dimensions of Engagement and Enablement also improved, suggesting that our employees are also generally more effective and engaged than they were two years ago.

The survey results also highlighted areas for improvement, notably the need to strengthen the quality of communication between leaders, managers and their teams, and to improve recognition of our peoples' individual contributions. We are working to address these challenges through a combination of cultural and leadership development and communication tools based on clear improvement plans. We'll look again at how we are progressing in our next survey which is due to take place at the end of 2015.

Promoting flexible working

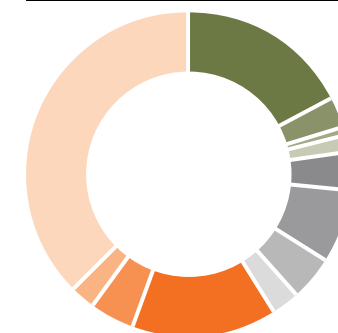
We want our employees to feel empowered to make important life choices without fear of their career progression being jeopardised. With this in mind and where feasible, we have developed a flexible working guide which assesses each request for flexible working to see if it can be accommodated within the employee's current role and business operation. This guide takes country legislation and local union and works council agreements into consideration, so both our people and our business can benefit from flexible working.

Its aim is to create a motivated and productive workforce and reinforce our position as an employer of choice. It also aims to support gender diversity in the workplace, empowering women to develop their careers while continuing to support their families.

Training and developing our people

PwC's 17th Annual Global CEO survey identified concerns from 77% of CEOs in the forest, packaging and paper industry about the availability of skills required for their sector. We are passionate about developing our employees to unfold their – and our – full potential and to reduce any major business risks. We have several Group initiatives to deliver against this promise. In 2014, approximately 871,000 hours of employee and contractor time were devoted to training and development (2013: 854,000). Roughly 40% of this training was dedicated to safety and health topics.

Management by origin 2014



%	
18.4	Austria
3.1	Czech Republic
0.3	France
0.9	Hungary
3.7	Italy
7.2	Poland
4.4	Russian Federation
2.5	Slovakia
15.0	South Africa
4.1	Turkey
1.9	United Kingdom
38.5	Other nationalities

People

The Mondi Academy

The Mondi Academy delivers training with global training partners and has provided training to nearly 5,000 Mondi employees as of 2014. It offers increasingly broad opportunities, with over 40 courses covering technical, business, personal and leadership excellence. It is updated to meet current market trends and provide the professional know-how and customised tools our people need to excel. We also offer these technical seminars and access to our subject experts to persons/ organisations outside of Mondi.



Lecturers from the Syktyvkar Forest Institute learning about student projects supported by Mondi

Developing our sales force

The Mondi Sales Excellence Academy (SEA) was designed by The Mondi Academy in close cooperation with business unit and business segment sales directors as well as the commercial excellence team, with the aim of strengthening the skills and competitive position of our sales force. In a curriculum of six interlinked modules, participants work to sharpen the functional capabilities of their role as well as their soft skills.

In 2013 and 2014, a total of 411 people in our sales force received training across 14 countries and nine languages. Training modules focused on transaction and value pricing, sales force effectiveness, presentation and negotiation skills, contract management as well as value-based selling. Feedback was enthusiastic, with participants finding the content relevant and easy to apply to their daily roles.

Raising awareness through Making a Difference Day

We recognise that it is important to engage with our people, listening to and responding to their needs. Engagement is also a way to raise employee awareness to consider together how we can help Mondi become a more sustainable business.

We are committed to achieving our goal of zero harm. Each year we dedicate a day, which we call Making a Difference Day (MADD), to raising awareness across the Group of the individual and collective efforts needed to achieve this goal.

In addition to raising awareness, MADD is a way of collectively practising measures to prevent harm to our people, communities and the environment. In addition to the topics aimed at the Group audiences, each site is encouraged to address local issues important to them.

In 2014, Making a Difference Day took place on 12 June and focused on making our goal of zero harm a reality, particularly when working at heights, using mobile plant and equipment, and during transportation. Water efficiency was our main environmental focus, given the growing challenge of water security and the significance of water usage at our operations.

Eliminating safety risks

Our 2014 MADD explored the Top 5 Fatal Risks facing our employees and contractors across our operations including working at heights, mobile plant and equipment, and workplace transportation.

Working at heights is a risk in many of our operations and this issue was looked at in detail across a number of regions. In Austria, Mondi Frantschach raised awareness of the issue by demonstrating how to correctly build scaffolds, use ladders, and wear personal protective equipment. The plant also conducted a simulated rescue training exercise on how to address the challenge of assisting an injured employee from a high structure.



Working at heights training during MADD, Štětí mill, Czech Republic

Moving vehicles are another everyday safety risk for our employees and contractors, whether driving a car to work or using mobile work equipment. In the Czech Republic, Mondi Štětí raised awareness of this issue by using simulators to illustrate the importance of safe driving.

Reducing water usage

The environmental focus of MADD in 2014 was on reducing water usage. A variety of initiatives took place to raise awareness of the topic across our businesses:

- In the UK, Mondi employees invited an expert from WWF to our Addlestone office to present tangible examples of water conservation and bring the scale of the challenge to life.
- The Group employees at the Melrose Arch Head Office in Johannesburg collected litter from a nearby stream to make immediate improvements to their environment and a WWF representative presented the importance of wetlands for South Africa, and the role of the WWF Mondi Wetlands Programme.
- The Midlands forestry business unit had a field day to explore the value of freshwater ecosystems to our business and society, and how tools such as the freshwater bio-monitoring tool can assist with more effective management practices.
- At our operations in Świecie, Mielec and Wierzbica in Poland, employees received a presentation on the reasonable use of water and were given practical examples of how to protect this resource through their operations.

MADD will continue to be in Mondi's annual calendar across the Group, with the next day planned for May 2015.

Safety and health

Although Mondi is among the safety performance leaders in the industry, the nature of our business involves many high-risk activities. To manage these, our risk management programme requires all our operations to identify their top risks – developing suitable action plans to engineer these risks out or, where this is not possible, introducing robust procedures and controls to manage residual risk.

Discover how we're...

Developing a culture of safety by engaging with our people and contractors to raise awareness of safety challenges

Adopting a risk-based management approach and continued investment in training

Modernising our operations to strengthen our safety and health performance

Putting in place preventative measures to avoid occupational health illnesses

Increasing focus on our Top 5 Fatal Risks throughout our operations to reduce injuries and avoid fatal incidents



2014 at a glance

0.83

Total recordable case rate

100%

Of mills and 70% of converting operations
OHSAS 18001 certified

Zero

Employee or contractor fatalities

881,000

Food4Forests delivered 881,000 nutritious, hot meals to forestry contractors in South Africa

Access

Facilitated access to anti-retroviral treatment to employees and contractors in our South African operation via mobile clinic services

Employees at Mondi's Świecie operation, Poland

Safety and health

Management approach

- We focus on the Top 5 Fatal Risks throughout our operations to reduce serious injuries and achieve our goal of zero harm in the workplace
- We reviewed and revised our Risk Management Methodology across the Group to simplify and strengthen our approach
- We adhere to the internationally accredited safety management system, OHSAS 18001 at our operations
- The safety of all our people is important to us, so we apply our safety standards to all our employees and contractors

We have a goal of zero harm in the workplace, which is supported by creating a culture that seeks to minimise risk. Our Group safety and health policy defines how we manage safety and health across all operations. To ensure that appropriate procedures and systems are uniformly applied, we use the internationally accredited safety management system, OHSAS 18001.



Driver in the safe waiting area during vehicle loading, Swiecie mill, Poland

Regular audits of plant and equipment standards provide us with assurance that ongoing improvements to procedures, controls and systems are identified and implemented.

For employees and contractors working in potentially hazardous environments, we have implemented critical controls at all sites. These include: risk assessments, permit to work requirements, energy isolation and lock out procedures and systems, specific training programmes, safe operating procedures and contractor control initiatives. These are all key tools we use in our drive towards achieving zero harm across the Group. We have also identified our Top 5 Fatal Risks across all our operations (see **page 67** for more).

Working closely with contractors has become a critical element of our approach to managing safety and health in recent years. Each operation must appoint contract managers, who connect the contractor company with Mondi. Contract managers and safety professionals are tasked with providing relevant support, guidance and documentation to contractors so that they understand Mondi's minimum safety and health requirements. A Safe Practice Note is used as a guidance tool to operations on how to manage the six-step process for contractor safety management. In 2014, none of our mills experienced serious incidents during the annual maintenance shutdowns which are traditionally high-risk periods where numerous activities are being conducted by Mondi teams working alongside large numbers of contractors.

We also tailor occupational health management to the specific needs of each of our operations, always emphasising the elimination of health risks, prevention of occupational health illnesses and the provision of healthy working environments. We aim to reduce ergonomic risks, improving noise management (and subsequent hearing loss), preventing injuries and addressing HIV/AIDS in South Africa, which continues to cause illness and death amongst employees, contractors and members of the community. In partnership with NGOs and the government's department of health, we have facilitated access to voluntary counselling and testing as well as anti-retroviral treatment (ART) for all employees and contractors. In 2014, 47 employees and 165 contractors were on ART.

Key policies

Our safety and health policy is designed to move towards our goal of zero harm. Within the Sustainable Development Management System (SDMS), three safety and health standards set out the minimum requirements to ensure effective implementation of the safety and occupational health policy. These are:

- Employee and contractor safety, occupational health and security;
- Process and equipment safety; and
- Emergency preparedness and plans.

Combined, these standards consist of 20 performance requirements for employee and contractor safety as well as occupational health and security, 14 for process and equipment safety, and two for emergency preparedness and plans.

Performance

- Total recordable case rate of 0.83
- Zero employee or contractor fatalities
- 100% of mills and 70% of converting operations OHSAS 18001 certified
- Facilitated access to anti-retroviral treatment to employees and contractors in our South African operation via mobile clinic services
- Food4Forests delivered 881,000 nutritious, hot meals to forestry contractors in South Africa



Mondi employee referring to a scaffold safety check list before conducting work at heights

Safety and health

2014 Review

These are a few examples of how our operations helped us move closer to our goal of zero harm:

- Our South Africa division looked at ways to reduce risks to firefighters in our forests operations by helping to improve their overall fitness levels
- Our forestry operations explored the benefits of modernisation in strengthening safety and health
- Our Merebank mill in South Africa developed a safer approach to fitting tarpaulins to eliminate risks related to working at heights
- Our Extrusion Coatings operation in Zeltweg focused on engineering out risks related to working in close proximity with moving and rotating equipment

Embedding safety management systems

Every operation has safety procedures in place and to ensure that these procedures are uniformly applied, we are implementing an internationally accredited safety management system, OHSAS 18001, across our operations. To date, 100% of our mills and 70% of our converting operations (57 of 81) have this in place. Regular audits of plant and equipment standards provide us with ongoing assurance that gaps are identified and that unsatisfactory procedures, controls and systems are improved and/or eliminated.

Reducing injuries

Our total recordable case rate (TRCR) has steadily improved over the past five years. No fatal injuries were experienced by Mondi employees or contractors in 2014.

In 2014 we restated our TRCR milestone of 0.75 to 0.89 to reflect the inclusion of our recent acquisitions. A total of 298 recordable cases occurred in 2014 with an annual TRCR of 0.83, 7% ahead of our milestone of 0.89. We have set a milestone of 0.83 for 2015.

We experienced four life-altering injuries related to moving and rotating equipment and falling from heights in 2014 and will continue our focus on the Top 5 Fatal Risks at Mondi, including moving and rotating equipment and working at heights.

Two focus areas for 2014 have resulted in a reduction of injuries (working at heights down from 11 to four cases and Moving Rotating related injuries down from 40 to 34 cases). We will maintain our focus on these two areas in 2015 to reduce them further. There has been an increase in the percentage of injuries resulting from falling objects (13 to 17 cases) and therefore we will add lifting and material handling to the focus areas for 2015.

Mitigating safety and health risks through risk management

Risk assessment is an important tool for ensuring a safe working environment. We aim to ensure that hazards are identified and suitable controls put in place to manage residual risk.

Risk-based management approach

In 2014, we launched a simplified Task Risk Management Methodology which applies to all Mondi-controlled operations. It outlines the process for identifying, assessing and eliminating or minimising hazards and related risks, and

sets out the management controls we use to safeguard against residual risks.

A second phase of work, which begins in 2015, will tackle the revision of the permit-to-work process, providing a vital safeguard for high-risk activities.

Top 5 Fatal Risks

At the end of 2013, our DLC executive committee asked all our operations to identify their Top 5 Fatal Risks and implement suitable action plans to engineer them out of the business. Where this isn't possible, robust procedures and controls are being introduced to manage residual risk – for instance by implementing engineering solutions such as overseeing moving machinery and where not possible implementing robust procedures and controls.

We've committed around €17 million to engineer the Top 5 Fatal Risks out of our mills and forestry activities, and the target is to implement the agreed actions by the end of 2015.

We track and monitor actions associated with this investment on a monthly basis to ensure completion dates are met.

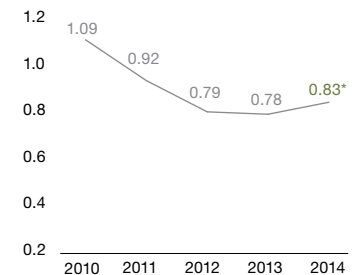
Proactive approach to safety

We focus on proactive safety indicators in our drive for improved safety standards and zero harm. The safety indicators for 2014 were:

- Management risk focused audits (where all managers were required to participate in the safety audit programme)
- Supervisors critical task audits (which required all supervisors to audit the identified critical tasks conducted)
- SHE professionals specialist audits (two selected topics per year)

Total recordable case rate (TRCR)

0.83



per 200,000 hours worked

* Recent acquisitions included therefore 2014 figures not comparable with historical data

Total recordable cases by injury classification



number

General awareness	90
Tool use	50
Manual materials handling	40
Moving machinery (hands, arms, fingers)	31
Housekeeping	28
Exposure to chemicals etc.	17
Falling objects	17
Workplace transport	12
Moving machinery (other body parts)	3
Working at heights	4
Road traffic accident	2
Business travel	2
Equipment failure	1
Assault	1
Attack by animal	1

Safety and health

In focus:

Minimising top occupational health risks

Our Richards Bay Occupational Health Clinic in South Africa has implemented a Medical Surveillance Programme, to mitigate workplace risks identified by the Health Risk Assessment (HRA).

In 2014, Richards Bay's top occupational health risks were identified as noise-induced hearing loss and asthma. The clinic addresses these issues by conducting pre-medical assessments and screening for pre-existing conditions relating to hearing and asthma, implementing hearing programmes and conducting annual screening.



Richards Bay mill, Mondi South Africa

- Peer observations (selected number of employees were required to conduct monthly observations of their peers)
- Safety calendar training (sites were required to conduct training in at least two topics selected by the Group related to the nine safety rules)
- Action tracking (all sites were required to track their action plans from injuries and selected audits and their Top 5 Fatal Risks)
- Employee engagement initiative (all sites were required to implement one employee engagement tool related to safety and health)

Reducing risks to firefighters

Within the forestry industry, medical testing has always been conducted on firefighters; however tests have traditionally focused on the general health of firefighters and not on the role fitness plays in an environment of heat stress. In 2014, we developed a programme to investigate the impact of heat stress on firefighters in our operations.

Our pilot programme found that 17% of contractor firefighters in our South African forestry operations were unfit to work in heat stress conditions. Taking immediate action, Mondi South Africa re-allocated duties of those that were deemed unfit in the short term, while developing long-term mitigation plans.

During 2014, our wellness team began rehabilitating unfit employees and offering extra support to those with chronic conditions. This will help to improve overall fitness levels, reduce risk and ensure contractor companies meet safety standards.

Looking ahead to 2015, only firefighters that pass a heat stress test will be allowed to perform any fire protection activity, and all contractors proto team members will be required to perform the

fitness test. Dedicated fitness programmes will also be introduced to ensure all members achieve required fitness levels. Over the longer term, all contractors' proto team members and Mondi foresters will need to pass both the heat stress and fitness test by 2016.

Strengthening safety and health through modernisation

Improving safety and health is one of the drivers for our business-wide modernisation programme. As traditional forestry activities are physically demanding, the safety risk of fatigued and dehydrated workers operating with or near dangerous equipment is significant. We are continuing to modernise our operations, and strengthen our safety culture, so that we can move closer to our goal of zero harm. In 2014, we took some key steps to modernise our operations with safety in mind, these include:

- **Visible felt leadership:** Mondi and contractor managers conduct walkabouts in which they observe behaviour, motivate staff and raise awareness of risks
- The implementation of several **safety campaigns** in our forestry operations, focusing on the Top 5 Fatal Risks, workshops and team activities
- **Mobile clinics** in five operational areas, in partnership with local health authorities and NGOs
- The continuation of the **Food4Forests** programme which was introduced four years ago by Mondi Forests to provide nutritious, hot meals to every contractor engaged in physical forestry operations at their work site. The programme served approximately 881,000 meals in South Africa in 2014

Every life matters: continuing to apply our standards to contractors

At Mondi, we recognise that every life has equal value, which makes the safety of contractors as vital a concern as the safety of our own people. We include our contractors in all our health and safety initiatives and performance indicators. We have a six-step process for ensuring responsible management of contractor safety – starting from the tendering phase right through to the post-project review.

Every year, we conduct planned maintenance and improvement shutdowns at selected mills. This is a high-risk period, with at times thousands of additional contractors working on the sites. As contractors do not always share our very high standards of safety and health, we ensure our safety experts and managers are deeply involved in conversations during the planning phase about how they will manage their risks. Where necessary, this has resulted in us changing contractors just weeks before the start of a project because we weren't convinced they had the capability to comply with our required safety and health standards.










Our aim is to provide support to our contractors. However should they pose a risk to themselves or others we are prepared to terminate a contract. During the installation of the new recovery boiler at Ružomberok mill in Slovakia, for instance, we asked a total of 40 contractors' employees to leave the project, as a result of failure to comply with our safety rules.

Safety and health

Creating rules to live by

Our Nine Safety Rules To Live By aim to eliminate all serious, life-altering and fatal incidents and injuries. They have evolved through investigations into past serious incidents, are part of the way we do business, and are incorporated into our critical controls. We require our employees and contractors to follow the rules every day. We investigate incidents and failures to comply and take disciplinary action as necessary.

Mondi's Nine Safety Rules To Live By:

-  Work with a valid permit when required
-  Respect speed limits, keep to your travel paths, wear seat belts and only use a phone with hands-free equipment while driving
-  Obtain authorisation before entering a confined space and ensure you take the necessary precautions
-  Protect yourself against falling when working at heights
-  Test isolation before work begins and use the specified life-saving equipment
-  Obtain authorisation before overriding or disabling protective equipment
-  Do not stand or walk under a suspended load
-  Conduct a chemical assessment and wear specified PPE when required
-  When working in the forest, keep a safe distance at all times

Planning for safe annual maintenance shuts at our Ružomberok mill

Mondi SCP's Ružomberok mill is one of Mondi's largest operations and is the biggest integrated mill producing paper and pulp in Slovakia. Every year, we shut the mill down for approximately a full week to conduct maintenance and repairs. This is part of our commitment to creating a sustainable safety culture. Shutdowns are important, not just from a safety, but also from a business perspective, because they allow time to identify issues and take preventative action, preventing potential incidents and machinery lost time in the future.

The shutdown in August 2014 brought together the mill's 1,200 employees with over 2,800 contractors conducting numerous tasks across all areas of the mill.

Participants had to carry out a range of tasks using tools and machinery that had been specifically set up to test safety and health practices. Every contractor had a chance to win prizes if they performed well. Over 1,000 gifts were awarded and the top three performing companies and project managers were given special awards.

In order to ensure the work is conducted safely and without risk to health, the mill implemented a number of initiatives including: water bottles with safety slogans at the main gate, daily safety newsletters, safety banners with key messages, retraining for anyone violating safety rules, safety competitions, token gifts for safe behaviour, focused safety audits, and practical training sessions.

The 2014 annual shutdown was completed without a recordable case; everyone returned home at the end of the day without any injuries. The outcomes of this success will be assessed to ensure continuous improvement for the future shutdowns.

Eliminating fatal risks at Merebank

To kick-start Mondi's 2014 Top 5 Fatal Risks initiative, the Merebank mill in Durban, South Africa, started with the selection and analysis of 25 fatal risk tasks. One of the most prominent of the risks identified included fitting collection vehicles with tarpaulins.

In the past, tarpaulins were manually fitted to collection vehicles by two contractors who had to work at heights of up to five metres on top of the vehicle. While they were supported by lifelines and harnesses, we recognised that all the safety measures in place were people-dependent, giving a particularly high risk of a fatal incident.

The mill responded to this by sourcing a mechanised solution to fitting tarpaulins which allows the operator to utilise an operating station based on ground level to safely hoist the tarpaulin over the finished goods on the vehicle.

The employees working with the new tarpaulin system were involved in the implementation phase of the project and are now seeking additional innovative approaches to ensuring zero fatalities on-site.

"The safety and health of our employees and contractors will always be central to our success. We will continue to strive for zero harm through the ongoing development of safer work practices and working environments."

Brian Darlington, Mondi Group head of safety and health



Mondi employees ensuring safe work in confined spaces during a maintenance shut

Engineering out risks at Zeltweg

Our extrusion coatings plant in Zeltweg, Austria, is a leading producer of extrusion-coated and laminated consumer packaging materials.

An extrusion coating line involves complex equipment and, as part of the coating process, operators need to carry out manual adjustments. While they are highly-trained, and safety is our highest priority, there is a serious risk associated with their working close to this equipment.

During 2014 the senior mechanical supervisor designed, developed and implemented a new system to ensure that operators are isolated from key hazards. As a result all Mondi Zeltweg operators can make adjustments to dyes remotely, avoiding any risk of proximity to machinery.

Communities

Maintaining healthy relationships with local communities is important to our continued success. We also see it as our responsibility to make a lasting contribution to the communities in which we operate. Our operations support local communities and livelihoods by creating wealth, employment and business. We make voluntary community investments that particularly focus on health, education, and enterprise development, which we believe are core drivers of development in communities. Since 2010, we have contributed around €61 million to community investments and local initiatives.

Discover how we're...

Engaging with members of the community to be a better neighbour

Investing in educational and other programmes to help drive development in communities

Supporting the health and wellbeing of our people and communities through voluntary initiatives

Helping local enterprises to support the socio-economic development of the communities where we operate; engaging and settling with land claimant communities in South Africa, and assisting them to develop long-term sustainable solutions and forestry enterprises

2014 at a glance

€61 million

About €61 million in social investments since 2010 (2014: €7 million)

Community engagement plans in place at all our forestry operations and largest pulp and paper mills

29%

Of land claims in South Africa settled since inception of the process

Stambolijski mill's SEAT report published

Mondi employees planting trees in the community, MADD, Ruzomberok, Slovakia

Communities



Students and lecturers from the Syktyvkar Forest Institute visit Mondi plantations

Management approach

- We engage with local communities to resolve potential conflicts, identify material issues and improve our performance
- We contribute to improving economic and social conditions of communities by creating wealth, employment and business
- We assess our impact on communities through dedicated socio-economic impact assessment toolbox (SEAT) and community engagement plans (CEPs)

Our continued success and growth depend on maintaining healthy relationships with local communities. We also believe that we have a role to play in the development and stability of the communities we impact and influence. We engage with communities to resolve potential conflicts, understand and manage risks and opportunities, identify material issues, and improve performance.

Mondi aims to contribute to improving the economic and social conditions of communities by creating wealth, employment and business, and supporting livelihoods. We do this through direct and indirect employment.

We also make voluntary investments in the form of monetary contributions, staff time and gifts in kind. In making these investments, we consider the principles of sustainable development, the development needs of local communities, alignment with our business objectives, and the cost effectiveness of projects.

We regularly engage with our communities and other local stakeholders through SEATs (Socioeconomic assessment toolbox) and CEPs (annual plans for community engagement). Our operations discuss the actions and contents of their CEPs with their stakeholders, and all our SEAT reports are publicly available on our website.

We address issues related to the cultural heritage of indigenous communities affected by our operations, particularly those living close to our forests, in a sensitive manner and we endeavour

to resolve these issues in a spirit of respect, trust and dialogue. We respect the rights of indigenous people and, where necessary, co-operate with the authorities in their initiatives to address historical injustices even if these are not of our own making. We are not aware of any incidents of violation of rights of indigenous people as a result of our operations in 2014, and non-material complaints by community members were directly addressed and resolved with the stakeholders involved at the time.

Key policies

Our social performance is guided by our Sustainable Development Management System (SDMS), which hosts seven sector policies for sustainable development. One of these, Corporate Citizenship guides our performance with respect to our communities. Operating standard 16 of our SDMS, Community Engagement and Development, supports our corporate citizenship policy. We have further detailed performance requirements that in turn support our policy and standard.

Performance

- About €61 million in social investments since 2010
- Community engagement plans in place at all our forestry operations and largest pulp and paper mills
- Stambolijski mill's SEAT report published
- 29% of land claims in South Africa settled since inception of the process

2014 Review

- We used our revised methodology in 2014 and published the report of our first SEAT in Stambolijski, Bulgaria
- We promoted a new dual education programme in Mexico to provide students with a source of income while completing their studies
- We launched a fifth mobile health clinic in South Africa in partnership with local NGOs and the Department of Health
- We continued to promote forestry education in Russia through our support of the Foresters' Society of Komi Republic
- We worked with a local NGO in Turkey to raise awareness among school children on the importance of recycling

Communities

In focus:

The Komi Forest Academy

Since 2010, Mondi Syktyvkar has worked closely with the Komi Republic Government, establishing the Komi Forest Academy, which provides training and retraining to employees and support to colleges and universities on forestry modernisation.

We also run several other educational projects in the Komi Republic region with environmental NGOs such as Silver Taiga and WWF, aimed at professional training of teachers, contractors and entrepreneurs.

We work with Silver Taiga, which provides services, such as arranging environmental training for our employees and contractors. We also support some initiatives run by WWF-Russia – for example, initiatives aimed at developing forest education in Russia.



Lecturers from the Syktyvkar Forest Institute learning about student projects supported by Mondi

Regular and effective engagement

We use the SEAT process as an assessment and engagement tool in the communities where our largest pulp and paper mills and forests are located. SEAT is a formal series of open and transparent sessions of dialogue with our stakeholders and is facilitated by an independent third party.

The SEAT process helps us understand the socio-economic context of the communities where we operate, how our stakeholders perceive our operations, and the impact of our operations on the community. The groups that we engage with to achieve this include our own employees, contractors and suppliers, customers, neighbours and community members, trade unions, NGOs, media and government authorities. The findings of a SEAT process are reflected in a formal report and distributed to all stakeholders, and published on our website. The report also includes a management response to the issues raised, and where relevant, action plans that reflect that agreements and commitments made during the process.

SEAT findings also feed into the CEPs, and both serve as a regular and formalised channel of engagement and communication with local stakeholders. All our forest operations and largest mills have CEPs in place and update them regularly to ensure they remain relevant and up-to-date.

In 2013, we revised the SEAT methodology to better tailor it to our business needs, and to streamline and simplify it for ease of use by our operations. We used the revised methodology for the first SEAT in Stamboljiski, Bulgaria, and in 2014 published this report on our website.

Investing in our communities

Our community investments are guided by the priorities of local people and aligned with our business objectives.

We particularly focus on health, education, support of rural livelihoods and enterprise development, which we believe are core drivers of development in communities. Since 2010, we have invested around €61 million in monetary

contributions, staff time and gifts in kind to community projects and local initiatives (approximately €7 million in 2014).

Education for development

Offering education programmes to the potential future workforce can secure talent and skills for the Group and address the challenge of low technical knowledge in some of the communities where we operate. It also helps to develop the community by giving young people skills, lowering unemployment, providing opportunities for better paying jobs and careers, and creating incentives for technical education.

Supporting vulnerable children in South Africa

We understand that education is fundamental to helping children to develop and lead better lives. That's why Mondi's South Africa Division has developed a number of education-based support projects to support the most vulnerable.

There are 216 schools on or surrounding our land in neighbouring communities across our South African operations. This represents around 112,906 pupils, many of whom are extremely vulnerable and in need of education to support their future development.

A large proportion of the children within these communities are orphaned and live below the poverty line. Where possible we seek to improve the livelihoods and quality of life of these vulnerable children by providing basic needs such as food, income and the development of life skills at four Orphan and Vulnerable Children (OVC) programmes, reaching about 1,500 children.

Community and social investments ('000 €)	2010	2011	2012	2013	2014
Health and welfare	691	205	219	211	85
Education and youth	679	797	835	574	2,078
Environment	29	81	102	456	518
Community development	6,427	5,828	4,895	4,302	4,138
Arts, culture and heritage	146	903	235	313	129
Housing	837	333	288	235	211
Other	3,802	9,150	7,716	3,907	0*
Total	12,611	17,297	14,290	9,998	7,159**

*In 2014 we removed the reporting category 'other' in order to eliminate ambiguity, and for more clarity on our investments. The remaining six categories reflect the full range of our social investments.

**Changes in investment levels over the years do not necessarily represent a change in investment strategy, and are sometimes reflective of the commencement or closure of projects. Most initiatives run over several years and require different levels of investment for each development phase.

Communities

In addition, our South Africa Division has a rural educational programme which focuses on bursaries and increasing access to tertiary education for those marginalised rural areas. There are currently more than 50 students receiving bursaries from Mondi South Africa.

Dual education programme in Mondi Mexico

In 2014, we launched a placement programme in Mexico, to help students from technical schools complete their training at Mondi. The scheme, which is run with local partners, will provide three paid placements in its first year. The students are managed by a number of first-line supervisors who have direct contact with the students through weekly meetings.

Promoting forestry education

Since 2012, Mondi Syktyvkar has provided financial support to the Foresters' Society of Komi to help revive the Network of School Foresters – a group of local unions who aim to train young foresters through secondary schools and state forestry units. In 2014, with the support of Mondi Syktyvkar, the number of School Foresters increased from 18 to 46 and involved 647 students. Mondi Syktyvkar forestry experts also provide educational support and expertise in training, excursions and field trips.

Raising awareness of recycling in local schools

Mondi Tire Kutsan (Turkey) is collaborating with CEVKO, an environmental protection and packaging waste recovery and recycling trust to raise awareness among schoolchildren on the importance of recycling. This also helps Mondi Tire Kutsan recover additional sources of fibre to secure supply for the business in the future.

The initiative is designed to instil environmental values in children from a young age. Each month, Mondi and CEVKO visit a different school in the region to raise awareness of recycling among first and second grade students. The lessons involve hands-on design, arts and crafts.

Mondi South Africa's environmental programme for schools

In 2010, we created the Mkhondo Environmental Forum (Momef) to work with schools to promote environmental awareness among students. To date, we have helped to roll out 75 environmental projects, reaching 54 schools and covering 23,790 learners and 138 educators. Following the success of the Momef programme, we have extended it to other regions in South Africa – including Northern KwaZulu-Natal where we've established the Mondi Dumbé Abaqulusi Environmental Forum (Moduba).

We plan to extend the number of stakeholder programmes, to help raise environmental awareness in a larger number of schools in the areas where we work.

Local enterprise development

Mondi's community support also focuses on projects that enhance regional social infrastructure and the development of local enterprises – including small businesses in agriculture, farming, recreation, tourism and civil services.

Mondi Syktyvkar: A focus on social partnerships

In Russia, where we manage approximately 2.1 million hectares of forestry land, we support regional social infrastructure and the development of local enterprises.

In particular, we support small-scale forest entrepreneurs who have limited access to forest resources. They are given the opportunity to use

forest stands within the mill's leased forest areas, with a guarantee from the mill to purchase all pulpwood volumes from them, and permission to reserve the saw logs for the running of their sawmills. By the end of 2014, eight forest entrepreneurs have been supported by Mondi Syktyvkar mill.

Engaging with the local community

Mondi Syktyvkar annually informs local stakeholders about its forestry activities as well as plans for the coming year. All plans for forestry activities are a result of engagement with the local communities. Stakeholder feedback influences the location of harvest sites, particularly where there is special environmental, social and economic value for communities. About 64,000 hectares of land that is important to the communities for their livelihoods has been set aside from harvesting operations as requested by the community until the value and borders of these areas can be aligned and discussed with the local people.

Developing local infrastructure

Mondi Syktyvkar makes significant annual investments for the maintenance and construction of forest roads and bridges in forest areas. This is important for our own forestry activities as well as for the neighbouring communities. In 2014, these investments resulted in the construction of a new 90m pontoon bridge, 127km of all-season new forest roads, the repair of 97km of old forest roads, and the construction of 16 new bridges on forest roads.



Young boys' football team supported by Mondi Syktyvkar, Russia

Supporting health and wellbeing

The health of our workforce and community is another important dimension of our social approach. Public health can be a challenge, particularly in remote communities where we work, while it is a priority for us to ensure the wellbeing and productivity of our people.

Promoting healthy lifestyles in Russia

Mondi Syktyvkar promotes healthy lifestyles for both employees and communities in the Komi region. The mill maintains its own sport, recreation and health infrastructure for employees and citizens. In 2014, about 1,900 people visited Mondi Syktyvkar preventative clinic, about 10,600 people visited its recreation centre, and about 270,000 people visited the sports centre.

Each year, Mondi Syktyvkar contributes to various projects aimed at promoting sport in the region. For example, we support a regional football club, a regional ski team, as well as athletes for the 2014 Winter Olympic and Paralympic Games in Sochi.

Communities

Our focus on:

Promoting independence through enterprise in South Africa

Mondi Zimele has been recognised as an effective vehicle for job creation in South Africa. We launched Mondi Zimele in 2007 to provide small business loans, start-up capital and business development expertise to new businesses in the areas around our operations. Mondi Zimele makes good business sense for Mondi. It has three core business objectives: to develop sustainable suppliers in our supply network; to encourage job creation and local economic development; and to increase the availability of sustainable fibre for our mills. Two years ago, Mondi Zimele intensified its focus on job creation and small business development through a partnership with the Development Bank of South Africa (DBSA). Together, we established the Mondi Zimele Jobs Fund, which has supported 101 community SMEs, with a collective average annual turnover of around €30 million and with an employment footprint of more than 2,600 people.



Small business owners monitoring tree growth, Mondi plantations, South Africa

Mobile health clinics in South Africa

In 2014, we launched a fifth mobile health clinic in South Africa in partnership with local NGOs and the Department of Health. Our five mobile clinics provide voluntary HIV/AIDS testing and counselling, treatment for medical conditions such as diabetes and high blood pressure, as well as critical vaccination programmes for children.

In 2014, we reached around 50,162 people, including about 7,831 contractors and 42,331 people living on and neighbouring Mondi land. We've trained volunteers to help local villages understand the importance of healthcare, nutrition and healthy lifestyles.

Visits across every village and site are conducted at least once a month and there has been a steady increase in usage of the facilities over the years. A group of 345 voluntary peer educators have also been trained in each village as part of the support network to provide education on the value of healthcare and the importance of testing, monitoring and medicating when needed.

Becoming a better neighbour

Mondi SCP's 'Best Neighbour' Programme in Ružomberok, Slovakia, supports health and environmental initiatives in the community surrounding its pulp and paper mill. With investments in green technology and frequent community engagement, the mill is playing a role in creating cleaner air and being a good neighbour.

Air particulates are a concern to the community due to the quarry-based location of the mill. Mondi hosted an educational road-show called 'Beat the Dust' to demonstrate how we are reducing our own emissions along with advice on reducing dust emissions in the home.

We are also improving green spaces, hiking trails and playgrounds in the area to enhance the wellbeing and health of the community. We also support local healthcare facilities and local businesses as part of our community programmes.

Chainsaw training in Austria

The Frantschach mill in Austria is an integrated pulp and paper mill in a rural forested area, where traditionally many people manage small pieces of forested land or use public forests to source wood for heating, construction or home improvement. Despite extensive chainsaw use, many people are unaware of the dangers their use presents.

In collaboration with a local organisation, Mondi Frantschach has used its expertise to train employees and their relatives living in the community on the correct and safe use of chainsaws. This initiative has been well received and we plan to provide it regularly in the future.

Engaging and settling with land claimant communities in South Africa

Currently portions of our landholdings in South Africa are subject to community land claims under the Restitution of Land Rights Act. In previous years, we have reported progress on our percentage of claims settled and land transferred to the communities, based on the original baseline

of 82 land claims affecting some 139,000 hectares of our managed land at the time.

As at the end of 2014, due to developments including the disposal and de-gazetting of some land affecting both settled and unsettled claims, there are 45 land claims remaining that involve some 84,960 hectares of our land.

During 2014, one signed land claim over 3,078 hectares was cancelled by the State due to community issues, leaving Mondi with 18 settled claims to date covering 33,190 hectares which have successfully been transferred to communities. This brings the percentage of land transferred to claimant communities to 28% of the total of transferred and remaining land, and the percentage of land claims settled since inception of the process to 29% of the total settled and remaining claims.

We will continue to cooperate with government around the settlement of all legitimate land claims affecting our land. Following a successful land claim process, communities gain ownership of the land and derive a sustainable income from it, while at the same time progressively developing their own businesses to operate within the forestry value chain. We ensure that land claim beneficiaries receive post-settlement support, gain meaningful and sustainable benefits, and that sources of fibre are both assured and sustainably managed into the future and retain their FSC® certification.

Products

We offer more than 100 packaging and paper products customised into over 100,000 different solutions – touching the lives of millions of people around the world every day. We share a common commitment with our customers to develop environmentally and socially responsible products and cutting edge solutions that address the challenges facing society – such as food waste, scarce resources and climate change.

Discover how we're...

Developing products that add value to society in tackling global challenges such as climate change, scarce resources and food security

Working with our customers on smart packaging solutions that meet their needs

Delivering environmentally responsible packaging and paper products, to address resource efficiency, including recycling, along the supply chain

Expanding our Green Range to deliver innovative eco-efficient solutions

2014 at a glance

1.5million 69%

Tonnes of paper for recycling (recovered paper) used, roughly a third of our pulp consumption

Member of the SAVE FOOD initiative since 2013

Of the operations producing food contact packaging certified to a recognised food hygiene standard

Ongoing development of our Green Range informed by our partnership with WWF

Mondi's products – touching the lives of millions of people around the world every day

Products

Management approach

- We seek to develop products that are more resource efficient, meaning they use fewer materials and extend the shelf life of products
- We use product innovation and redesigning of existing products to reduce our consumption of materials and environmental footprint, and meet the needs of society
- Collaboration with our customers and suppliers is key in delivering innovative, sustainable packaging solutions

Smart packaging and paper products that are responsibly produced can help address global challenges such as climate change, scarce resources and food waste. In response to changing consumer and customer demand, we're developing products that are more resource efficient, meaning they use fewer materials and extend the shelf life of products. Product innovations and redesigning of existing products are the principal ways that we reduce our consumption of materials and our environmental footprint to meet the needs of society today and in future.

Delivering environmentally and socially responsible products is an important aspect of the services we provide to our customers. Our products are subject to various voluntary and compulsory standard-testing procedures to ensure that a high level of product safety and quality is maintained and to monitor and report their footprint.

Collaboration with our customers and suppliers is vital if we are to deliver innovative, sustainable packaging solutions. The manufacturing footprint of our packaging products is a fraction of their total environmental footprint so we use a life-cycle approach, aiming to reduce the overall product footprint.

Ecolaboration™ with Nespresso

Through its Ecolaboration™ programme, coffee company Nespresso has collected and recycled used aluminium coffee capsules from its customers in Austria since 2009. In 2014 Nespresso also launched its programme to recycle used aluminium capsules in South Africa.

To offer the utmost convenience, Nespresso Austria asked Mondi to develop a customised, sustainable collection bag. Our designers innovated a paper-based bag made of FSC® certified paper with a Sustainex® coating, Mondi's biodegradable, compostable and recyclable biopolymer. This bag is made of renewable resources and is compostable according to DIN EN 13432. Further it is providing excellent sealability and a barrier to grease and moisture.

Key policies

Our approach to product development is guided by our Sustainable Development Management System (SDMS), which features seven sector policies for sustainable development. One of these, Product Stewardship guides our performance with respect to products. Operating standard 15 of our SDMS, Product Management, supports our product stewardship policy. We have four further detailed performance requirements that in turn support our policy and standard.

Performance

- 1.5 million tonnes of paper for recycling (recovered paper) used, roughly a third of our pulp consumption
- 69% of the operations producing food contact packaging certified to a recognised food hygiene standard
- Member of the SAVE FOOD initiative since 2013
- Ongoing development of our Green Range informed by our partnership with WWF

2014 Review

- We continued our membership of the SAVE FOOD initiative to help tackle food waste through smarter packaging
- We worked with our customer Papyrus to support the Dutch Government in closing the loop on using recycled paper in their offices
- We worked with Nespresso to develop a customised, sustainable collection bag for recycling used aluminium capsules
- We developed BarrierFilm for Mars Africa, an innovative new material for food packaging with a reduced environmental footprint
- We innovated PerfoamPack, a micro-foamed film that eliminates the trade-off between thickness and performance

Closing the loop

Our waste management approach is central to achieving resource efficiency, and recycling is an integral part of our production processes. We used around 1.5 million tonnes of paper for recycling (recovered paper) in 2014 (1.4 million in 2013), roughly a third of our pulp consumption. We have introduced closed loops in production processes where possible, to reduce material and water consumption, minimise waste, and increase efficiency in production. See the case study on closing the loop with the Dutch Government, which reflects growing customer interest in resource efficiency.

Quality through resource efficiency

In 2013, the Release Liner business, part of our Advanced Materials business segment, launched an initiative to increase customer satisfaction through reducing waste and improving product quality. This was in response to results from the customer satisfaction survey in 2012 which highlighted quality as the most important criterion for customers.

Within less than two years of the launch, waste figures were reduced by 20% and the number of customer claims reduced by 34%, reflecting a more efficient workplace and a happier customer base. All plants that have adopted the initiative have significantly improved their quality standards, including our Corrugated Packaging business segment which launched its own quality initiative and is now implementing this across its international plant network.

Looking forward, we will maintain our emphasis on product quality, and focus on consolidating our existing work to increase customer satisfaction and communicating our product quality initiative externally.

Products

In focus:

Closing the loop with the Dutch Government

The Dutch Government has set an ambitious target to use 70% recycled paper in its offices by 2017 and to source a paper that can be recycled back into premium grade paper. Our customer, Papyrus, who was aware of Mondi's Green Range products, arranged for us to meet with the Dutch Government to discuss solutions for a high grade, responsibly produced office paper.

Our Uncoated Fine Paper business unit presented our sustainability strategy to the Dutch Government stakeholders and introduced our Green Range products. Papyrus then teamed up with a Dutch waste collector, De Graaf Groep, who was to supply Mondi with paper collected from the offices of the Dutch Government. Papyrus would in turn source the high grade office paper produced from recycled input from Mondi, and supply it back to the Dutch Government for use in their offices, leading to a fully closed loop system: from premium office paper to premium recycled office paper.

Dick Kuiperij, Sales Manager Office at Papyrus Groep Nederland bv, says, "Papyrus Groep Nederland has introduced the PaperforPaper concept to offer the Dutch office paper market a more sustainable solution to using and reusing office paper, and to reduce the consumption of natural resources like fibre, water and energy. In Mondi, Papyrus has found a recognised leader in sustainable paper production."

The first quantities of paper were delivered by Mondi in December 2014. Papyrus will visit all Government departments to introduce the new concept and discuss a way forward for each location. Mondi will also provide technical and training support. A mill visit with all stakeholders is planned for 2015.

Tackling food waste

Roughly one-third of the global food production for human consumption – approximately 1.3 billion tonnes – gets lost or wasted each year*. Food loss and waste also place a huge strain on resources, including water, land, energy, labour and capital, and needlessly produce greenhouse gas emissions which contribute to climate change. Effective packaging can be instrumental in saving food from the field to the market, so that food is edible for longer. Mondi has been helping to develop innovative solutions to address packaging challenges, such as re-closable bags and single-serve pouches, extrusion-coated barrier material, and water-resistant containerboard grades.

Of the 67 operations producing food contact packaging in 2014, 46 (69%) were certified to a recognised food hygiene standard**.

Working with SAVE FOOD

We have been a member of the SAVE FOOD initiative since 2013, a campaign supported by the UN Food and Agriculture Organisation, the UN Environment Programme and interpack fair. The initiative's member companies are seeking solutions that will protect food resources for the growing global population and ensure that less food is wasted around the world.



* Source: United Nations Food and Agriculture Organisation

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

Working with our customers to address sustainability

We work with our customers and other stakeholders to reduce the environmental impacts of production through lightweighting measures, developing new materials or replacing them with different materials that can significantly lower the environmental footprint of products.

BarrierFilm packaging solutions

In partnership with Afripack Consumer Flexibles and Mars Africa, we've developed an innovative new material for food packaging called BarrierFilm. Launched in 2014, the material provides excellent protection and a long shelf life. It is based on a mix of FSC® certified paper, polyethylene (PE) and a special coating. Due to this coating and the removal of the aluminium from the production process, Mars was able to reduce the carbon footprint of its instant and packed soup range by 25%. The introduction of a special sealing polymer which subsequently lowers energy consumption during production further lowered the product's carbon footprint.

In 2014, BarrierFilm was awarded the Pulp and Paper International's (PPI) 'Innovation in Sustainable Packaging' award, the World Star Award for Packaging as well as the DuPont Silver Award for Packaging Innovation.

BarrierFilm has recently been introduced in Africa, where food waste is a significant issue. We plan to continue to work with Mars and Afripack to support product marketing in Africa.

Products



Mondi's BarrierFilm – offering food protection and a long shelf life

Eliminating the trade-off between thickness and performance

With many packaging products, reduced thickness and weight can reduce packaging performance. PerfoamPack addresses this challenge. It is a physically micro-foamed film, co-extruded with smooth outer layers and expanded foamed middle layer. The foaming of the middle layer can be adjusted to reach the desirable thickness without using additional material – so the final product weight is reduced without lowering rigidity and packaging performance.

PerfoamPack is suitable for direct food contact and provides good insulation – making it a good solution for food packaging and reducing food waste. Lifecycle analysis of PerfoamPack shows savings of up to 30% in water and energy use compared with existing solutions.

Products



Mondi's PerfoamPack – reducing the weight without lowering the thickness or rigidity of the packaging

Saving resources with The ONE Bag

Over the past 20 years, the market for sack kraft paper has seen a number of changes. Thanks to advances in technology, the multi-ply bags so popular in the past have increasingly been replaced by more cost-effective solutions with fewer plies. The constant improvement of paper has made it possible for bags to go all the way from four plies in the 1980s to two plies in the late 1990s. Now that the two-ply concept is the industry standard in Europe, filling companies are looking for even lighter bags and development of paper qualities continues.

The ONE Bag is a one-ply industrial bag for high-speed filling with powdered goods. The bag is made from Mondi's Advantage ONE high-performance paper, available FSC® or PEFC™ certified on demand. Using a bag construction with one-ply only, compared with the two-ply industry standard, offers a reduction in weight and a reduced packaging volume of up to 25%. Compared to standard two-ply bags, ONE also shows a CO₂ reduction of some 20%.



Mondi's ONE Bag - a one-ply industrial bag for high-speed filling, offering a more cost-effective solution

Innovative alternative to polyethylene buckets

In 2014 our corrugated packaging business developed an innovative packaging solution for a German feed producer which previously packaged its liquid animal feed in plastic buckets. Mondi's newly designed corrugated packaging drum is able to provide a more sustainable and environmentally friendly solution, while fulfilling all requirements of its customer and end users. "Miprotex" is a cost-efficient alternative to traditional high-barrier material and avoids unnecessary waste. It is also more space-efficient due to the fact that it enables Mondi's customer to put 100% more erected boxes on one pallet with only a negligible height increase. The nutritional livestock lick block drum can be used in various other applications where conventional polyethylene buckets are frequently used.

Communicating sustainability performance to customers

Our customers are increasingly seeking packaging solutions that reflect their commitments to sustainability. Value-adding logos are an effective way of communicating and underlining the quality and sustainability of products. In our Corrugated Box business, we have introduced 'aqua protec', a new trademark for branding boxes which indicates that they are made from either ProVantage Kraftliner Aqua or ProVantage Fluting Aqua. These Mondi paper grades have a number of advantages compared with their alternatives: they are strong and water-resistant for up to three days, and ProVantage Kraftliner Aqua has a reduced weight compared with regular kraftliner, saving valuable natural resources such as energy, water and materials. They are also recyclable and 100% made from fibre that meets FSC® or PEFC™ certification standards.



Aqua protect brand - allows manufacturers to brand their corrugated boxes with a quality and a sustainability trademark

Developing our Green Range

Our Green Range is a selection of smart and eco-efficient packaging and paper products that meet high environmental and social standards. It was originally developed by our Uncoated Fine Paper (UFP) business, and then extended across the Group.

Launched in 2014, our new partnership with WWF will help inform the ongoing development of our Green Range criteria, expanding our portfolio of environmentally responsible packaging and paper solutions, strengthening its environmental and social criteria, optimising its use of sustainable fibres and increasing customer awareness of responsible products.

Compliance and monitoring

Our products are subject to various voluntary and compulsory standard-testing procedures to ensure that a high level of product safety is maintained.

In 2014, nothing came to our attention to suggest the occurrence of:

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

Supply chain and responsible procurement

We encourage our suppliers to adopt more responsible business practices and are guided by the 10 principles of the UN Global Compact as a member of the initiative. This helps us address social and environmental risks and governance challenges, and deliver business benefits. Wood, including wood-based fibre, is Mondi's most important natural resource. Ensuring that our forestry practices are sustainable, from the management of our own forests to the procurement of our wood and fibre throughout the supply chain is a business imperative. Certification also currently provides the best proof of sustainable forestry practices and provides credible support to our due diligence systems in terms of the European Union Timber Regulation (EUTR) and the US Lacey Act's legal requirements.

Discover how we're...

Promoting sustainable forest management through credible certification to ensure a secure source of sustainable fibre now and in the future

Implementing due diligence systems to meet the requirements of EUTR regulations and developing appropriate training material

Working to make certification systems more relevant and practical for the range of different forest types, and the scale and ownership of operations

Encouraging debate on key topics, including the principle of cascading use of wood

2014 at a glance

66%

Of the wood we procured came from Chain-of-Custody certified sources

77%

Of pulp procured from Chain-of-Custody certified sources

55%

Wood self-sufficiency potential

1.5million

Tonnes of paper for recycling (recovered paper) used, roughly a third of our pulp consumption

2.2million

Tonnes of indirect carbon emissions from our supply chain (Scope 3 emissions)

Supply chain and responsible procurement

Management approach

- We ensure that our forestry practices are sustainable, from the management of our own forests through to the procurement of our wood and fibre throughout the supply chain
- While fibre procurement is mostly managed centrally, for non-fibre raw materials we use a more decentralised approach, to best fit the varied needs of our businesses
- Our sustainability standards are clearly stated in the Group's Code of Conduct for Suppliers
- We monitor our indirect carbon emissions (Scope 3 emissions) and aim to reduce our impact throughout the supply chain

Our supply chain is a powerful tool for driving our sustainable values and practices beyond Mondi to our suppliers, customers, communities where we operate and other stakeholders.

Securing access to sustainable and credible sources of fibre, and therefore meeting the needs of our business in the short, medium and long term, is one of the most significant issues facing our business. We ensure that our forestry practices are sustainable, from the management of our own forests (see **page 27**) through to the procurement of our wood and fibre throughout the supply chain.

We continue to engage with global certification systems, NGOs, businesses and other industry bodies, as their influence can help improve our access to sustainably-sourced fibre.

Non-fibre raw materials used in our production processes include polymers and resins, aluminium and other metals. Starch, fillers and other auxiliary chemicals are used mainly as additives in the paper-making process, or as coating and other supporting material for creating high performance, specialty packaging products. We need significantly lower volumes of these than of fibre, so they are a much smaller component of our supply chain. While wood and pulp procurement is mostly managed centrally, non-fibre raw materials are procured following a more decentralised approach, which best suits the varied needs of our packaging and converting operations. However, Group policies and frameworks governing the procurement of raw materials and services for our operations apply across Mondi and guide local procurement decisions. Our sustainability standards are clearly stated in the Group's Code of Conduct for Suppliers.

We conduct regular evaluations of key suppliers, working with local procurement teams. This allows us to assess supplier performance with regard to their quality of service and reliability of supply, as well as their environmental and social practices.

Uncertified wood and fibre requirements

We ensure that the portion of our wood fibre that is uncertified (34%) meets our policy for Procurement of Wood, Virgin Fibre, Biomass and Finished Product Requirement. This stipulates the FSC® Controlled Wood standard as a minimum, and together with our due diligence system, meets the EU Timber Regulations and the US Lacey Act. This ensures that no wood or fibre that we use originates from illegal or controversial sources and that no Mondi sourcing leads to deforestation.

Key policies

Our performance improvement is guided by our Sustainable Development Management System (SDMS), which has seven sector policies for sustainable development. The Sustainable Forestry Policy addresses wood fibre supply, and the Product Stewardship policy covers all aspects of raw materials sourcing.

Performance

- 66% of the wood we procured came from Chain-of-Custody certified sources
- Wood self-sufficiency potential 55%
- 77% of pulp procured from Chain-of-Custody certified sources
- 1.5 million tonnes of paper for recycling (recovered paper) used, roughly a third of our pulp consumption
- 2.2 million tonnes of indirect carbon emissions from our supply chain (Scope 3 emissions)



Wood chips

Supply chain and responsible procurement

“Certification is a powerful tool for responsible forest management. The past 20 years have succeeded in promoting sustainable forest management, but the systems have become overly complex and unnecessarily bureaucratic, and now things must change. If they don’t, certification systems risk frustrating the very industry they are designed to influence, and excluding the communities and forests that need them the most.”

Peter Gardiner, Mondi Group natural resources manager

2014 Review

- We continued to work for global certification processes to be simplified
- We supported CEPI’s call for the EU to place the ‘cascading use’ principle at the core of its climate and energy policy
- We continued to optimise our logistics to reduce our indirect emissions from the supply chain
- Together with WWF, we are developing a more accurate calculation of Scope 3 emissions

Unlocking the potential of certification

Certification is our main tool for assuring responsible forest management as it currently provides the best proof of sustainable forestry practices. With our due diligence systems, it helps us meet the requirements of EUTR and the US Lacey Act.

While forest certification has succeeded in promoting forest management that is environmentally responsible, beneficial for local people and economically prosperous, most of the world’s forests remain uncertified. We believe that if certification is to be extended to cover more forests, existing certification systems need to be strengthened to make them more appropriate for the scale of forestry operations today, the range of stakeholders involved and the different types and sizes of forests they manage.

Strengthening certification

In 2014, we maintained FSC® certification of all our 2.4 million hectares of forest, and 66% of the wood we procured was from FSC® or PEFC™ certified forests, with the balance meeting the FSC® Controlled Wood standard. For us, this isn’t good enough. Our long-term aim is for more of our products to be made from certified fibre. The challenge is, around 90% of the world’s forests are currently not certified and there isn’t enough certified wood to meet the growing demand. Urgent change is required to bring certification systems up-to-date and make them relevant, so they can increase their protection of the world’s forests and ensure a sustainable supply of certified wood for the future.

One size doesn’t fit all

While we support the FSC® approach of setting global standards for environmentally appropriate, socially beneficial and economically prosperous forest management, we don’t believe one size fits all. Different types of forests and communities have very different needs. For example, tropical forests contain vastly more endangered species, ecosystems and communities and are inherently less resilient than the boreal forests of Russia, and a small forest owner has very different resources when compared to a Group like Mondi.

Without practical change, the risk is that many tropical forests, communities and small forest owners will be excluded by the complexity and resource demands of certification, leaving forests that critically need protection unprotected.

Working together to find a solution

We’re working for global certification processes to be simplified and to embrace the latest technologies. By providing more efficient, cost-effective and risk-based certification that reflects local needs, different forest types and scale of operation, more forests will be protected and more people will benefit from the opportunities provided by certification.

The increasing importance of biomass

Traditionally, the generation of electricity from wood in Europe was limited to small-scale activities which were often part of a waste-recycling operation. However, the European Union (EU) Energy Directive of 2012 set targets for member states to obtain 20% of their energy from renewable sources by 2020. This year a new EU target of 27% has been set for 2030.

Woody biomass is an important source of renewable energy that can be burned in existing power stations, making it a convenient choice for energy companies and governments. Substantial subsidies for producers of renewable energy are encouraging a new type of biomass business in some European countries. Major power stations are being converted to burn wood and new biomass plants built – some of which are likely to generate more income through subsidies than they are from selling energy. With almost half of Europe’s renewable energy consumption now coming from wood, the biomass industry is increasing the demand and price for wood, placing additional pressure on the world’s forests and eroding the potential wealth and livelihoods associated with other wood-based industries. In effect, society is shifting from the sound principle of the cascading use of wood.

Supply chain and responsible procurement

In focus:

Developing the recycled paper supply chain

We aim to use as much recycled fibre content in our products as possible (in 2014 we used around 1.5 million tonnes of paper for recycling (2013: 1.4 million tonnes), but we are currently limited by the availability and quality of recycled fibre. Mondi's Operations Director for the Europe & International Division currently chairs the Raw Materials Group of the Confederation of European Paper Industries (CEPI), whose work includes ensuring paper recycling continues to move forward. We are lobbying to ensure the current revision of European waste policies, to promote more recycling of recovered paper, improve quality and remove red tape and costs that are barriers to paper recycling. We are also working on several fronts to lobby against the burning of recovered paper as an energy source, as well as engaging with certification bodies to align certification standards for wood and recovered paper.



Mondi remains committed to promoting more recycling of recovered paper

We recognise biomass as a renewable energy source in principle. Wood is a very good fuel where it is locally available from sustainably managed forests, and when it is converted into energy efficiently. For example at Mondi, 59% of the fuel consumption of our mills comes from biomass-based renewable energy, mainly from wood-based residues of the pulp process, allowing the fibre to be utilised in the manufacture of pulp before converting the residues into energy.

We support CEPI's call for the EU to place the 'cascading use' principle at the core of its climate and energy policy, to ensure the most efficient use of the available biomass and to contribute to the EU growth and jobs objectives. It also calls for identification and possibly removal of subsidies that encourage inefficient use of biomass and distort fair competition on the wood markets.

Reducing indirect GHG emissions from our value chain

Scope 3 emissions arise as a consequence of our activities, as well as from GHG sources that are owned or controlled by others. For instance, transport of our finished goods and raw materials, production of the raw materials that we purchase, employee commuting and business travel account for these emissions.

We estimate that our 2014 Scope 3 emissions amounted to 2.2 million tonnes CO₂e (2013: 2.7 million). We can only achieve a meaningful reduction in our Scope 3 emissions by fully engaging with our suppliers.

Optimising logistics to cut emissions

Emissions from transport represent around 30% of our total Scope 3 emissions. We are therefore optimising our logistics to reduce our indirect emissions from the supply chain as much as possible. Currently, Mondi's E&I Division transports some 60% of its outbound products by road and the remaining 40% by rail or ship. Shipping is used for short distances within Europe as well as for long-distance transportation.

We are optimising logistics in a number of ways to reduce our carbon emissions:

- Using combined transport when it makes good business sense, such as trailers being transported on railcars for a long-haul route, or containers being taken by rail from the mill to the port for shipping. Some 50% of our volume out of Austria to the Benelux countries is delivered using combined transport

- Using short-haul sea shipping
- Using rail transport where possible

We have shifted some 80,000 tonnes from road to rail already, and we see it a very positive development that more multimodal transport solutions are now coming into service in Poland and other Eastern European countries.

Collaborating to reduce Scope 3 emissions

In collaboration with external partners such as WRI and stakeholders such as shipping companies, we have developed a methodology* to estimate our Scope 3 GHG emissions from the value chain.

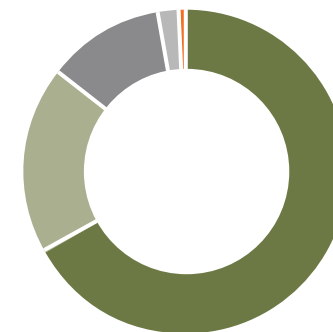
Additionally, as part of our global partnership with WWF, we set up a working group this year to improve the data quality necessary for a more accurate calculation of Scope 3 emissions.

* Based on the Corporate Value Chain (Scope 3) Accounting and Reporting Standard published by the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD).

The cascading use of wood is the smart way to use a natural resource – putting it to good use before it is reused, recycled and finally burnt for energy. Taking wood straight from the forest and burning it just doesn't make sense. We want to see renewable energy targets and subsidies take into account current realities of the biomass industry.

Peter Oswald, CEO, Europe and International Division

Scope 3 emissions 2014



tonnes of CO₂e

• Purchased goods and services	1,499,524
• Upstream transportation and distribution	421,137
• Downstream transportation and distribution	263,869
• Employee commuting	48,705
• Business travel	3,936

Economic performance

We generate value and support livelihoods in the economies we operate in through employment, creating business directly and indirectly, tax payments and voluntary social investments. The value we create is sustainable and contributes to local development.

Discover how we're...

Creating and sharing value locally, on landscape level and through our supply chain

Embedding climate change into our risk management process to add value

Contributing to local development through employment, tax payments and community investments

Delivering shareholder value through capital appreciation and dividend payments

2014 at a glance

€6.4 billion

lin Group revenue

€2.1 billion

Value added, with 47% distributed to employees and 32% reinvested in the Group

Around €61 million

In social investments since 2010

Climate change fully considered in our business decisions and strategies for growth

17.2%

Return on capital employed (ROCE)

€562 million

Capital expenditure

Mondi Świecie, Poland

Economic performance

Management approach

- We create and share value locally, on landscape level, and across our supply chain
- Our products are developed in collaboration with our customers and suppliers to deliver environmentally and socially responsible solutions that add societal value
- We actively manage our land and freshwater ecosystems to maintain biodiversity
- We seek to contribute to the development of people and communities at and around our operations by effective engagement and social investments

We create and share value locally, on landscape level, and across our supply chain through:

- Product solutions that address customer requirements, encourage resource efficiency and add societal value;
- Minimising our contribution to climate change and providing energy to the community from renewable sources;
- Management practices and multi-stakeholder processes that help implement forest certification and Chain-of-Custody along the supply chain (see [page 62](#));
- Active management of our land and freshwater ecosystems to maintain biodiversity (see [page 32](#)); and
- Contributing to the development of people and communities at and around our operations by effective engagement and social investments (see [page 53](#)).

Our direct financial contributions include employee salaries, dividend payments to shareholders and interest payments to providers of loan capital, payments to our suppliers and tax payments. We continue to reinvest resources into the Group to ensure long-term sustainability (see value added statement).

Our strategy involves: developing in markets that offer us growth opportunities; investing in our high-quality low-cost asset base; working with our customers to develop innovative solutions and working efficiently, effectively and profitably.

Key policies

Our approach to responsible economic performance is guided by our Sustainable Development Management System (SDMS). Our sector policies on sustainable development inform our approach to creating value-adding employment (global employment policy), creating value for our communities (corporate citizenship policy), developing sustainable solutions for our customers (product responsibility policy), considering climate change in our strategy and practices (climate change policy), and active management of our land and freshwater ecosystems (sustainable forestry policy).

Value added statement

€ million	2010	2011	2012	2013	2014
Turnover	5,610	5,739	5,790	6,476	6,402
Purchased materials and services	(3,933)	(3,969)	(4,039)	(4,478)	(4,334)
Value added	1,677	1,770	1,751	1,998	2,068
Distributed to employees	852	812	850	957	975
Providers of equity capital	72	169	157	198	209
Providers of loan capital	106	111	110	115	110
Direct taxes paid	47	85	109	126	106
Reinvested in the Group	600	593	525	602	668
	1,677	1,770	1,751	1,998	2,068

Performance

- €6.4 billion in Group revenue
- €2.1 billion value added, with 47% distributed to employees and 32% reinvested in the Group
- Climate change fully considered in our business decisions and strategies for growth
- Around €61 million in social investments since 2010
- Level three BBBEE contributor in South Africa

Customer and societal value

Our products reflect the commitment we share with our customers to develop environmentally and socially responsible products and cutting edge solutions that address the challenges facing society – such as food waste, scarce resources and climate change. We showcase some of our product solutions in the products section (see [page 58](#)):

- We are a member of SAVE FOOD and involved in tackling food waste through smarter packaging
- We entered into a partnership to supply high grade, responsibly produced office paper to our customer, Papyrus, for the Dutch Government
- We worked with Nespresso to develop a customised, sustainable collection bag for recycling used aluminium capsules

Economic performance

In focus:

Climate change risks and opportunities

We have considered the physical and non-physical impacts of climate change on both our business and our markets. In Europe, most of our operations fall under the European Union's Emissions Trading Scheme. The latest benchmark targets published by the commission for period III (2013-2020) significantly limits the CO₂ allowances of European paper and pulp producers.

In South Africa, the South African National Environmental Management: Air Quality Act came into full effect in April 2010. This has implications for emissions, particularly for the reporting of industrial greenhouse gas (GHG) emissions data and mitigation plans. Furthermore, the South African Government is developing a legislation plan to achieve a reduction of GHG emissions that involves a target of 34% below the business-as-usual baseline by 2020. The above legislation will affect our pulp and paper manufacturing operations in South Africa, given that the country's GHGs come mainly from a coal energy base. The introduction of a CO₂ tax is likely.

Although climate change poses risks to our forestry operations and our forest-dependent communities, the majority of our paper, pulp and packaging operations are located in areas where the probability of the physical risks of climate change such as floods, increases in storm and hurricane activity and rising sea level are low, and we have effective systems and controls in place to mitigate these. The most significant impact of climate change on our operations is likely to arise from changes in water availability, particularly the incidence and duration of droughts, which may have an impact on our fibre supply. The protection of our freshwater ecosystems is going to become increasingly important. Water regulations will become more stringent due to climate change related changes in rainfall patterns.

- In partnership with Afripack Consumer Flexibles and Mars Africa, we developed an innovative new material for food packaging called BarrierFilm with a reduced environmental footprint
- We innovated PerfoamPack, a micro-foamed film that eliminates the trade-off between thickness and performance

Climate change and green energy

We fully consider climate change in our business decisions and strategies for growth, and we have made public sustainability commitments to reduce our carbon footprint (see [page 36](#)). We also add value by generating energy from renewable sources for communities in which we operate. Our energy sales in 2014 were 12.5 million GJ.

To demonstrate our support for industry transparency, we report annually to CDP's climate change programmes, and were included in the CDP FTSE 350 Climate Disclosure Leadership Index (CDLI) for the fourth time since 2010. Our response to CDP's 2014 climate change questionnaire is available publicly on their website and includes a detailed discussion of our risks and opportunities related to climate change.

Contributing to local development

We employ local people, engage the services of local (and multinational) suppliers and contribute to regional and national economies through regular tax payments (see value added statement). Our voluntary community and social investments are guided by the development needs of local people, principles of sustainable development and our own business objectives in the countries where we operate. We place emphasis on initiatives that support and promote health, education and local enterprises, as we believe these are critical in driving development in the communities. Since 2010, we have invested around €61 million across the communities we operate in.

In South Africa, we are a level three BBBEE contributor (see Mondi Limited social and ethics committee report on [page 87](#) of the Integrated report and financial statement 2014).

An example of our support for local enterprise development is Mondi Zimele in South Africa which helps us build a more secure fibre supply

chain for the business, and brings value through creating jobs, developing local businesses and supporting emerging growers (see [page 57](#) for more). In Russia one of our enterprise initiatives supports small forest entrepreneurs who have limited access to forest resources. They are given the opportunity to use forest stands within the mill's leased forest areas, with a guarantee from the mill to purchase all pulp wood volumes from them, and permission to reserve the saw logs for the running of their sawmills (see [page 56](#)).

Shareholder value

Direct contributions to our shareholders include capital appreciation and the distribution of dividends. A comprehensive review is included in our Integrated report and financial statements 2014 highlighting our financial performance and the value we have generated for our shareholders. The Boards have recommended a final dividend of 28.77 euro cents per share, bringing the full year dividend to 42 euro cents per share, an increase of 17% over 2013.

Community and social investments ('000 €)	2010	2011	2012	2013	2014
Health and welfare	691	205	219	211	85
Education and youth	679	797	835	574	2,078
Environment	29	81	102	456	518
Community development	6,427	5,828	4,895	4,302	4,138
Arts, culture and heritage	146	903	235	313	129
Housing	837	333	288	235	211
Other	3,802	9,150	7,716	3,907	0*
Total	12,611	17,297	14,290	9,998	7,159**

*In 2014 we removed the reporting category 'other' in order to eliminate ambiguity, and for more clarity on our investments. The remaining six categories reflect the full range of our social investments.

**Changes in investment levels over the years do not necessarily represent a change in investment strategy, and are sometimes reflective of the commencement or closure of projects. Most initiatives run over several years and require different levels of investment for each development phase.

Business reviews

In this section we outline how we're embedding sustainable development across our business units.

Europe & International Division

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Who we are: our operating divisions around the world

With around 25,000 employees and operations across more than 30 countries, our people and our culture really matter. Whether in central Europe, Russia, North America or South Africa, we're connected, guided and inspired by our culture and values.

Our people are dynamic, entrepreneurial and empowered, with a real passion for performance. We show we care by being respectful and responsible. We act with integrity, encouraging honesty and transparency in all that we do.




Sustainable development at our:

Europe & International Division Packaging Paper

About the business

Our Packaging Paper business manufactures and sells a wide range of virgin and recycled containerboard and sack and speciality kraft paper for conversion into fibre-based packaging products by the Fibre Packaging business unit or for use by external customers.

 **Read about our Packaging Paper value chain on the following page**

Key statistics

12

Number of countries

12

Number of operating sites

5,000

Number of employees

Sustainability overview

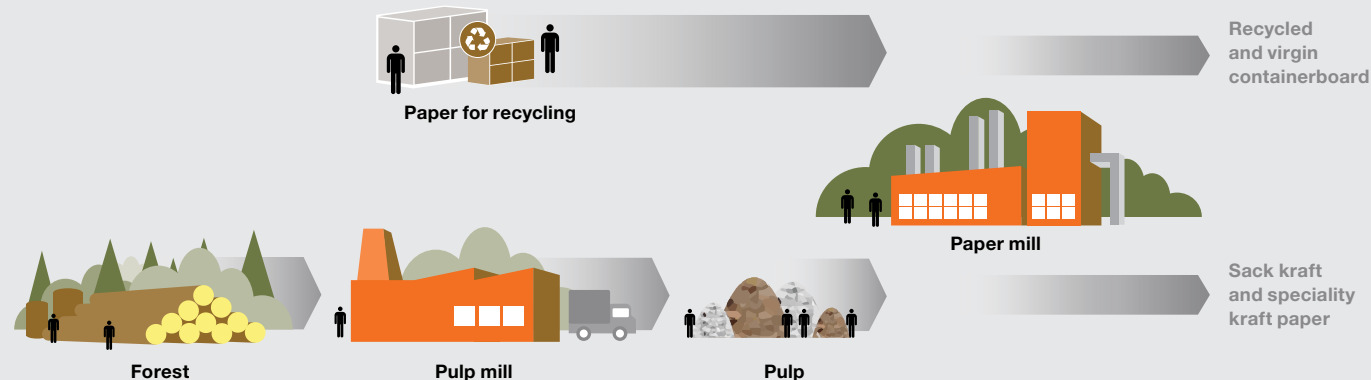
Our Packaging Paper products are based on a renewable resource, making them inherently sustainable. We procure our wood only from responsible sources to continue delivering sustainable products to our customers. Our production processes are resource-intensive so it is vital that we maintain our focus on operational excellence to continue reducing our impact and driving resource efficiency. Ongoing investments to reduce our climate footprint and our emissions is a high priority, particularly relating to the generation of energy from renewable sources and improvements to our wastewater treatment plants.

Key sustainability challenges and opportunities

- Maintaining safety in our mills – involving both our own employees and large number of contractors
- Procuring responsibly sourced wood from sustainably managed forests and recovered fibre (see **page 62**)
- Promoting resource efficiency and employing best available techniques (BAT), particularly in our resource-intensive pulp mills
- Being the best neighbour we can be by managing our impacts on the environment and communities around our mills
- Working with customers and partners to innovate sustainable solutions that meet our customer requirements and add value to society

Packaging Paper value chain

Our value chain begins with either wood from our forests which is processed into pulp in our pulp mills, external pulp or paper for recycling (recovered paper). These are converted into high-quality kraft paper, or virgin and recycled containerboard in our paper mills. This is then supplied either directly to external customers, or to our own converting operations.



Our material focus areas

Product strategy and innovation

We work together with our customers and other partners to develop joint solutions through collaboration, innovation and resource efficiency. Our solutions aim to make packaging smarter to help address sustainability challenges, while meeting our customer requirements.

Read more about how some of the products we develop help Mondi in its commitment to help address food waste, and how we communicate our sustainability performance to our customers through value-adding logos (see **page 61** for more).

Safety

Our Group-wide focus on our Top 5 Fatal Risks has seen all Packaging Paper sites identify and review their Top 5 Fatal Risk activities for both routine and non-routine activities.

Investments has been approved to reduce the Top 5 Fatal Risks in our mills between 2014 and 2016. Actions are already significantly reducing or eliminating exposure to risks associated with falling from height, moving and rotating machinery, hazardous chemicals, process and boiler, mobile plant, lifting and energy-related hazards.

In 2013, we completed a safety maturity assessment of our Kraft Paper business segment. The assessment identified a safety culture that is in a dependant (controlled) phase. Actions aimed at developing a more mature safety culture have

now been integrated into the Packaging and Paper SHE strategy for 2014-2016.

2014 also saw completion of several large projects and annual shutdowns. Contractor safety was addressed through detailed safety requirements in project contracts, reviewing contractor safety plans and auditing their implementation.

Resource efficiency and wood procurement

In 2014, we completed several large investment projects in our mills, including the Štětí PM7 rebuild, Štětí PM6 rebuild, Dynäs PM6 Drive installation, Dynäs recovery boiler economiser installation and Świecie Green Project.

These projects have increased resource efficiency, energy self-sufficiency, and have helped drive sustainable value creation at the Packaging Paper BU. For example, at our Świecie mill

in Poland, a new recovery boiler is currently under construction, scheduled to start in 2015. This investment is part of a project that also includes the installation of a new steam turbine and an upgraded evaporation plant. The existing recovery boiler will be rebuilt as a biomass boiler and will replace two coal-burning boilers. This investment is a further step in becoming energy self-sufficient and will significantly reduce our carbon emissions.

We remain committed to responsible procurement of our wood fibre requirements. In 2014 we increased our Chain-of-Custody (CoC) certified wood input by 3% and continue to work with stakeholders to address the challenges of supply of certified wood in our value chain.

Stakeholder engagement

In 2014, all of our operations implemented and strengthened their employee engagement activities, with a focus on safety issues.

We also focused on customer and supplier engagement to better inform our product strategy – including two surveys to assess our customers' views on sustainability in packaging and to better address their product requirements in delivering sustainability solutions.

One of our largest customer events took place in Świecie this year, focused on the production of containerboard products with broad participation from our customers and suppliers, Mondi employees from throughout the business, and external partners and industry practitioners.

We are actively involved in contributing to our partnership agreement with WWF. Our participation focuses on improving Mondi's Green Range and our sourcing of sustainable fibre – find out more on **page 61**.

We published a report following the socio-economic assessment toolbox (SEAT) process at our Stambolijski mill in Bulgaria, a valuable and effective tool for engagement with our communities and addressing their concerns. This was well received by the business and our stakeholders.

Our mills continue to engage with their communities and other key stakeholders and our social investments address key development areas for our communities. See **page 53** to read more about our community projects, including case studies from our Tire mill in Turkey and our Frantschach mill in Austria.

What's next?

- Integrate the concept of respecting self adherence to safety rules and stopping observed unsafe behaviour into the BU SHE strategy and roadmap toward safety maturity
- Implement Top 5 Fatal Risk actions scheduled for 2015 and formalise the future approach at BU level
- New investment plans at our Świecie mill will start in 2015, including a new recovery boiler, the installation of a new steam turbine and an upgraded evaporation plant
- We will continue effective and meaningful engagement with our communities, and are considering further SEAT reviews at our other mills
- We will continue to work with our key customers and suppliers to reduce the footprint of our products and innovate value-adding products
- We plan further customer surveys focusing on the sustainability value of our products and addressing customer requirements
- Support the integration of Mondi Pine Bluff and the Mondi Tire mill, and facilitate a behavioural safety intervention programme in Mondi Raubling
- Implement the revised risk assessment methodology
- Maintain our focus on safe project and shut activities, including improving site contractor safety systems through audit action follow up
- Promote the development of safety specialists and leaders through the Mondi safety leadership training module, safety specialist development programmes and the risk-based auditing for managers' training



Reels of kraft paper, Mondi Świecie

Performance		Year ended 31 December 2014	Year ended 31 December 2013
TRCR		1.01	0.93
Energy consumption	million GJ	53.28	56.59
Scope 1 and 2 GHG emissions	million tonnes CO ₂ e	1.50	1.53
CoC-certified wood procured	%	53	50
Environmental management certification	% certified to ISO 14001 standards	100	100

Sustainable development at our:

Europe & International Division Fibre Packaging

About the business

Our Fibre Packaging business consists of our primarily paper-based packaging operations. We manufacture and sell corrugated packaging products, industrial bags and extrusion coatings for a variety of consumer and industrial applications.

 **Read about our Fibre Packaging value chain on the following page**

Key statistics

23

Number of countries

64

Number of operating sites

7,300

Number of employees

Sustainability overview

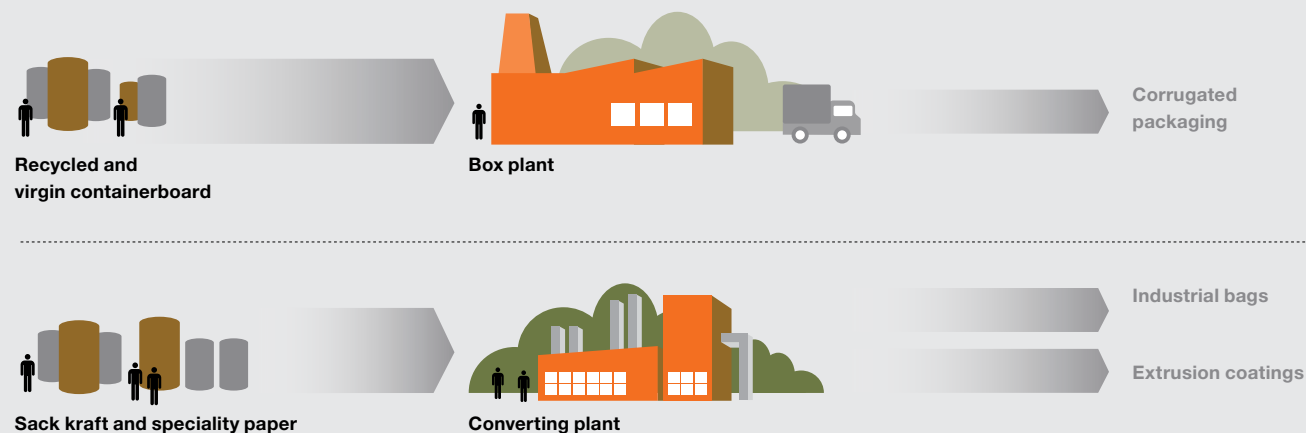
Paper-based products provide a sustainable, environmentally responsible solution to many of our customers' packaging requirements. Industrial bags, corrugated packaging solutions and extrusion coating applications all add value by providing improved packaging options that help tackle societal challenges such as climate change and food waste. Benefiting from Mondi's integrated structure, we source much of our paper requirements from Mondi's own pulp and paper mills, and we look to increase our operations' CoC certification where possible.

Key sustainability challenges and opportunities

- Safety remains a priority in our Fibre Packaging operations
- Resource efficiency in our operations is a major focus as we aim for continuous improvement through addressing our waste and emissions to air and water
- Reducing the environmental impact of our products by downgauging our substrates and introducing raw materials through product innovation

Fibre Packaging value chain

Our Fibre Packaging value chain begins with virgin and recycled containerboard and kraft paper that is either procured from our packaging paper mills or sourced externally, along with other materials such as films, nonwovens and aluminium foil. These are converted into products for our customers, such as industrial bags, corrugated packaging and extrusion coatings.



Our material focus areas

Product strategy and innovation

We engage actively with our customers to drive the use of materials with lower environmental impacts and to use light-weight where possible. We also continue to invest in product development to provide paper-based alternatives to plastic packaging where it adds value and reduces the environmental footprint of the product, for example solutions for nutritional livestock lick blocks. Food waste is a significant sustainability challenge, particularly affecting emerging markets and the developing world. We are constantly developing new value-adding packaging solutions that protect food and extend its shelf life. Some food packaging contains metals which have a high environmental impact during production, so we also look for opportunities to reduce the energy

intensity of production and replace metals with more resource-efficient materials.

Read more about our BarrierFilm and Miprotex solutions that showcase our approach to smarter, value-adding packaging on [page 60](#).

Safety and health

Our safety focus has been on tackling our Top 5 Fatal Risks and improving safety in our lowest performing plants. This has resulted in the identification of a wide range of actions across the business unit, particularly relating to safe use of machinery and working at heights. Leadership training has also been intensified. In the case of unacceptable development at a certain operation, the production has been stopped and safety workshops held with all personnel to highlight our safety commitment.

Specific highlights from 2014 include:

- Top 5 Fatal Risks overviews completed in all plants;
- Introduction of a new Task Risk Management system in our industrial bags operations;
- Our coatings operations completed a large roof work project to reduce risks relating to working at heights;
- In mid-2014 the business unit reached a milestone of one year without Lost Time Injury in our extrusions coating plants but unfortunately had one injury in December

Resource efficiency

Resource efficiency and continuous improvement remain at the heart of everything we do. For example, in 2014, we launched a quality initiative in our Corrugated Packaging business. It aims to improve product quality and customer satisfaction through leaner, standardised, more efficient processes. Tailor-made Design Expert Tools bring environmental advantages in the form of material and energy savings and reduced transport volume. The initiative is now being rolled out across our international operations network. Read more about it on [page 59](#). We also increased CoC certification at our operations from 60% in 2013 to 68% in 2014.

Stakeholder engagement

Fibre Packaging operations are often located in small communities or close to urban locations. When compared with Mondi's pulp and paper mills and forest operations, we have a much lower environmental impact on the communities we operate within. Engaging with them however is still important to us, and we are committed to maintaining healthy, mutually beneficial relationships with our communities and other stakeholders. A key stakeholder group is our own employees, and we regularly engage with them to increase our understanding of their needs and develop our culture further. We do this regularly, for example through employee surveys, and through Making A Difference Days which are held at all our operations every year.

What's next?

- 2015 will see a continued focus on the delivery of safety milestones and completion of identified SHE actions to reduce our Top 5 Fatal Risks
- We will implement the new Risk Management Methodology across all our operations
- We will also focus on safety awareness and further developing the safety culture among all employees, but with special emphasis on managers. This will include awareness training about SHE basics and zero harm approach for all leaders, line managers and SHE professionals
- We will look to increase CoC certification of our operations to enable increased input of certified fibre
- Our product quality initiative will be rolled out throughout our international plant network
- We continue our joint projects with customers to develop smarter packaging solutions that help address sustainability challenges



Industrial bags, Mondi Štětí

Performance		Year ended 31 December 2014	Year ended 31 December 2013
TRCR	per 200,000 hours worked	1.31	1.59
CoC certification	% operations certified to FSC® or PEFC™ CoC standards	68	60

Sustainable development at our:

Europe & International Division Consumer Packaging

About the business

Our Consumer Packaging business develops, manufactures and sells innovative consumer packaging solutions, advanced films, hygiene product components and release liner.



Read about our Consumer Packaging value chain on the following page

Sustainability overview

Our Consumer Packaging business offers many opportunities to work with customers to develop more sustainable packaging solutions – especially as we move from rigid to flexible packaging.

Key sustainability challenges and opportunities

- Safety in our plants is a top priority as we work to tackle our Top 5 Fatal Risks and improve the safety performance of all our operations, including new acquisitions
- Resource efficiency is a key focus of our innovation and product development collaborations
- Reducing products' environmental footprint while maintaining and improving product performance remains a key focus area

Key statistics

12

Number of countries

28

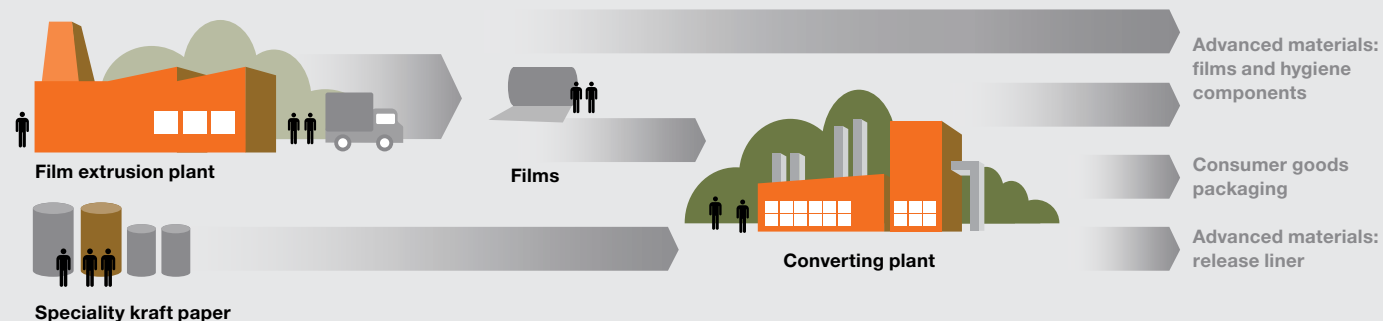
Number of operating sites

4,600

Number of employees

Consumer Packaging value chain

The inputs to our Consumer Packaging value chain are films, paper, aluminium foil and resin that undergo film extrusion and/or are converted into a diverse range of consumer good packaging and advanced materials such as hygiene components, technical films and release liners.



Our material focus areas

Product strategy and innovation

Our approach to innovation and product development is founded on the principles of sustainability, convenience, cost efficiency and lifestyle – taking into account the impacts of customer demand and global mega trends in our markets.

We use Lifecycle Assessment to understand the total environmental impact of our products from cradle-to-gate. For example, we have been working with various associations to carry out studies on food items such as coffee, spinach and lasagne. The results of studies on a variety of our products are available on customer demand.

Steadily improving our flexible films, we are able to deliver performance which was so far only achievable by using more rigid and therefore more raw material-intensive packaging solutions. By achieving the same or even improved product protection, we are using less energy, creating less waste and lowering transport impacts. A good example of this is our PerfoamPack solution which eliminates the trade-off between thickness and performance, and saves up to 30% in water and energy consumption (see [page 60](#)).

We work with our customers to develop innovative features that provide further user benefits and promote the switch to flexible packaging, such as handles or features for easy opening, dosing or reclosing.

We are continuing to develop a sustainable product portfolio within Mondi's Green Range (see [page 61](#)), and we are working with partners such as WWF to develop better, more credible sustainability criteria for our Green Range.

Safety and health

Our safety and health efforts continue to focus on preventing fatalities and life-altering injuries. We have identified our Top 5 Fatal Risks.

We continue to integrate the former Nordenia operations into our business and safety performance is now broadly in line with Mondi's existing converting operations.

Due to its safety performance in 2013, we prioritised our Ipoh site for improvement in 2014 – including developing a strategic safety improvement plan, focused visits, training and coaching sessions to improve the safety culture. Although there is still more work to be done, by end December 2014 we had seen significant improvement, with only three Total Recordable Cases for the year, down from 10 the previous year.

Stakeholder engagement

We continue to use tools such as SEDEX, the Supplier Ethical Data Exchange, to increase the transparency of our supply chain and provide a framework for auditing and certifying our operations against social and environmental principles.

Customer engagement is central to our business model and product development. We listen carefully to our customers and respond to their needs. We also work regularly with universities and industry institutions to keep up to date with latest technology and support innovation and product development, particularly for the food sector.

What's next?

- Continue to align all our business segments with the new Risk Management Methodology, starting with training in the first half of 2015 and the development of the four-year implementation plan for 2015–2018. Each operation will develop site-specific SHE improvement plans, and implementation will be monitored
- Complete current Top 5 Fatal Risk action items at all our operations and, once completed, identify the next top risks and develop action plans and monitor through to completion
- Follow up action plans for working at heights and moving and rotating equipment
- Continue to use tools like SEDEX to assess our social and environmental performance and encourage our suppliers to meet the same standards
- Continue to work with our customers to develop innovative products that provide user benefits, encourage resource efficiency and promote flexible packaging
- Continue to develop Green Range criteria and products



Reclosable solutions for dry and wet pet food from our consumer goods packaging business



Specialised films for the efficient and reliable protection of various surfaces

Performance

TRCR

per 200,000 hours worked

**Year ended
31 December 2014**

1.56

**Year ended
31 December 2013**

1.33¹

Hygiene certification

% food contact operations
certified to recognised food
hygiene standards

100%

94%

¹ The performance of new acquisitions has been incorporated since 2014 and therefore 2013 and 2014 figures are not comparable. With the inclusion of the new acquisitions in 2013, the TRCR improved from 1.73 in 2013 to 1.56 in 2014.


Sustainable development at our:

Europe & International Division

Uncoated Fine Paper

About the business

Our UFP business manufactures and sells a wide range of quality papers for use in offices and professional printing.

 **Read about our Uncoated Fine Paper value chain on the following page**

Key statistics

3

Number of countries

4

Number of operating sites

6,500

Number of employees

Sustainability overview

Our Uncoated Fine Paper products are based on a renewable resource, making them inherently sustainable. We procure our wood only from responsible sources, enabling us to deliver sustainable products to our customers.

Our integrated structure and our landholdings in Russia contribute to our fibre self-sufficiency, and help maintain a high percentage of CoC-certified wood for processing in our pulp mills. We lease and manage 2.1 million hectares of land in Komi Republic (Russia) and place great importance on proactive and responsible stewardship of forests and freshwater ecosystems and maintaining biodiversity and habitats.

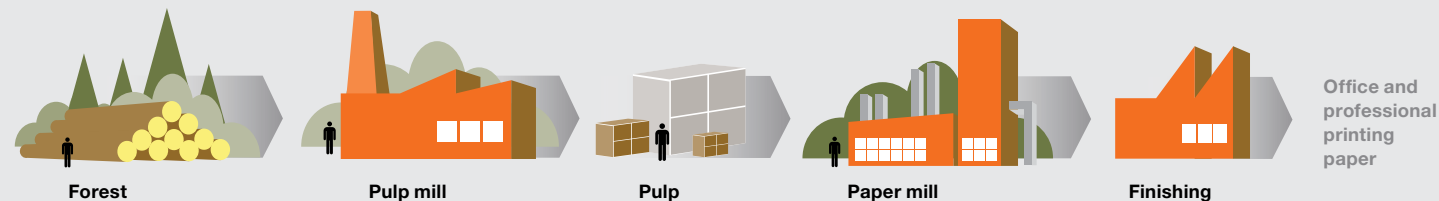
Our production processes are resource-intensive so it is vital we maintain our focus on operational excellence to continue to reduce our impacts and drive resource efficiency. We continue to invest in our mills to reduce our climate footprint and emissions, particularly through increasing our energy self-sufficiency and improving our wastewater treatment plants.

Key sustainability challenges and opportunities

- Safety in our mills – involving our employees and a large number of contractors and visitors
- Securing a sustainable supply of certified wood, market pulp and recovered fibre (see **page 62**)
- Promoting resource efficiency and employing best available techniques (BAT), particularly in our resource-intensive pulp mills
- Making a real and lasting contribution to the communities we operate within, and helping drive development by focus on health, education and local enterprise development
- Working with local NGOs, scientific institutions and governments to help identify and protect high conservation value areas in our forests

Our Uncoated Fine Paper value chain

Our Uncoated Fine Paper value chain begins with wood from forests which is processed into pulp in our pulp mills or supplied wood chips, and then converted alongside additional responsibly-sourced pulp into office paper and printing paper in our paper mills.



Our material focus areas

Forests and wood procurement

We have focused on developing operational practices that enable us to become more competitive within a context of international best practice. Underlying our overall resource-efficient approach to business is responsible, sustainable forestry. Credible certification of forests, including identification and protection of high conservation value areas, and responsible sourcing are key in achieving this.

We maintain 100% FSC® and PEFC™ certification of our forests in Russia and strive to continually increase the amount of credibly certified wood we procure. Any non-certified wood that we procure meets the FSC® Controlled Wood Standard, EUTR requirements and our own Requirements for the Responsible Procurement of Wood, Virgin Fibre, Biomass and Finished Product.

We engage with local stakeholders such as communities, authorities, scientific institutions and NGOs, to address challenges collectively and to share value with all stakeholders across the value chain.

Product strategy and innovation

In response to global trends that call for a much more responsible and efficient use of scarce resources, our Green Range (see [page 61](#)) promotes products that are manufactured to high environmental and social standards. Launched in 2014, our new partnership with WWF will help us to further integrate environmental and social criteria into our Green Range and increase customer awareness of responsible products.

We collaborate with customers to focus on their sustainability challenges and close loops in the lifecycle of our products. Find out how we have helped the Dutch Government close the loop on recycling (see [page 59](#)).

Safety and health

Safety is a major challenge in our pulp and paper mills. Through the Top 5 Fatal Risks approach and our focus on moving and rotating equipment and working at heights, we have identified our Top 5 Fatal Risks and developed suitable action plans to engineer risks out and, where this is not possible, introduce procedures to manage residual risk. We're participating in the development of the new Risk Management Methodology, ensuring the system is practical, easy to understand and addresses the risks proactively and objectively.

In 2014, we worked to improve the alignment of permit to work systems across our Uncoated Fine Paper operations. All mills now use the same system for pre-task assessment and a check list with measures for high-risk activities.

Although we continue to experience life-altering injuries in our mills, we have made progress on the improvement of our total recordable case rate of 0.37 in 2014 compared to 0.43 in 2013. The achievement of zero Total Recordable Incidents during annual shutdowns at all three mills is also encouraging. We achieved a milestone of 1.3 million working hours of no Lost Time Incidents in our recovery boiler project in Ružomberok during the construction phase. On the pulp dryer project in Syktyvkar we also had 300,000 hours worked without one LTI by year end 2014. Find out more about how we manage safety during our annual shutdowns (see [page 48](#) for more).

Improving scaffolding safety at our Syktyvkar operation has been a particular focus, and we are replacing existing with up-to-date inventory scaffolding built by a limited number of specialised scaffolding companies.

We also launched a paper machine safety working group in 2014, involving mill production managers, safety and health professional and technical directors, to focus on reducing risks associated with working with paper machines by actively sharing best practice on safe operating procedures, which are further developed based on a root cause analysis after each close call or incident.

Stakeholder engagement

We prioritise engagement with local communities around our operations in Russia, Slovakia and Austria as all mills are in close proximity to the local population. We partner with communities to increase their understanding and awareness of our operations, and to ensure we proactively address

their needs, priorities and concerns. One example is the building of a new pontoon bridge over the Lokchim river in the village Ust-Lekchim, Kortkerosski region, which was funded by Mondi Syktyvkar and opened in June 2014. This bridge is of great importance for the local community, as it connects three villages and replaced the emergency pontoon, which had been in operation for the last 25 years. It is also important for the loggers, reducing the distance for forest delivery by 150 kilometres.

We've also made further investments in local talent development to ensure that we secure the next generation of leaders for our business, and we have increased our collaboration with universities in Russia to identify new sources of talent. Launched in October 2014 as a part of the Komi Forest Academy, the new School of Future Technologist and School of Future Heat-and-Power Engineer welcomed the first forty students. These programmes are designed for students of the Syktyvkar Forest Institute and the Pulp and Paper Technical College

and enable them to obtain first hand knowledge of production processes and learn best practices. Mondi Syktyvkar's Komi Forest Academy has been in operation since 2010 and is run in cooperation with regional educational institutions with the aim to contribute to the training of forest specialists in the Komi Republic.

In Komi Republic, environmental NGOs have recognised the need to map and protect north west Russia's intact forest landscapes as part of a framework for responsible commercial forest management. We've been the core sponsor of the work led by Silver Taiga, a local NGO in Komi since 2008, and we're funding similar work led by WWF Russia in the neighbouring Arkhangelsk region.

What's next?

- Complete current Top 5 Fatal Risk action items at all our operations and, once completed, identify the next top risks, develop action plans and monitor through to completion

- We are committed to maintaining 100% FSC® and PEFC™ certification of our forestry land in Russia and to procure our wood only from responsible sources
- We will continue to support the work of Silver Taiga and WWF Russia until the identified intact forest landscape areas receive formal recognition and protection
- Our community investments in Russia, Slovakia and Austria will continue to deliver value to the community through focus on health, education and enterprise development
- Continue to align the efforts of the business to implement the new Risk Management Methodology, starting with training in the first half of 2015 and development of the four-year implementation plan to 2018



Maestro – The ideal paper solution for office communication

Performance		Year ended 31 December 2014	Year ended 31 December 2013
TRCR	per 200,000 hours worked	0.37	0.43
Energy consumption	million GJ	62.36	59.79
Scope 1 and 2 GHG emissions	million tonnes CO ₂ e	2.32*	2.25
Forest certification	% managed land certified to FSC® and PEFC™ standards	100	100
CoC-certified wood procured	%	76	75
Environmental management certification	% operations certified to ISO 14001 standards		
	forestry operations	100	–
	pulp and paper mills	100	100

* We provide heat and electricity to the community. In 2014, energy sales increased by 15%, causing higher CO₂e emissions

Sustainable development at our:

South Africa Division

About the business

Our South Africa Division manages forestry operations and manufactures and sells a range of pulp, virgin containerboard, uncoated fine paper and newsprint products.



Read about our South Africa Division value chain on the following page

Key statistics

1

Number of countries

2

Number of operating sites

1,600

Number of employees

Sustainability overview

In addition to the safety of our people, we place emphasis on responsible forestry management practices, engaging with our stakeholders, investing in our communities and being a good neighbour.

Our integrated structure and our landholdings contribute to our self sufficiency, and help maintain a high percentage of CoC-certified wood for processing in our mills. In addition to our own wood supply, we procure wood, but only from responsible sources, to continue delivering sustainable products to our customers. We own and manage approximately 0.3 million hectares of land in South Africa and place great importance on proactive and responsible stewardship of forests and freshwater ecosystems and maintaining biodiversity and habitats.

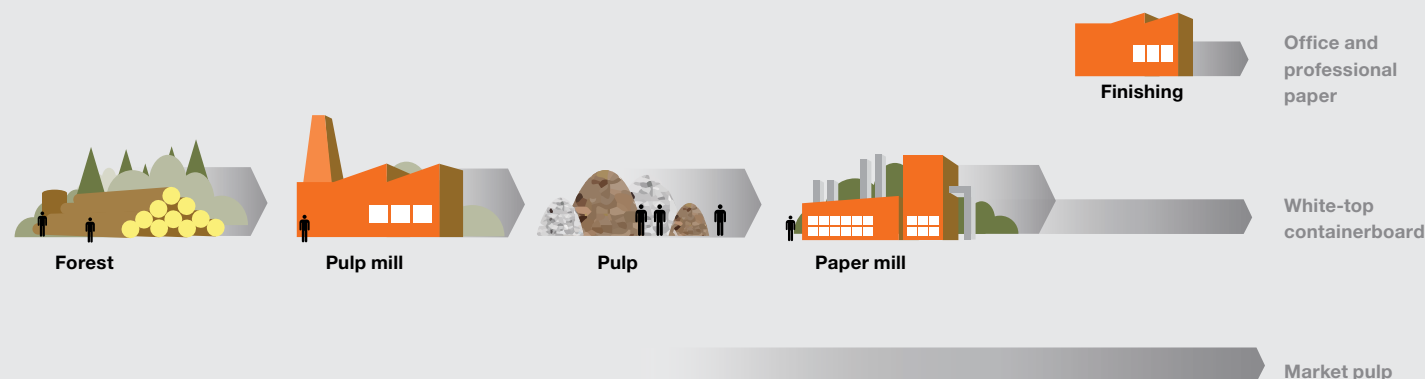
The safety of our people and our contractors is a top priority in our mills and our forestry activities as we strive to eliminate fatalities and life-altering injuries. Engaging with stakeholders and communities around our operations is another major focus area to manage our impacts and build trusting relationships. Our social investments help drive development by focusing on health, education and local enterprise. Mondi Zimele, local enterprise initiative, is recognised as an effective vehicle for job creation in South Africa, and helps secure our wood supply chain through supporting and developing local businesses on or surrounding our land.

Key sustainability challenges and opportunities

- The safety of our employees and our contractors remains a top priority – both in our mills and our forestry operations
- Ongoing commitment to addressing the challenge of odour reduction at our Richards Bay mill
- Engaging with communities in and around our plantation forests and our mills
- Increasing long-term productivity and ecosystem value and resilience of rural landscapes
- Protecting high conservation value ecosystems, including wetlands
- Ensuring we have enough trained people to run our business to the highest international standards
- Creating jobs, developing suppliers and supporting emerging growers with Mondi Zimele small businesses development initiative

Our South Africa Division value chain

Our Mondi South Africa Division manages forestry operations to provide wood which is then converted into pulp, virgin containerboard and uncoated fine paper. It also produces newsprint from both wood and recycled paper.



Our material focus areas

Safety and health

One of our biggest successes in 2014 involved engineering out fatal risk tasks across the business. For example, we implemented a mechanised solution to eliminate the need for contractors to manually fit the tarpaulins to the trucks from dangerous heights. A similar project is underway in Richards Bay that will certainly yield the same benefits.

Another success was the completion of Phase 1 of the Each One-Own One initiative. Project champions were appointed to identify fatal risk tasks throughout the mill and to introduce additional or alternate control measures to reduce the risks. Phase 2 of the project was launched recently and was received with much enthusiasm.

In 2014, we worked with the contracting company involved to implement stringent control measures in response to fatalities that occurred in 2013, including a technologically sound training package.

We continue to modernise our forestry operations as we move from a labour-intensive model to a more sustainable model of higher skilled and better rewarded workers (see [page 30](#) for more). In addition to the benefits of skills development, elimination of many manual tasks has significantly reduced the risk to our employees and contractors, not only in terms of their safety but the ergonomic benefits to their wellbeing.

Environment and forests

Our approach to responsible, sustainable forest management involves increasing long-term productivity and ecosystem value and resilience in rural landscapes, and protecting high conservation value ecosystems such as wetlands. We have achieved long-standing success in working with our stakeholders to bring about change and good practices on a landscape level. See [page 32](#) to read more about how we are pioneering wetland management in South Africa, and [page 29](#) on how we are helping develop the WWF New Generation Plantations to promote sustainable forest management and deliver sustainable fibre supply, now and in the future.

See [page 32](#) on our work with WWF and other partners in three water catchments to tackle the challenges of freshwater in entire catchments, and [page 34](#) on how we work with the University of Stellenbosch on developing the ecological networks. Our investment in tree research is yielding significant benefits in the form of increased yield and disease resistance. Over the last 10 years, yields have improved between 11% and 24% from the use of superior genetic material.

At both our mills, we continue to update our processes to ensure that we minimise waste and reduce material consumption. We have also implemented procedures to reduce the impact of electricity interruptions.

CO₂e emissions increased compared with last year, due to improving our electrical self-sufficiency from 61% to 72%.

Stakeholder engagement

We have established strong relationships with the communities in and around our operations, particularly in the more rural forestry areas. In addition, our community engagement efforts are important in helping us to address the challenge of odour reduction at our Richards Bay mill. We support enterprise development, with a focus on growing small businesses around our forestry activities. Mondi Zimele additionally brings value through creating jobs, developing suppliers and supporting emerging growers through the Zimele small businesses development initiative (see **page 51** for more).

Responding to the most pressing local needs of the communities living on and around our land, we partner with government departments and NGOs to help drive development through health and education initiatives and other social investments that help support livelihoods and communities. See **page 53** for examples of our initiatives.

In terms of our land claims process, we have settled approximately 29% of claims registered since inception of the process, out of all settled and remaining claims. During 2014, the government reopened the land claims process and we are uncertain as to how these will progress. All settled claimants continue to play an active role in providing us with some of our fibre requirements.

What's next?

- Dedicate more resources to ensure incident-free shuts in our mills. In the first quarter, we will host safety drives at both mills in preparation for the planned annual shuts. Proper task pre-planning will include the auditing of safety files, and safety regulations and requirements will be advertised in advance
- Encourage employee participation in the safety strategy for the mills. We aim to build relationships with employees and contractors through various forums and invite suggestions

from all stakeholders on how to improve safety. Employees and contractors will be recognised and rewarded for their contribution to zero harm

- Continue to focus on engineering out fatal risks
- Continue our work with the WWF Mondi Wetlands Programme and the WWF New Generation Plantations as part of our new global partnership agreement with WWF
- Bring stakeholders together to tackle the freshwater challenges facing entire catchments. We're focusing on three catchments in South Africa that are important to Mondi, WWF and our partners
- Continue our social investments and focus on health, education and enterprise development



Mondi Rotatrim – South Africa's leading brand of office paper



Scientist in the forestry laboratory, Mondi South Africa

Performance		Year ended 31 December 2014	Year ended 31 December 2013
TRCR	per 200,000 hours worked	0.42	0.45
Energy consumption	million GJ	29.56	27.97
Scope 1 and 2 GHG emissions	million tonnes CO ₂ e	1.36*	1.27
Forest certification	% managed land certified to FSC® standards	100	100
CoC-certified wood procured	%	81	84
Environmental management certification	% of operations certified to ISO 14001 standards		
	forestry operations	100	—
	pulp and paper mills	100	100

* In 2014, GHG emissions have increased due to an improvement in our electricity self-sufficiency from 61% in 2013 to 72%

Performance

In this section we outline how we're progressing against our key commitments and show our performance in detail.

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Our sustainable development commitments

We've made good progress against many of the five-year commitments we set in 2010, although there is still work to do to achieve targets over the coming year. Here's how we progressed against our key sustainability commitments in 2014:

Commitments	What we said	What we did	Performance highlights	Status
Securing access to sustainable fibre in the short, medium and long term	We will maintain our FSC® certification of all owned and leased forests.	In 2014, we maintained 100% FSC® certification of our owned and leased forests.	100% of owned and leased land FSC®-certified	On track
	We will procure over 60% of wood , virgin fibre and biomass products from credible certified sources. The balance will be sourced with products as defined in the FSC® Controlled Wood Standard.	66% of our total procured wood in 2014 was Chain-of-Custody (CoC)-certified to FSC® or PEFC™ standards (a 6% improvement compared with our 2010 baseline of 60%) and the balance met the FSC® Controlled Wood Standard. We are not party to deforestation and we do not use illegal wood.	66% of wood CoC-certified	On track
	We will continue to work with our South African forestry partners to provide support to land reform beneficiaries in an effort to sustain productivity after the land has been transferred.	To date, some 33,190 hectares of Mondi land under forestry has already been transferred to community beneficiaries, bringing the percentage of land transferred to claimant communities to 28% of the total of transferred and remaining land and the percentage of the claims settled since inception of the process to 29% of the total of settled and remaining claims.	29% land claims settled in South Africa, 28% of land transferred in South Africa to claimant communities	On track
	We will maintain our Chain-of-Custody certifications for our mills and certify Stambolijski by 2013.	All our mills (100%) have maintained their CoC certifications.	100% of mills CoC-certified	On track
	We will promote the Mondi brand by increasing the proportion of fibre-based products which is certified against a credible forestry standard.	66% of our products based on wood procured directly by our mills, and 77% of our products based on pulp procured externally by our mills, were manufactured from CoC-certified sources. The balance in both cases was sourced from credible sources meeting the FSC® Controlled Wood Standard.	66% of wood-based products and 77% of external pulp-based products from CoC-certified materials	On track

Our sustainable development commitments continued

Commitments	What we said	What we did	Performance highlights	Status
Maintaining our licence to trade by making a real and lasting contribution to the communities in which we operate	We will continue to disclose our carbon and forestry footprint performance.	We report annually to CDP's climate, water, forests and supply chain programmes, and were included in the CDP FTSE 350 Climate Disclosure Leadership Index (CDLI) for the fourth time since 2010.	Included in the CDLI for the fourth time	On track
	We will continue to engage with the United Nations Global Compact (UNGC) and promote and support and implement its 10 principles.	We continue to engage with UNGC and reported our Communication on Progress (CoP) in August 2014. We continue to report at an Advanced Level.	Advanced Level reporter at the UNGC	On track
	We will continue to engage with the WBCSD and address the most contentious global sustainability matters affecting our business.	We support WBCSD's Action2020. Mondi's CEO is a core member of the Ecosystem Cluster and we are an active member of the Forest Solutions Group. Mondi co-chaired the Carbon Action Team until 2014, and will co-chair the Sustainable Value Chain and Procurement team from 2015.	Active member of the WBCSD	On track
	All mill operations to be certified to ISO 14001 and OHSAS 18001.	All our mills (100%) have maintained their certification to both ISO 14001 and OSHAS 18001 standards.	100% of mills maintained certification to ISO 14001 and OHSAS 18001	On track
	All converting operations to be certified to OHSAS 18001 .	70% (57 of 81 operations) have achieved certification by the end of 2014.	70% of Converting operations certified to OHSAS 18001	More work needed to deliver 2015 target

Our sustainable development commitments continued

Commitments	What we said	What we did	Performance highlights	Status
<p>Maintaining our licence to trade by making a real and lasting contribution to the communities in which we operate <i>continued</i></p>	All forestry operations to be certified to ISO 14001 by 2013.	100% of forest operations were certified to ISO 14001 in 2014.	100% of forest operations certified to ISO 14001	On track
	We will reduce our level II environmental incidents by 50% by 2015 from the 2010 base year and maintain a zero level III environmental incident performance.	We had two level II environmental incidents in 2014, an improvement of 90% against a 2010 base year.	90% reduction of level II environmental incidents	On track
	We will revise our community complaints system by 2012 and will focus on the reduction of odour-related complaints.	In 2013 we have revised our methodology on reporting complaints in order to categorise and report complaints and incidents separately.	Revised community complaints system in place	On track
	All operations that are involved in producing food contact packaging to be certified to a recognised food hygiene standard .	Out of the 67 operations producing food contact packaging in 2014, 46 (69%) were certified to a recognised food hygiene standard, with the balance meeting Good Manufacturing Practice standards.	69% certified to food hygiene standards	On track
	All mills and forestry operations to have a rolling community engagement plan (CEP) and Russian and South African forestry and mill operations to have a socioeconomic assessment toolbox (SEAT) process updated on a three-to-five year cycle.	All our forestry operations and largest pulp and paper mills have a CEP in place. With the exception of our Merebank mill and Russian forestry operation, our South African and Russian mills and forestry operations have undertaken SEAT reviews within the three-to-five year cycle. The first SEAT report for our Bulgarian operation was published in 2014, and we plan further SEAT reviews for other operations in 2015, including the SEAT review for our Merebank mill and Russian forestry operations.	100% of our forestry operations and largest pulp and paper mills have community engagement plans in place Published our first SEAT in Bulgaria	More work needed to deliver 2015 target

Our sustainable development commitments continued

Commitments	What we said	What we did	Performance highlights	Status
Understanding and minimising our contribution to climate change	By 2014, we will reduce our CO₂e emissions per unit of saleable production from our mills by 15%, against a 2004 baseline.	We have exceeded our commitment, achieving a 29% reduction of our specific CO ₂ e emissions against 2004 levels by the end of 2014.	29% reduction of specific CO ₂ e emissions	Exceeded commitment
	By 2014, we will reduce our carbon-based energy consumption per unit of saleable production from our mills by 15%, against a 2004 baseline.	Our integrated mills have achieved a reduction of 23% by 2014, and non-integrated mills a reduction of 10%, against a 2004 base year. Overall we have reduced our specific energy consumption by 21%.	21% reduction of specific energy	Exceeded commitment
	We will progress towards being a carbon neutral company in the longer term, by increasing the proportion of renewable resources for primary energy needs against the 2010 baseline.	59% of the total fuel consumed by our pulp and paper mills in 2014 came from renewable energy sources, mainly biomass.	59% of fuel consumed by our mills from renewables	On track
	We will progress towards becoming electricity self-sufficient in the longer term.	A 97% electricity self-sufficiency was achieved by 2014, mainly as a result of energy-related investments such as the recovery boilers in Ružomberok and Frantschach mills.	97% electricity self-sufficiency	On track

Our sustainable development commitments continued

Commitments	What we said	What we did	Performance highlights	Status
Operating in a world of constrained resources and recognising concerns regarding biodiversity, forests, water and ecosystem services	We will implement ecosystem management plans (EMPs) at all our forestry operations by 2013.	All our forestry operations have EMPs in place.	100% of forest operations with EMPs in place	On track
	We will report on seedlings planted , our tree improvements, the invasive species fight back and our work on pest and disease resistance.	In 2014, we planted 32 million seedlings. 57,144 hectares of land in our South African forests was maintained in terms of alien species. More information on our tree improvements, invasive species eradication and pest and disease resistance can be found on page 27 .	32 million seedlings planted	On track
	We will report on land set aside for conservation purposes.	In 2014, 25% of our owned and leased forestry land was set aside for conservation purposes.	25% of managed land set aside for conservation	On track
	Mondi participates in the WWF New Generation Plantations (NGP) platform and is committed to the concept.	In 2014, Mondi and WWF co-hosted the NGP platform annual summit. In addition, Mondi and WWF took 44 representatives from 14 countries on a catchment study tour to share knowledge and learning from the successful approach of the WWF Mondi Wetlands Programme.	Co-hosted NGP platform annual summit with WWF	On track
	We will carry out a water impact assessment (WIA) of our forestry operations and mills.	We have completed WIAs at our mills and forestry operations.	100% of mills and forestry operations undergone water impact assessments	On track
	We will continue to work with WWF to support the Mondi Wetlands Programme (MWP) in South Africa and will involve local communities in educational, restoration and conservation activities where reasonable.	Mondi remains the principal sponsor of the WWF MWP. Refer to page 35 for an update on our activities in this regard.	Continued support of WWF MWP	On track
	We will continue to work with our stakeholders to identify areas of high conservation value in the Komi Republic, Russia and in South Africa.	Mondi has continued to be the core sponsor of Silver Taiga's work since 2008. To date, we have identified 525,417 hectares of HCV areas, 4,781 hectares in South Africa and 520,636 hectares in Komi Republic, Russia. We continue to contribute funding to WWF's work in the neighbouring Arkhangelsk region to identify HCV areas. Mondi has continued to be an active supporter of the newly restructured HCV Resource Network (HCVRN) and is a member of the management committee.	525,417 hectares of HCV areas identified	On track

Our sustainable development commitments continued

Commitments	What we said	What we did	Performance highlights	Status
Safeguarding the wellbeing of employees and contractors and securing key talent and skills	Avoid work-related employee and contractor fatalities .	In 2014 we placed focus on the Top 5 Fatal Risks at Mondi, leading to a fatality-free year. We will continue to focus on the Top 5 Fatal Risks to avoid fatal incidents at Mondi.	Zero fatal injuries	On track
	Prevent work-related life-altering employee and contractor injury.	We experienced four life-altering injuries related to moving and rotating equipment and falling from heights in 2014. We will focus on the Top 5 Fatal Risks at Mondi (including moving and rotating equipment and working at heights) to prevent life-altering injuries in the future.	Four life-altering injuries	More work needed to deliver 2015 target
	We will achieve a TRCR of 0.75 or below by 2015, including employees and contractors, against a 2010 base year.	In 2014 we restated our TRCR milestone of 0.75 to 0.89 to reflect the inclusion of our recent acquisitions. We achieved a TRCR of 0.83 for the year, 7% ahead of this milestone. We have set a new milestone of 0.83 for 2015.	0.83 TRCR	On track with revised milestone
	Through a partnership approach with government and NGOs, Mondi will facilitate access to a comprehensive primary health care service, including the provision of ARTs for its employees and contractors.	47 employees and 165 contractors in our South African operations are currently on ART.	47 employees and 165 contractors on ART	On track
	We will continue to report on the diversity of our workforce.	22% of our employees and 8% of our senior managers in 2014 were female.	22% of employees and 8% of senior managers female	On track

Our sustainable development commitments continued

Commitments	What we said	What we did	Performance highlights	Status
Increasing the eco-efficiency of our products	We will increase the number of products in our Green Range , including non-fibre based products.	We are in the process of revising our approach to reflect our extended packaging and paper portfolio and to improve our criteria in collaboration with external partners such as WWF.	Revised approach to Green Range in 2015 informed by WWF	On track
	We will progress towards being a zero waste company by reducing the total waste to landfill by 20% by 2015 against 2010 base year.	An 11% reduction was achieved by the end of 2014, mainly as a result of eliminating the need to landfill waste by recycling and reusing solid waste, and transferring waste to manufacturing companies for use in construction, building materials and energy generation.	11% reduction of waste to landfill	Actions initiated, on track for 2015 delivery
	We will reduce TRS emissions from our mill operations by 20% in 2015, against a 2010 base year.	A 37% reduction was achieved by the end of 2014, mainly by closing loops and collection and incineration of odour-containing off-gases in our boilers. We are currently focusing on the reduction of diffuse emissions.	37% reduction of TRS emissions	On track
	We will promote conservation, reuse and recycling practices to reduce specific contact water consumption by 10% by 2015, against a 2010 base year.	We achieved a 5% reduction of our specific contact water consumption at the end of 2014. Further investments in our pulp and paper mills such as planned investments in Syktyvkar and Świecie, as well as improvements from action plans resulting from water impact assessments will help us achieve our commitment by the end of 2015.	5% reduction of specific contact water consumption	More work needed to deliver 2015 target
	We will reduce our effluent load to the environment, either directly or indirectly discharged, by 10% against a 2010 base year.	A 10% reduction of COD emissions was achieved by the end of 2014, mainly by projects at our mills involving the modernisation of our wastewater treatment plants.	10% reduction of COD emissions	On track
	We will continue to report on our consumption of recovered fibres .	1.5 million tonnes (roughly a third of our consumed pulp) was from recovered fibre in 2014.	1.5 million tonnes of recovered fibre	On track

Consolidated performance data

Group performance: Data summary

Financial highlights

Group revenue	€6.4 billion (€6,402m)
Underlying operating profit	€767 million
Basic underlying earnings per share	107.3 euro cents per share
Capital expenditure	€562 million
Net debt	€1,613 million
Return on capital employed	17.2%

Economic

Value added statement (€ million)	2010	2011	2012	2013	2014
<i>Turnover</i>	5,610	5,739	5,790	6,476	6,402
Purchased materials and services	(3,933)	(3,969)	(4,039)	(4,478)	(4,334)
Value added	1,677	1,770	1,751	1,998	2,068
<i>Distributed to</i>					
Employees	852	812	850	957	975
Providers of equity capital	72	169	157	198	209
Providers of loan capital	106	111	110	115	110
Direct taxes paid	47	85	109	126	106
Reinvested in the group	600	593	525	602	668
	1,677	1,770	1,751	1,998	2,068

Community & social investments ('000 €)	2010	2011	2012	2013	2014
Health and welfare	691	205	219	211	85
Education and youth	679	797	835	574	2,078
Environment	29	81	102	456	518
Community development	6,427	5,828	4,895	4,302	4,138
Arts, culture and heritage	146	903	235	313	129
Housing	837	333	288	235	211
Other	3,802	9,150	7,716	3,907	0
Total	12,611	17,297	14,290	9,998	7,159

Consolidated performance data continued

People and communities

Gender diversity 2014	Male	%	Female	%
Directors	7	78	2	22
Senior managers	280	92	24	8
Employees	20,000	78	5,500	22

Management by Origin 2014 (%)	%
Austria	18.4%
Czech Republic	3.1%
France	0.3%
Hungary	0.9%
Italy	3.7%
Poland	7.2%
Russian Federation	4.4%
Slovakia	2.5%
South Africa	15.0%
Turkey	4.1%
United Kingdom	1.9%
Other nationalities	38.5%

	2013	2014
Training hours	854,000	871,000

Safety

Number of work-related fatalities	2010	2011	2012	2013	2014
Employees	1	1	1	0	0
Contractors	1	2	1	4	0

Total recordable case rate (per 200,000 hours worked)	2010	2011	2012	2013	2014
	1.09	0.92	0.79	0.78	0.83

Consolidated performance data continued

Community & social investments ('000 €)	2010	2011	2012	2013	2014
Health and welfare	691	205	219	211	85
Education and youth	679	797	835	574	2,078
Environment	29	81	102	456	518
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Housing	837	333	288	235	211
Other	3,802	9,150	7,716	3,907	0
Total	12,611	17,297	14,290	9,998	7,159

Forests and fibre procurement

Forestry data 2014	Russia	South Africa	Total
Total area of land (ha)	2,110,794	275,368	2,386,162
Total area of land set aside for conservation (ha)	520,636	77,222	597,858
Proportion of land set aside for conservation (%)	25%	28%	25%
Number of seedlings planted	2,933,525	28,303,555	31,237,080
Annual Allowable Cut (m ³)	5,132,830	3,836,557	8,969,387
Total wood procured (m ³)			16,344,859
Wood self-sufficiency potential (%)			55%

Fibre procured	2011	2012	2013	2014
Wood (m ³)	16.8	15.9	16.2	16.3
Pulp (million tonnes)	3.5	3.8	3.9	3.9
Paper for recycling (million tonnes)	1.5	1.5	1.4	1.5

Fibre procured from FSC® or PEFC sources 2014 (%)	FSC®	PEFC	Total
Wood	46	20	66
Pulp (procured externally)	63	14	77

Consolidated performance data continued

Energy and climate

CO ₂ e emissions from our pulp and paper mills (tonnes)	Scope 1	Scope 2	Total CO ₂ e
2010	4,126,286	1,174,199	5,300,485
2011	4,304,138	996,851	5,300,989
2012	4,261,792	1,162,898	5,424,690
2013	3,914,452	1,129,899	5,044,351
2014	4,246,520	927,692	5,174,212

Specific CO ₂ e emissions (tonnes per tonne of saleable production)	Specific Scope 1	Specific Scope 2	Specific total (Scope 1 and 2) CO ₂ e
2010	0.67	0.19	0.86
2011	0.70	0.16	0.87
2012	0.68	0.19	0.87
2013	0.62	0.18	0.81
2014	0.67	0.15	0.82

CO ₂ e emissions from our pulp and paper mills by country 2014 (tonnes)	Scope 1	Scope 2	Total Scope 1 and 2 emissions
Europe & International Divisions			
Austria	175,737	33,354	209,092
Czech Republic	359,265	42,401	401,666
Germany	101,861	346	102,207
Poland	389,179	227,877	617,056
Russia	2,021,035	928	2,021,964
Bulgaria	37,536	39,658	77,194
Sweden	13,961	88,260	102,222
Turkey	61,173	32,826	93,999
Finland	33,454	27,274	60,729
Slovakia	102,963	29,868	132,831
Europe Total	3,296,165	522,794	3,818,959
South Africa Division	950,355	404,898	1,355,253
Group total	4,246,520	927,692	5,174,212

Consolidated performance data continued

Electricity self-sufficiency (%)	2010	2011	2012	2013	2014
Own electricity produced	83.1	93.5	93.0	89.5	97.4
Electricity purchased	26.9	25.2	25.7	25.6	28.6
Electricity sold	10.0	18.7	18.7	15.2	26.0
Fuel consumption for pulp and paper mills (million GJ)	2010	2011	2012	2013	2014
Produced from our own biomass	72.4	78.8	79.8	82.5	80.7
Purchased fuel	69.8	72.1	72.6	65.4	70
Energy use, pulp and paper mills (GJ)	2010	2011	2012	2013	2014
Electricity purchased	7,238,332	6,471,682	6,655,930	6,292,282	7,071,178
Own biomass	72,408,553	78,768,760	79,820,452	82,471,187	80,737,751
Purchased biomass	7,760,110	8,105,830	8,781,214	7,604,285	7,570,315
Fossil fuels consumed	62,240,045	64,022,553	63,852,690	57,826,324	62,437,669
Heat purchased	1,742,569	366,895	40,380	64,181	84,752
Energy sales	8,042,657	10,858,806	11,268,382	9,916,875	12,714,744
Total energy use	143,346,952	146,876,914	147,882,284	144,341,384	145,186,921
Energy use, converting operations (GJ)	2010	2011	2012	2013	2014
Electricity purchased	1,122,762	1,124,704	975,818	1,664,432	1,657,052
Fossil fuels consumed	1,282,791	1,339,580	1,526,357	1,750,070	1,916,421
Heat purchased	159,017	165,521	129,337	209,856	170,687
Total energy use	2,564,570	2,629,805	2,631,512	3,624,358	3,744,160
Scope 3 emissions 2014 (tonnes CO ₂ e)				2014	
Purchased goods and services				1,499,524	
Employee commuting				48,705	
Upstream transportation and distribution				421,137	
Downstream transportation and distribution				263,869	
Business travel				3,936	
Total				2,237,171	

Consolidated performance data continued

Water, air and waste

Water

Total water input (potable and non-potable) (m³)	2010	2011	2012	2013	2014
Total water input (potable and non-potable)	315,218,839	313,230,685	306,744,602	308,225,924	323,647,294
Potable water input	31,389,149	31,241,107	29,762,268	28,791,667	29,451,135
Non-potable water	283,829,690	281,989,578	276,982,334	279,434,256	294,196,159
Second-class water	11,158,333	12,271,228	11,757,353	10,361,089	10,065,008
Surface water	252,624,975	248,355,294	246,247,103	249,992,902	263,893,523
Ground water	20,046,382	21,363,056	18,977,878	19,080,265	20,237,628
Waste water from third parties	41,325,349	37,261,038	39,606,995	39,212,851	39,919,055
Emissions to water (tonnes)	2010	2011	2012	2013	2014
Emissions to water COD (tonnes)	49,923	46,987	47,049	45,552	44,901
Emissions to water AOX (tonnes)	150	160	155	151	150
Effluent (water discharges) (m³)	2010	2011	2012	2013	2014
Water discharge via on-site or off-site treatment	232,482,459	236,528,086	238,274,102	229,832,212	230,690,929
Effluent direct to surface water without treatment	85,866,479	93,279,736	89,297,491	88,936,025	97,652,438
Effluent to irrigate land	82,518	64,181	51,267	24,338	6,637
Total Water output	318,431,456	329,872,003	327,622,860	318,792,575	328,350,004
<i>Waste water from third parties and other Mondi operations</i>	41,325,349	37,261,038	39,606,995	39,212,851	39,919,055
Total Water output (excluding third parties)	277,106,107	292,610,965	288,015,865	279,579,724	288,430,949

Air

Air emissions (tonnes)	2010	2011	2012	2013	2014
Total NOx emissions from processes	11,316	11,616	11,514	11,348	11,705
TRS from processes	106	90	99	65	67
Total particulate emissions	2,937	1,536	1,614	1,646	1,570
Total SO ₂ emissions from processes	3,805	4,244	4,185	3,955	5,107

Consolidated performance data continued

Emission of ozone-depleting substances (kg)	2010	2011	2012	2013	2014
HFC	1,993	6,333	2,865	4,826	4,146
HCFC	158	963	2,712	1,301	999
CFC	36	744	0	3	2
Halons	0	0	6	0	0
Total loss of ozone-depleting substances	2,187	8,040	5,583	6,130	5,147

Waste

Waste to landfill (tonnes)	2010	2011	2012	2013	2014
Non-hazardous waste to landfill	292,590	299,436	264,938	270,676	260,697
Hazardous waste to landfill	1,108	794	1,704	2,107	1,671
Total waste to landfill	293,698	300,230	266,642	272,783	262,368

Hazardous waste (tonnes)	2010	2011	2012	2013	2014
Total hazardous waste	19,425	15,109	11,911	16,509	15,627
Hazardous waste to landfill	1,108	794	1,704	2,107	1,671
Hazardous waste incinerated	1,210	1,407	1,845	2,265	2,467
Hazardous waste sent for recycling/reuse	2,431	1,393	1,273	2,485	3,102
Hazardous waste for treatment	14,676	11,515	7,089	9,652	8,387

Consolidated performance data continued

Non-hazardous waste (tonnes)	2010	2011	2012	2013	2014
Total non-hazardous waste	1,077,121	1,234,553	1,243,653	1,210,431	1,053,449
Non-hazardous waste for treatment	4,063	812	576	1,419	2,454
Non-hazardous waste to internal or external incineration	47,283	67,432	66,384	65,951	90,994
Non-hazardous waste recycled	733,185	866,873	911,755	872,385	699,304
Non-hazardous waste to landfill	292,590	299,436	264,938	270,676	260,697
Total debris (tonnes)	2010	2011	2012	2013	2014
Non-hazardous debris	33,220	54,672	77,070	11,203	9,600
Hazardous debris	3	10		1,514	1,205
Total debris	33,223	54,682	77,070	12,717	10,805
Total solid waste (tonnes)	2010	2011	2012	2013	2014
	1,129,769	1,304,344	1,332,634	1,239,657	1,079,881

Independent Assurance Statement to Mondi Group

ERM Certification and Verification Services (ERM CVS) was engaged by Mondi Group to provide assurance in relation to the information set out below and presented in the online Mondi 2014 Sustainable Development Report (the Report).

Engagement Summary

Scope:	<ol style="list-style-type: none"> Whether the 2014 data for the following key performance indicators ('KPIs') are fairly presented, in all material respects: <ul style="list-style-type: none"> Total energy usage (GJ); Scope 1 and Scope 2 GHG emissions (tonnes CO₂e); Environmental incidents (Levels II and III, number); Total water input (m³); Total water output (m³); Total contact and non-contact water use (m³); Total hazardous and non-hazardous waste (tonnes); NOx emissions (tonnes); Certified wood and pulp procured (tonnes); Chain-of-Custody certified operations (number, percentage); Total Recordable Case Rate (number/ 200,000 hours). Land claims settled in forestry operations in South Africa (number and percentage); Land transferred to claimant communities in forestry operations in South Africa (area and percentage); Saleable production volume (tonnes, m², sacks) Whether the Report has been prepared in accordance with the GRI G3 Sustainability Reporting Guidelines (the 'GRI G3 Guidelines'). Whether the disclosures relating the above KPIs in the Report are consistently presented in the Mondi Group Integrated report and financial statements 2014 (Integrated Report) and Mondi Group's printed sustainability publication, Working together for a sustainable future 2014 (the printed sustainability publication). Whether the disclosures relating to GHG emissions presented in the section 'Greenhouse gas emissions and climate change' on page 34 of the Integrated Report comply with the requirements of the UK Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. <p>In addition we were asked to check whether the report is consistent with the criteria for a GRI G.3 Application Level B+.</p>
Reporting Criteria:	<p>The Sustainability Reporting Guidelines G3 of the Global Reporting Initiative and internal indicator criteria developed by Mondi and described in the section 'About this report' and the relevant performance sections.</p> <p>ISO14064-1:2006 and the WBCSD WRI GHG Protocol (2004) for the Scope 1 and Scope 2 GHG emissions.</p>
Assurance Standard:	<p>ERM CVS' assurance methodology, based on the International Standard on Assurance Engagements (ISAE 3000).</p> <p>ISO 14064-3:2006 for the Scope 1 and Scope 2 GHG emissions.</p>
Assurance level:	<p>Reasonable assurance: Scope 1 and Scope 2 GHG emissions for Mondi Group's pulp and paper mills.</p> <p>Limited assurance: Scope 1 and Scope 2 GHG emissions for Mondi Group's converting operations, and all other scopes set out above.</p>
Respective responsibilities:	<p>Mondi Group is responsible for preparing the Report and for the collection and presentation of the information within it.</p> <p>ERM CVS' responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.</p>

Independent Assurance Statement to Mondi Group continued

Our conclusions

In our opinion, the 2014 Scope 1 and Scope 2 GHG emissions for Mondi Group's pulp and paper mills are fairly presented, in all material respects, in accordance with the reporting criteria.

Based on our activities:

- nothing has come to our attention to indicate that the 2014 data for the other KPIs, as listed under 'Scope' above, are not fairly presented, in all material respects, with the reporting criteria;
- nothing has come to our attention to indicate that the Report has not been prepared, in all material respects, in accordance with the GRI G3 Guidelines;
- nothing has come to our attention to indicate that the disclosures relating to the above KPIs in the Report are not consistently presented in the Integrated Report and the printed sustainability publication; and
- nothing has come to our attention to indicate that the disclosures relating to GHG emissions presented in the section 'Greenhouse gas emissions and climate change' on page 34 of the Integrated Report do not comply with the requirements of the UK Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

GRI application level

We conclude that the self-declared G3 Application Level B+, based on the GRI Content Index included in the Report, is consistent with the GRI criteria for this Application Level.

Our assurance activities

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

- A review of external media reporting relating to Mondi Group to identify relevant sustainability issues in the reporting period.
- A review of the internal reporting guidelines, including conversion factors used.
- Two visits to Mondi Head Office in Vienna, Austria to
 - Interview relevant staff to understand Mondi Group's Sustainable Development (SD) strategy, policies and management systems for the KPIs.
 - Interview relevant staff to understand and evaluate the data management systems and processes (including IT systems and internal review processes) used for collecting and reporting SD data.
- Visits to eight production sites in Germany, Russia, Bulgaria, Slovakia, Poland, Mexico and Turkey to verify the source data underlying the Scope 1 and Scope 2 GHG emissions, the other environmental and safety indicators, the certified wood and pulp indicator, the Chain-of-Custody certification indicator and the saleable production volume indicator.
- A visit to the offices of Mondi Group in Pietermaritzburg, South Africa to review the source data underlying the land claims indicators.
- An analytical review of the year end data submitted by all sites included in the consolidated 2014 group data for the KPIs.
- Reviewing selected evidence related to the design, information collection, and production of the Report in accordance with the GRI G.3 Sustainability Reporting Guidelines.
- Reviewing the presentation of information relevant to the scope of our work in the Report to ensure consistency with our findings.

- Reviewing the consistency of the assured disclosures between the Report, the Integrated Report and the printed sustainability publication.
- Reviewing the GHG disclosures in the Integrated Report against the requirements of the UK Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

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

- Assessing the conclusions of accredited third-party verification bodies relating to the verification of Scope 1 CO₂e emissions for 2014 from Mondi Group's pulp and paper mills that fall within the scope of the EU emissions trading scheme (EU ETS) and checking consistency of the verified emissions with the data for these operations included in the consolidated data in the Report.
- Requesting and performing desktop verification of underlying source data for GHG emissions from two other pulp and paper mills not covered by our site visits or the EU ETS verification process.
- Testing the calculation of the Scope 1 and Scope 2 GHG emissions and reviewing uncertainties associated with the measuring and reporting of GHG emissions data for Mondi Group's pulp and paper mills at site and Group levels.

The limitations of our engagement

The reliability of the assured data is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context. Our independent assurance statement provides no assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular whether any changes may have occurred to the information since it was first published.

Our Observations

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

- Our work at Mondi sites this year indicates that operations are improving their understanding of the flow of water through the production processes and are therefore more accurately reporting contact and non-contact water use. However, based on performance to date, Mondi's commitment to reduce specific contact water consumption by 10% by 2015 against a 2010 base year remains a challenging target.
- The development of a new set of medium term goals during 2015 together with Mondi's commitment to report in accordance with GRI G4 guidelines in 2015 should facilitate further focus on material sustainability issues in the 2015 report. During this process we recommend consideration is given to the specific impacts of Mondi's expanding packaging businesses.

ERM CVS
Informed Assured

Jennifer Iansen-Rogers
Head of Report Assurance

31 March 2015

ERM Certification and Verification Services,
London

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

GRI content index

General standard disclosures		References	Reporting status
Strategy and analysis			
1.1	Statement from the most senior decision maker of the organisation (e.g. CEO, chair, or equivalent senior position) about the relevance of sustainability to the organisation and its strategy	CEO and chairman's statement, page 04	Fully
1.2	Description of key impacts, risks, and opportunities	Our global context, page 13 Our principal risks, page 30, Integrated report* Our external context, page 20, Integrated report	Fully
Organisational profile			
2.1	Name of the organisation	Home page and throughout	Fully
2.2	Primary brands, products, and/or services	About Mondi, page 09 Our products, page 28, Integrated report About us, page 04, Integrated report	Fully
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures	About Mondi, page 09 Financial statements, page 117, Integrated report	Fully
2.4	Location of organisation's headquarters	About us: where we operate, page 06, Integrated report	Fully
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report	About Mondi, page 09 About us: where we operate, page 06, Integrated report	Fully
2.6	Nature of ownership and legal form	About Mondi, page 09	Fully
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)	Our products, page 28, Integrated report Business review, pages 38–53, Integrated report	Fully
2.8	Scale of the reporting organisation	About this report, page 25	Fully
2.9	Significant changes during the reporting period regarding size, structure, or ownership	About this report, page 25	Fully
2.10	Awards received in the reporting period	Our products, page 60 Chief executive's review, page 17, Integrated report	Fully
Report profile			
3.1	Reporting period (e.g. fiscal/calendar year) for information provided	About this report, page 25	Fully
3.2	Date of most recent previous report	About this report, page 25	Fully
3.3	Reporting cycle (annual, biennial)	Back cover	Fully
3.4	Contact point for questions regarding the report or its contents	Mondi Group website	
Report scope and boundary			
3.5	Process for defining report content	About this report, page 25	Fully

* 'Integrated report' refers to our Integrated report and financial statements 2014.

GRI content index continued

General standard disclosures		References	Reporting status
Report scope and boundary <i>continued</i>			
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	About this report, page 25	Fully
3.7	State any specific limitations on the scope or boundary of the report	About this report, page 25	Fully
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	About this report, page 25	Fully
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report	About this report, page 25 Financial statements, page 117, Integrated report	Fully
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/periods, nature of business, measurement methods)	About this report, page 25	Fully
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	About this report, page 25	Fully
GRI Content Index			
3.12	Table identifying the location of the standard disclosures in the report	GRI content index, page 104	Fully
Assurance			
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organisation and the assurance provider(s)	Independent assurance statement, page 102	Fully
Governance			
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight	Governance of sustainability, page 22	Fully
4.2	Indicate whether the chair of the highest governance body is also an executive officer (and, if so, their function within the organisation's management and the reasons for this arrangement)	Governance of sustainability, page 22	Fully
4.3	For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members	Corporate governance report, page 90, Integrated report	Fully
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Corporate governance report, page 91, Integrated report	Fully
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance)	Remuneration report, page 94, Integrated report	Fully
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided	Corporate governance report, page 73, Integrated report	Fully
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity	Corporate governance report, page 84, Integrated report	Fully
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation	Governance of sustainability, pages 22-23	Fully
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles	Governance of sustainability, pages 22-23	Fully

GRI content index continued

General standard disclosures		References	Reporting status
Governance <i>continued</i>			
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance	Corporate governance report, page 71, Integrated report	Fully
Commitments to external initiatives			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	Governance of sustainability, page 24; Operational excellence, page 40	Fully
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses	Our stakeholders, pages 19-21	Fully
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations	Our stakeholders, pages 19-21	Fully
4.14	List of stakeholder groups engaged by the organisation	Our stakeholders, pages 17-21	Fully
4.15	Basis for identification and selection of stakeholders with whom to engage	Our stakeholders, pages 17-21	Fully
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Our stakeholders, pages 17-21	Fully
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting	Our stakeholders, pages 17-21	Fully

Indicator	Material aspect	References	Reporting status
Economic			
Management approach		Economic performance, page 67	Fully
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	Economic performance, pages 67-68; Financial statements and other information, page 117, Integrated report	Fully
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	Economic performance, page 68 Our global context, page 13	Partially
EC3	Coverage of the organisation's defined benefit plan obligations	Remuneration report, page 94, Integrated report, Financial statements and other information, page 117, Integrated report	Partially
EC4	Significant financial assistance received from government	Not reported	Not reported
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Not reported	Not reported
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation	Supply chain and responsible procurement, page 65 Economic performance, page 68 Communities, page 56	Partially
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	Not reported	Not reported
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind, or pro bono engagement	Communities, pages 55-57 Economic performance, pages 67-68	Partially
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	Economic performance, pages 67-68 Communities, pages 54-57	Fully

GRI content index continued

Indicator	Material aspect	References	Reporting status
Environmental			
Management approach		Forests, page 28; Water, biodiversity and ecosystems, page 33; Energy and climate change, page 37; Operational excellence, page 40; Supply chain and responsible procurement, page 63; Products, page 59	
EN1	Materials used by weight or volume	Operational excellence, page 42; Supply chain and responsible procurement, page 62; Consolidated performance data, page 96	Partially
EN2	Percentage of materials used that are recycled input materials	Supply chain and responsible procurement, page 62	Partially
EN3	Direct energy consumption by primary energy source	Energy and climate change, page 38; Consolidated performance data, page 98	Fully
EN4	Indirect energy consumption by primary source	Energy and climate change, page 38; Consolidated performance data, page 98	Fully
EN5	Energy saved due to conservation and efficiency improvements	Energy and climate change, page 38	Fully
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	Energy and climate change, page 38	Fully
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	Energy and climate change, page 38; Supply chain and responsible procurement, page 65	Fully
EN8	Total water withdrawal by source	Operational excellence, page 42; Consolidated performance data, page 99	Fully
EN9	Water sources significantly affected by withdrawal of water	Operational excellence, pages 41-42	Partially
EN10	Percentage and total volume of water recycled and reused	Consolidated performance data, page 99	Partially
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Forests, pages 29-30 Water, biodiversity and ecosystems, pages 34-35	Fully
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Forests, pages 29-30 Water, biodiversity and ecosystems, pages 34-35	Partially
EN13	Habitats protected or restored	Forests, pages 29-30 Water, biodiversity and ecosystems, pages 34-35	Fully
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	Forests, pages 29-30 Water, biodiversity and ecosystems, pages 34-35	Fully
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	Not reported	Not reported
EN16	Total direct and indirect greenhouse gas emissions by weight	Energy and climate change, page 38	Fully
EN17	Other relevant indirect greenhouse gas emissions by weight	Energy and climate change, page 38	Fully
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	Energy and climate change, page 38; Supply chain and responsible procurement, page 65	Fully
EN19	Emissions of ozone-depleting substances by weight	Consolidated performance data, page 100	Fully

GRI content index continued

Indicator	Material aspect	References	Reporting status
Environmental <i>continued</i>			
EN20	NOx, SOx, and other significant air emissions by type and weight	Operational excellence, page 43; Consolidated performance data, page 99	Fully
EN21	Total water discharge by quality and destination	Operational excellence, page 42; Consolidated performance data, page 99	Partially
EN22	Total weight of waste by type and disposal method	Operational excellence, page 41; Consolidated performance data, page 100	Fully
EN23	Total number and volume of significant spills	Operational excellence, page 43	Fully
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	Operational excellence, page 41; Consolidated performance data, page 100	Partially
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff	Not reported	Not reported
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Products, pages 59-61; Operational excellence, pages 40-43; Energy and climate change, pages 37-38	Fully
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	Not reported	Not reported
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Governance of sustainability, page 24	Fully
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce	Supply chain and responsible procurement, page 65	Fully
EN30	Total environmental protection expenditures and investments by type	Energy and climate change, page 38	Partially
Labour			
Management approach			Fully
LA1	Total workforce by employment type, employment contract, and region, broken down by gender	People, page 46	Partially
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region	Not reported	Not reported
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	People, page 45	Partially
LA4	Percentage of employees covered by collective bargaining agreements	People, page 46	Partially
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	Not reported	Not reported
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Not reported	Not reported
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Safety and health, page 50	Partially
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	Safety and health, page 50; Communities, page 55	Fully
LA9	Health and safety topics covered in formal agreements with trade unions	Not reported	Not reported
LA10	Average hours of training per year per employee by gender, and by employee category	People, page 46	Partially

GRI content index continued

Indicator	Material aspect	References	Reporting status
Labour continued			
LA11	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	People, page 46	Partially
LA12	Percentage of employees receiving regular performance and career development reviews, by gender	Not reported	Not reported
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	People, page 46	Partially
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Not reported. In line with our philosophy of encouraging diversity and excluding discrimination, we provide equal opportunity for men and women in the Group. It is our intent that there be no disparity between the remuneration of men and women, but this is not currently monitored.	Not reported
Human rights			
Management approach			Fully
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening	Not reported as this information is not collated. Respect for human rights is a core value of the Group and is considered as part of all significant due diligence processes undertaken by the Group. However, this parameter is not formally measured or reported on.	Not reported
HR2	Percentage of significant suppliers contractors, and other business partners that have undergone human rights screening, and actions taken	Not reported. Respect for human rights is considered to be a core value of the Group and is considered in the appointment of contractors and suppliers. A code of conduct is provided to all contractors and suppliers and Mondi expects them to adhere to this. However, this parameter is not formally measured or reported on.	Not reported
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	Not reported	Not reported
HR4	Total number of incidents of discrimination and corrective actions taken	Not reported	Not reported
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights	Not reported	Not reported
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour	Not reported	Not reported
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour	Not reported	Not reported
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations	Not reported	Not reported
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken	Communities, page 54	Fully

GRI content index continued

Indicator	Material aspect	References	Reporting status
Social			
Management approach		Communities, page 54	Fully
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Communities, page 54	Partially reported
SO2	Percentage and total number of business units analysed for risks related to corruption	Not reported	Not reported
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures	Not reported	Not reported
SO4	Actions taken in response to incidents of corruption	Governance of sustainability, page 24	Fully
SO5	Public policy positions and participation in public policy development and lobbying	Governance of sustainability, page 24; Supply chain and responsible procurement, page 64; Operational excellence, page 43	Fully
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	Governance of sustainability, page 24	Fully
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	Governance of sustainability, page 24	Fully
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Governance of sustainability, page 24	Fully
Product responsibility			
Management approach		Products, page 59	Fully
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	Products, pages 59-61	Partially
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes	Products, page 61	Fully
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	Products, pages 58-61	Partially
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	Products, page 61	Fully
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Products, page 59; Business reviews, page 73	Partially
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	Not reported	Not reported
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes	Products, page 61	Fully
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Products, page 61	Fully
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	Products, page 61	Fully

Glossary of terms

Action2020	Led by the WBCSD, its member companies and in partnership with the Stockholm Resilience Centre and the World Resources Institute, Action2020 is a platform that sets the agenda for business action on sustainability to 2020 and beyond.
Aichi Targets	An ambitious series of goals which seek to halt the loss of biodiversity to ensure that by 2020 ecosystems are resilient and continue to provide essential services.
Arkhangelsk	Also 'Archangel', a city and the administrative centre of Arkhangelsk Oblast, in the north of European Russia.
AOX	Adsorbable organic halogen (AOX) compounds is a metric for emissions to water and is measured in tonnes.
ART	Anti-retroviral treatment
BAT	Best Available Technique. Technically and economically feasible environmental technology that is efficient and advanced, generally to reduce emissions and the impact on the environment as a whole. The BAT comparisons in the environment section are calculated based on the BAT values as defined by IPPC (The European Integrated Pollution Prevention and Control Bureau) in the 'Reference Document on Best Available Technique for the Pulp and Paper Industry'
BBBEE	Broad-based black economic empowerment
BITC	Business in the Community, a UK-based, business-led charity, focused on promoting responsible business practices.
Blue water footprint	The consumption of potable, surface, second-class and groundwater.
CEVKO	An environmental NGO in Turkey focused on packaging waste recovery and recycling.
CDLI	CDP recognises companies with high-quality disclosure as top scoring companies in the their FTSE 350 Climate Disclosure Leadership Index where scores are calculated according to a standardised methodology which measures whether and how well a company responds to each question.
CDP	CDP is an international not-for-profit organisation providing a global system for companies to measure, disclose, manage and share information on carbon, water, forests and supply chain.
CEP	Community engagement plans (CEPs) provide the basis of our engagement and support for local communities and are updated manually by our mills.
CEPI	The confederation of European paper industries (CEPI) is a Brussels-based not-for-profit organisation regrouping the European pulp and paper industry, monitoring and analysing activities and initiatives in the areas of industry, environment, energy, forestry, recycling and competitiveness in general, and providing a unique source of information both for and on the industry. It has 19 member countries and represents some 550 pulp, paper and board producing companies across Europe and 1,000 paper mills, together representing 25% of world production.
CFCs	Chlorofluorocarbons
CITES	The Convention of International Trade in Endangered Species (CITES) is an international agreement between governments with the aim of ensuring that international trade in specimens of wild animals and plants does not threaten their survival.
CoC	Chain-of-Custody (CoC) is a tracking system that allows manufacturers and traders to demonstrate that timber comes from a forest that is responsibly managed in accordance with credible standards.
COD	Chemical oxygen demand (COD) is a measure of the oxygenconsuming capacity of inorganic and organic matter present in the waste water. It is a metric for emissions to water and is measured in tonnes.

CO₂e	GHGs are often compared on the basis of their estimated potential to cause global warming. Factors can be used to convert a quantity of non-CO ₂ GHG (such as CH ₄ or N ₂ O) into an amount of CO ₂ with an equivalent warming potential. Of importance in the pulp and paper industry, CH ₄ and N ₂ O emissions are considered. Every gram of CH ₄ is equivalent to 21 grams of CO ₂ and each N ₂ O gram is equivalent to 310 grams of CO ₂ . Total GHG emissions can be calculated as the sum of several GHGs expressed as the equivalent amount of CO ₂ , abbreviated as CO ₂ e.
Contact water	The sum of all water volumes used on the production site for use in processes, for washing and as product input; for sanitary purpose and for non-industrial operations (e.g. in kitchens, toilets and bathrooms); and for use in boilers for steam production.
Controversial sources	A term commonly used in the public domain in our industry. Mondi defines controversial sources as wood that is illegally harvested, in violation of traditional and civil rights, harvested in forest management units in which high conservation values are threatened by management activities, harvested in areas in which forests are being converted to plantations or non-forest use or harvested from forests in which genetically modified trees are planted.
Converting operations	Operations for the conversion of corrugated packaging, industrial bags, extrusions coatings, release liner, consumer packaging and advanced films.
CoP	Business participants in the UN Global Compact commit to issue an annual Communication on Progress (CoP), a public disclosure to stakeholders (e.g., investors, consumers, civil society, governments, etc.) on progress made in implementing the ten principles of the UN Global Compact, and in supporting broader UN development goals.
CSI	Corporate social investment
DLC	Dual listed company
Ecosystem services	Services that are generated by the natural environment, which enhance human wellbeing, and are directly used by people.
EMP	Ecosystem management plan
EN	Ecological network
ERM CVS	Environmental Resources Management Certification and Verification Services
EU ETS	European Union's Emissions Trading Scheme
EUTR	The EU Timber Regulation (EUTR) came into force on 3rd March 2013, making it illegal to place illegally harvested timber and timber products on the EU market.
FABI	Forestry and Agricultural Biotechnology Institute (FABI) aim is to help the development of novel food and fibre crops that will contribute to global economic development and food security.
FAO	Food and Agriculture Organization (FAO) of the United Nations' mandate is to raise levels of nutrition, improve agricultural productivity, better the lives of rural populations and contribute to the growth of the world economy.
Food4Forests	A social initiative by Mondi in South Africa to deliver nutritious meals to forestry contractors every day.
FSA	Forestry South Africa (FSA) is South Africa's premier and largest forestry organisation representing growers of timber in South Africa. The association has over 90% of all registered timber growers as members (over 2,500 members).
FTSE4Good	The FTSE4Good Index Series has been designed to objectively measure the performance of companies that meet globally recognised corporate responsibility standards.
FSC®	Forest Stewardship Council (FSC®) is an international not for-profit, multi-stakeholder organisation established in 1993 to promote socially and environmentally responsible management of the world's forests by way of standard setting, third party certification and labelling of forest products.

Glossary of terms continued

FSC® Controlled Wood Standard	A FSC standard for wood procurement which ensures due diligence in meeting legal compliance and no deforestation.
GIS	Geographic information system (GIS) is a system designed to capture, store, manipulate, analyse, manage, and present all types of spatial or geographical data.
Global Footprint Network	A independent think tank based in the United States, Belgium and Switzerland which develops and promotes tools for advancing sustainability, including the Ecological Footprint and biocapacity, which measure the amount of resources we use and how much we have. These tools aim at bringing ecological limits to the centre of decision-making.
GM	Genetically modified
Green water footprint	The consumption of rainwater stored in vegetation or soil as moisture. Water consumption during fibre growth in forests is counted and reported as green water.
Grey water footprint	The volume of fresh water required to assimilate the load of pollutants based on existing ambient quality standards.
GRI	The Global Reporting Initiative (GRI) is a not-for-profit organisation that produces one of the world's most prevalent standards for sustainability reporting.
HCFCs	Hydrochlorofluorocarbons
HCV	High conservation value (HCV) areas are critical areas in a landscape, which need to be appropriately managed in order to maintain or enhance high conservation values.
HCV RN	HCV Resource Network (HCV RN) is a global network which promotes a practical, consistent approach to HCV methodology.
IFL	An Intact Forest Landscape (IFL) is an unbroken expanse of natural ecosystems within the zone of current forest extent, showing no signs of human activity and large enough that all native biodiversity, including viable populations of wide-ranging species, could be maintained. For more information see www.intactforests.org .
ILO	The International Labour Organization (ILO) is a United Nations agency dealing with labour issues, particularly international labour standards, social protection, and work opportunities for all.
ISO 14001	International standard created by the International Standards Organisation (ISO) for formal and certified environmental management systems.
JSE	Johannesburg Stock Exchange Limited
JSE SRI	The Johannesburg Stock Exchange Socially Responsible Investment Index (JSE SRI) was launched in response to the debate around sustainability globally and particularly in the South African context.
Komi	The Komi Republic is a federal subject of Russia (a republic) situated to the west of the Ural mountains, in the north east of the East European Plain. Its capital is the city of Syktyvkar.
KPI	Key performance indicator
Land claims	Land claims in South Africa stem from a complex legacy of state-led forestation and forced removals of indigenous peoples, first initiated in 1913. The 1994 Restitution of Land Act aims to redress the deprivation of many indigenous South Africans of their rightful heritage. Restitution can take one of three forms including restoration of land, payment of compensation, or a combination of the two.
Life-altering injuries	Injuries that would change the injured person's life, such as permanent impairments.
LOPC	Loss of Primary Containment (LOPC) is an unplanned or uncontrolled release of any material from primary containment, including non-toxic and non-flammable materials (e.g. steam, hot condensate, nitrogen, compressed CO ₂ or compressed air).

LTI	Lost-time injuries
MADD	Making a Difference Day, Mondi's annual employee engagement initiative
MENP	Mondi Ecological Network Programme
MWP	Mondi Wetlands Programme (MWP) is a joint programme between WWF (SA), the Wildlife and Environmental Society of South Africa, the Mazda Wildlife Fund and Mondi Limited. It has been the most successful non-governmental wetland conservation programme in South Africa.
NGO	Non-governmental organisation
NGP	New Generation Plantations (NGP) platform collects knowledge and good practices in plantation forestry in order to promote better plantation management.
NOx	Nitrogen oxide
OHSAS 18001	An internationally applied British standard for occupational health and safety management systems.
PAMSA	The Paper Manufacturers Association of South Africa
Paper for recycling	Formerly known as 'recovered paper', is a new term used by CEPI to highlight the intended use of this secondary raw material for paper recycling only. It is defined as natural fibre-based paper suitable for recycling; consisting of paper in any shape or product made predominantly from paper, which may include other constituents that cannot be removed by dry sorting, such as coatings, laminates, spiral bindings, etc.
Papyrus	Papyrus AB is a European wide packaging and paper company based in Sweden.
PDI	Previously disadvantaged individuals, a term used in South Africa in the context of Black Economic Empowerment (BEE), a programme launched by the South African government to redress the inequalities of Apartheid by giving certain previously disadvantaged groups (Blacks, Coloureds, Indians, etc.) of South African citizens economic privileges previously not available to them.
PEFC™	Programme for the Endorsement of Forest Certification (PEFC™) is an international not-for-profit nongovernment organisation dedicated to promoting sustainable forest management through independent third party certification.
PPE	Protective personal equipment
Proto team	Mondi's proto teams consist of specifically trained fire fighting crew members that are transported on our initial reaction fire fighting vehicles, with the aim of containing a fire as quickly and as safely as possible.
Recovered paper	See 'paper for recycling'
Resilient landscapes	Production landscapes where there is a mosaic of commercial and natural ecosystems that have the capacity to recover from disturbances such as climate change, intensive management, poverty induced overuse, drought, fire, floods, pests and disease.
SAVE FOOD	A campaign supported by the UN Food and Agriculture Organisation, the UN Environment Programme and interpack to address challenges related to global food waste.
SDMS	Sustainable Development Management System (SDMS) is used to govern our approach to sustainability and implement our sector policies
Scope 1 emissions	Total GHG emissions from sources owned or controlled by Mondi and its subsidiaries of the Group boundaries. This includes CO ₂ e from fossil fuels and processes, company leased/owned vehicle, waste and waste-water treatment, from make-up chemicals, and from other GHG gases.

Glossary of terms continued

Scope 2 emissions	Total GHG emissions from sources that are related to generation of purchased energy outside the company boundaries (no other GHG considered but CO ₂ e).
Scope 3 emissions	Total GHG emissions from business travel; raw materials; transport of products and raw materials; and employee commuting.
SEAT	Socioeconomic assessment toolbox process
SHE	Safety, health and environment
Silver Taiga	A Komi Republic regional NGO founded in 2002 on the basis of WWF which is implementing the Komi Model Forest, Forest Village and High Conservation Value Forests projects in Komi (Russia). The founder of the Silver Taiga Foundation is the Swiss Agency for Development and Cooperation (SDC) of the Swiss government.
Silviculture	The growing and cultivation of trees.
Speakout	Mondi's confidential reporting hotline and whistleblowing programme.
Specific	Measurement of emissions or consumption calculated based on tonnes per tonne of saleable production.
Stand	An easily defined area of the forest that is relatively uniform in species composition or age and can be managed as a single unit.
TFD	The Forests Dialogue (TFD) is a group of individuals from diverse interests and regions, committed to conservation and sustainable use of forests.
TRCR	Total recordable case rate (TRCR) is calculated as the number of total recordable cases (the sum of fatalities, lost-time injuries, restricted work cases, medical treatment cases and occupational diseases) divided by the number of hours worked per 200,000 man hours.
TRS	Total reduced sulphur (TRS) compounds are the sum of the following reduced malodorous sulphur compounds generated in the pulping process: hydrogen sulphide, methyl mercaptan, dimethylsulphide and dimethyldisulphide expressed as sulphur. It is a metric for emissions to air and is measured in tonnes.
UNEP	United Nations Environmental Programme (UNEP) provides leadership and encourages partnerships in caring for the environment by inspiring, informing and enabling nations and people to improve their quality of life, without compromising future generations.
UNGC	United Nations Global Compact (UNGC) is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption.
WBCSD	World Business Council for Sustainable Development (WBCSD) is a chief executive officer-led, global association of some 200 international companies dealing exclusively with business and sustainable development.
WIA	Water impact assessments
WRI	World Resources Institute (WRI) is a global environment think tank that goes beyond research to put ideas into action with projects working on aspects of global climate change, sustainable markets, ecosystem protection and environmentally responsible governance.
WWF	WWF is an international non-governmental organisation working on issues regarding the conservation, research and restoration of the environment, formerly named the World Wildlife Fund.

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Integrated report and financial statements 2014

www.mondigroup.com/ir14

Working together for a sustainable future 2014

Mondi's response to global sustainability issues at

www.mondigroup.com/sdpublication14

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