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27 July 2010

H.E. Ban Ki-moon
Secretary-General
United Nations
New York, NY 10017
USA

Dear Mr. Secretary-General,

I am pleased to submit to you our first Communication on Progress (COP) that describes our company's efforts to implement the ten principles of the Global Compact with respect to human rights, labour, environment and anti-corruption.

We remain committed to making the Global Compact and its principles part of the strategy, culture and day-to-day operations of our company and have made a clear statement of this commitment to our stakeholders and the general public.

Sincerely yours,

DAVID HATHORN

GROUP CEO

Mondi Ltd Registration N°1967/01303806 / Mondi plc Registered in England & Wales, Registered N° 06209386

Directors: D M Williams (Joint Chairman)* M C Ramaphosa (Joint Chairman) D A Hathorn (CEO)+ A C W King (CFO)+*
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Mondi's Communication on Progress (COP) of the UN Global Compact's Ten Principles 2009

Mondi is an integrated paper and packaging producer employing 31,000 people across 31 countries worldwide. Being a good corporate citizen is fundamental to our aim of being the world's best-performing paper and packaging business. As a signatory of the UN Global Compact, Mondi demonstrates its commitment to improving its sustainable development performance by ensuring that its ten principles are embedded in what we do for the environment, the communities in which we work and society at large, thereby securing continued access to resource materials in a resource-constrained world and maintaining our license to operate within our host communities. We furthermore encourage our suppliers, customers and business partners to work in accordance with these principles.

Our sustainable development management system is the mechanism for ensuring strong sustainability governance throughout our operations and implementing our sector sustainability policies. Our sustainable development policies, standards and performance requirements provide an appropriate basis for meeting the requirements of a number of selected external standards and commitments, including, but not limited to, the United Nations Universal Declaration of Human Rights and the United Nations Global Compact (<http://www.mondigroup.com/desktopdefault.aspx/tabid-1491/>). These systems are monitored and reviewed on a regular basis to ensure that they remain current and appropriate to the nature and scale of our operations.

The following report provides a summary of Mondi's activities in relation to and progress in implementing the UN Global Compact's Ten Principles. In addition, Mondi also meets the minimum requirements for a notable COP as is demonstrated in Attachment A. Mondi's detailed COP can be found at <http://www.mondigroup.com/desktopdefault.aspx/tabid-1303/>.

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights ; and

Principle 2: Businesses should make sure they are not complicit in human rights abuses

All operations over which Mondi has control are conducted in an ethical manner that support and protect the rights and interests of all human beings (as set out in the Universal Declaration of Human Rights) associated with Mondi (<http://www.mondigroup.com/desktopdefault.aspx/tabid-46>).

Employees' and contractors' working conditions are required to be compliant with national legislation and, where this is deemed to be insufficient, with the relevant International Labour Organisation (ILO) Standards. Systems are in place to ensure that the Articles of the United Nations Universal Declaration of Human Rights are assessed, prioritised and implemented as they apply to Mondi's sphere of influence. This means that no inhumane treatment of employees is accepted, including any form of forced labour, physical punishment or other abuse.

We actively engage with our communities in which we operate, respecting the cultural values and rights of indigenous people and local communities, recognising the sensitivities involved in addressing issues that relate to the cultural heritage of indigenous communities and ensuring that any matters are handled in a spirit of respect, trust and dialogue. This means that no form of coercion is used in violation of the human rights and fundamental freedom of indigenous peoples and no operation is complicit in the violation of these same rights. We respect and recognise the rights of ownership and possession of indigenous peoples over the lands and territories which they traditionally occupy and use for their subsistence and traditional activities. A practical example of how we are demonstrating this commitment in South Africa can be found at <http://www.mondigroup.com/desktopdefault.aspx/tabid-1499>.

A confidential complaints system, Speakout, is in place to allow employees and personnel external to the operations to make complaints regarding any perceived infringement of their rights.

More information on Speakout can be found at

<http://www.mondigroup.com/desktopdefault.aspx/tabid-1615/>.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the rights to collective bargaining

Mondi's Global employment policy commits us to respect the right of all employees and contractors to form and join trade unions of their choice and to bargain collectively. In those situations in which the right of freedom of association and collective bargaining are restricted under law, we aim to facilitate parallel means of independent and free employee representation. We also ensure that employee representatives are not the subject of discrimination and that representatives have access to their members in the workplace (<http://www.mondigroup.com/desktopdefault.aspx/tabid-46/>).

Principle 4: Businesses should support the elimination of all forms of forced and compulsory labour

Our Global Employment Policy commits us to not tolerate any inhumane treatment of people working for us, including any form of forced labour, physical punishment or other abuse (<http://www.mondigroup.com/desktopdefault.aspx/tabid-46/>).

Principle 5: Businesses should support the effective abolition of child labour

Mondi prohibits the use of child labour in any form. We do not employ anyone below the age of 15 or the local minimum employment or mandatory schooling age, whichever is higher (some operations in certain countries might have a higher minimum age). Mondi also prohibits the procurement of goods or services from suppliers who use child labour in any manner (<http://www.mondigroup.com/desktopdefault.aspx/tabid-46/>).

Principle 6: Businesses should support the elimination of discrimination in respect of employment and occupation

Mondi promotes workplace equality and seeks to eliminate all forms of unfair discrimination. Equitable processes for recruitment, promotion and remuneration are in place, which ensure employment and promotion on the basis of job requirements and merit, and which support the establishment of a diverse workforce and ensure that all employees and employment applicants are treated equally irrespective of race, colour, sex, sexual orientation, religion or belief, family circumstances, political opinion, trade union membership, age, nationality or disability (<http://www.mondigroup.com/desktopdefault.aspx/tabid-46/>).

In South Africa, our industry reflects wide social disparities, particularly a lack of key skills among black South Africans and their economic participation in the country's future. Mondi is addressing these imbalances, by tracking and reporting on our Broad Based Black Economic Empowerment (BBBEE) performance and reporting and monitoring detailed Employment Equity progress with the South African Department of Labour. As a signatory to the Forest Sector Transformation Charter, we also accept the need for additional, focused 'interventions' to address imbalances in our sector

[\(http://www.mondigroup.com/desktopdefault.aspx/tabid-842/\)](http://www.mondigroup.com/desktopdefault.aspx/tabid-842/)

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges

Mondi actively strives for recognized best environmental performance in our operations. In order to achieve this, we apply a precautionary approach in our decision-making and integrate environmental principles into our business strategy as outlined in our Environmental Policy

http://www.mondigroup.com/PortalData/1/Resources/sustainability/pdf_downloads/SDMS_POLICIES_PY-03_JANUARY_2010.pdf).

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility; and

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies

Our operating sites are required to identify and implement integrated environmental technology, including Best Available Techniques (BAT) and cleaner production methods, in order to reduce the consumption of raw materials and emissions with environmental impacts. We adhere to the principles of Cleaner Production, defined by the United Nations Environment Programme as the continuous application of an integrated preventative environmental strategy to processes, products and services, to increase overall efficiency and reduce risks to humans and the environment.

Our forestry operations are required to demonstrate active stewardship of land, freshwater systems and biodiversity. We identify and protect High Conservation Value (HCV) areas and strive to maintain or

enhance the critical environmental and social values of the associated ecosystems

(<http://www.mondigroup.com/desktopdefault.aspx/tabid-32/>).

To ensure that we remain abreast of international best practices, we promote strong relationships with Government, Non Governmental Organizations (NGOs), local communities and relevant stakeholders and we support transparency and a willingness to engage on sustainability issues. We also promote and supporting forest research, including natural ecosystem research.

These requirements are set out in our policies, which can be found at:

[http://www.mondigroup.com/PortalData/1/Resources/sustainability/pdf_downloads/SDMS_POLICIES PY-03 JANUARY 2010.pdf](http://www.mondigroup.com/PortalData/1/Resources/sustainability/pdf_downloads/SDMS_POLICIES_PY-03_JANUARY_2010.pdf)).

Some examples of how we are practically implementing initiatives to reduce our impact on the environment can be found at <http://www.mondigroup.com/desktopdefault.aspx/tabid-1541/>.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Mondi is implacably opposed to corruption and illegal practices in all their forms and does not offer, pay or accept bribes or gifts or condone anticompetitive practices in its dealings with governments and in the marketplace. We do not tolerate any such activity by our employees and those with whom we do business. We do not become involved in any improper political activities and we do not make political donations or incur political expenditure. Mondi has adopted a Code of Business Ethics, which applies throughout the Group and sets clear principles for the conduct of the Group's business activities. More on our Code of Business Ethics can be found at:

<http://www.mondigroup.com/desktopdefault.aspx/tabid-1487>.

All Mondi employees, contractors and external parties are encouraged to raise any genuine concern about suspected misconduct or malpractice, including bribery, facilitation payments, extortion and money laundering provisions, ethical misconduct or any perceived infringement of their rights, by way of our confidential complaints system, Speakout. All complaints are impartially and fairly addressed and Mondi provides appropriate arrangements to ensure that no form of retribution, harassment or

discrimination takes place as a result of a raised concern. More information on Speakout can be found at: <http://www.mondigroup.com/desktopdefault.aspx/tabid-1615/>.

ATTACHMENT A

NOTABLE COP REQUIREMENTS

Requirement	COP Mondi Sustainability Report 2009
Strong statement of continued support for the UN Global Compact (a minimum of three criteria must be met in this category)	
Statement is signed by CEO or Chairperson.	Yes http://www.mondigroup.com/desktopdefault.aspx/tabid-1534/
Statement is part of COP, not a stand-alone document.	Yes http://www.mondigroup.com/desktopdefault.aspx/tabid-1534/
Reasons and/or benefits for supporting the UN Global Compact are given.	Yes http://www.mondigroup.com/desktopdefault.aspx/tabid-1534/
Statement is linked with major actions/outcomes in implementing the Global Compact principles and/or with major actions and outcomes in undertaking partnership projects.	Yes This is fully embedded in our management system and actions and outcome in support of the United Nations Global Compact's Ten Principles are detailed throughout the report.
Description of active participation at UN Global Compact events or in local networks and/or support for the initiative was expressed in public interviews or public speeches.	No
Clear and detailed description of practical actions taken in implementing the UN Global Compact principles and/or in undertaking partnership projects in support of broader UN goals (a minimum of four criteria must be met in this category)	
Commitments and actions are linked to business relevance of UN Global Compact principles ("materiality").	Yes http://www.mondigroup.com/desktopdefault.aspx/tabid-1535/ http://www.mondigroup.com/desktopdefault.aspx/tabid-1493/
Reflection on the company's sphere of influence, such as supply chain, customers, local communities, etc. and reporting boundary.	Yes http://www.mondigroup.com/desktopdefault.aspx/tabid-1531/ and http://www.mondigroup.com/desktopdefault.aspx/tabid-1522/

UN Global Compact principles are reflected in management systems, such as policy and strategy documents, monitoring system and daily processes.	Yes. Information on our sustainable development management system can be found at: http://www.mondigroup.com/desktopdefault.aspx/tabid-1491
Actions are integrated into core business processes (not a stand-alone project, not philanthropic).	Yes. More information can be found at: http://www.mondigroup.com/desktopdefault.aspx/tabid-1532
Actions are fully described in a way that allows readers to learn from and replicate them (e.g. no bullet point or check box descriptions).	Yes. Detailed case studies can be found at: http://www.mondigroup.com/desktopdefault.aspx/tabid-849/
A future plan of action (for the following year) has been outlined.	Yes. Our commitments can be found at http://www.mondigroup.com/desktopdefault.aspx/tabid-1493
Description of partnership projects in support of broad UN goals (e.g. wins for partners, type of partnership, activities, outputs and outcomes).	Yes. Details on our partnerships and membership associations can be found at: http://www.mondigroup.com/desktopdefault.aspx/tabid-1492
Measurement of outcomes that allows for checking progress (a minimum of four criteria must be met in this category)	
Performance indicators are clearly defined or a full set of standard indicators is used (GRI, Ethos institute etc.).	Yes. Our report has been developed in accordance with the Global Reporting Initiative's G3 guidelines, with Mondi declaring a B+ level of reporting. http://www.mondigroup.com/desktopdefault.aspx/tabid-1515
Performance is shown for several years, allowing a check on progress.	Yes. Our commitments can be found at http://www.mondigroup.com/desktopdefault.aspx/tabid-1493
Performance is compared to peer companies or industry sector average	Yes. Although results are not publicly reported, Mondi participates in a number of external benchmarking assessments (e.g. Storebrand and the WWF Paper Company Environmental Index), the results of which are publicly available.
The report presents positive and negative aspects of the organization's performance to enable a reasoned assessment of overall performance.	Yes. Detailed sustainability performance can be found on Mondi's web site at http://www.mondigroup.com/desktopdefault.aspx/tabid-1303/
Targets for the following year(s) are specified.	Yes. Our commitments can be found at http://www.mondigroup.com/desktopdefault.aspx/tabid-1493
The business case is made, i.e. activities and outcomes are linked to financial data.	Yes. We report on our risks and opportunities which are managed as part of the overall risk management process and are subject to an annual review.
Performance relates to the ten principles of	Yes. Mondi's performance in relation to the ten principles

the UN Global Compact, even if the emphasis is placed in the implementation of some specific principles.	can be found at http://www.mondigroup.com/desktopdefault.aspx/tabid-1303/
Reporting process ensures reliability, clarity and timeliness of information and includes stakeholder dialogue (a minimum of three criteria must be met in this category)	
Assurance: Information and processes used in the preparation of the COPs are externally assured by peer review, stakeholder audits/consultations, in-depth third party assurance based on standards, etc.	Yes. Our external auditors have provided a report, which can be found at http://www.mondigroup.com/desktopdefault.aspx/tabid-847
Dissemination and stakeholder engagement: COP is actively shared with relevant stakeholders such as employees, shareholders, suppliers, customers, local communities, financial analysts, civil society organizations etc. and special efforts for stakeholder engagement are described.	Yes. Detailed information is provided on the Mondi web site at http://www.mondigroup.com/desktopdefault.aspx/tabid-1303/
Clarity of COP: Information is made available in a manner that is understandable and accessible to stakeholders using the report.	Yes. Mondi's COP is available on the Mondi web site.
Timeliness of COP: The publication of the COP is aligned with the sustainability reporting schedule or the COP is posted on the UN Global Compact website no later than six months after the end of reporting period.	Yes.