Mondi Group
Sustainable Development
report 2019

SUSTAINABLE by DESIGN

makes us MONDi

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Mondi is a leading global packaging and paper group employing around 26,000 people across more than 30 countries.

We are contributing to a better world by making innovative, sustainable packaging and paper solutions, working with thousands of local and global brands using paper where possible, plastic when useful. Our clear strategy and business model, manufacturing excellence and customer-centric approach to sustainable solutions help us to create long-term value for the benefit of all our stakeholders.

This report provides a comprehensive overview of our approach to sustainable development and our performance in 2019 across our 10 Growing Responsibly Action Areas. ERM CVS has provided assurance on selected information and key performance indicators and confirmed the report is in accordance with the Global Reporting Initiative (GRI) Standards: Core option.

External recognition

Our sustainability performance has been disclosed in or received recognition by a number of external corporate ratings and indices, including:

CDP
→ A- score for Climate Change and Forests
→ A score for Water security

MSCI
→ ESG Rating AAA

ISS-oekom
→ Prime status in the ISS-oekom Corporate Rating indices

FTSE4Good
→ Member of the FTSE4Good Index Series

Ethibel Sustainability Index (ESI)
→ Constituent of the ESI Excellence Europe

Euronext Vigeo Indices
→ UK 20
→ Europe 120

Ecovadis
→ GOLD recognition level
→ Top 1% of all companies

FTSE/JSE Responsible Investment Index
→ Constituent of the FTSE/JSE Responsible Investment Top 30 Index

ECPI Indices
→ Constituent of ECPI Indices

EcoAct
→ Ranked fifth FTSE 100 company

What's inside

Overview

Action Areas

Performance

OVERVIEW

Managing forests to tackle the climate crisis

Managing forests to tackle the #CLIMATECRISIS

2020 is set to be a critical year in terms of climate action. Momentum is building against a backdrop of the UN Sustainable Development Goals (SDGs) and businesses setting science-based targets to curb their emissions. But reducing emissions is just one part of the story. Here, we discuss the crucial nexus between forests, freshwater ecosystems and climate change, and how we are integrating all three issues to manage our risks and enhance the vital role of forests in tackling the climate crisis.

Managing forests to tackle the climate crisis

In 2019, the world woke up to the urgency of climate change. As an unprecedented wave of climate activism saw the emergence of a new language, the climate crisis is now firmly established in the public consciousness. Combined with extreme weather events and natural disasters around the world – from drought and flooding to forest fires – and warnings from the increasingly vocal scientific community, the urgency of action is evident.

The UN's Intergovernmental Panel on Climate Change (IPCC) 2018 Report[1] stated that we have just 12 years to act if we are to keep temperature increase to below 1.5°C. Beyond this, the impacts for our planet and communities will be exacerbated. But even if all current unconditional commitments under the Paris Agreement are implemented, temperatures are still expected to rise by 3.2°C by the end of the century.

Forests are second only to oceans as the largest global stores of carbon.[2]

Amid the agreed urgency for action, nature-based solutions to combating climate change have been widely recognised. In particular, trees and forests have been confirmed as one of the foremost solutions available. Forests are second only to oceans as the largest global stores of carbon.[2] They, and other natural ecosystems, are the best and most cost-effective carbon-capture technology available. According to CDP, up to one-third of the annual carbon mitigation needed could be achieved by addressing deforestation and forest degradation.[3]

With our packaging and paper business primarily fibre-based, we have a commitment and a responsibility to help ensure forests are protected and managed sustainably.

Forests key to managing climate change and water

The world's forests provide vital ecosystem services; they regulate climate and water cycles, provide food, shelter and an income for over a billion people, and are home to roughly 80% of the world's land-based animal and plant species.[4]

Up to 75% of the fresh water used globally for agricultural, domestic, industrial and environmental purposes comes from forests, and 90% of the world's cities rely on forested watersheds for their water supply.[5] With more than three quarters of the world population facing water insecurity, the management of forests for water is crucial.

Despite scientific understanding of the vital role of forests, deforestation continues to be a major global problem that contributes to climate change, biodiversity loss and poverty.

90%
of the world's cities rely on forested watersheds for their water supply[5]

Deforestation is responsible for some 15% of global carbon dioxide emissions annually.[6]

Globally, about half of all forest cover has been cleared or degraded.[7] Forests are further threatened by trends such as consumption growth, infrastructure expansion, and increased food production.

While climate change means that some areas will see a longer growing season, the negative impacts will include increased losses due to frequency of drought, storms and forest fires, and the expansion of pest outbreaks.

We want to understand and mitigate the impacts of our industry on fresh water resources and are working with others to meet rising demand for sustainable products made from responsibly sourced and renewable fibre while safeguarding freshwater ecosystems.

1   https://www.ipcc.ch/sr15/, Report on Global Warming, 8 October 2018
2   http://forestsolutions.panda.org/approach/forests-and-climate
3   https://www.cdp.net

4   FAO, Eleventh World Forestry Congress, 'Protective and environmental functions of forests'
5   http://www.fao.org/in-action/forest-and-water-programme/en/
6   https://www.worldwildlife.org/threats/deforestation-and-forest-degradation
7   https://www.wri.org/our-work/topics/forests

Managing forests to tackle the climate crisis

The need for a holistic approach

As countries and companies look for solutions to meet their climate targets and move toward more sustainable development pathways, new and innovative ways to protect forest landscapes are needed.

Urgent action is needed to halt deforestation and improve the resilience of the world's forests to the impacts of climate change. In its 2019 Special Report on Climate Change and Land,[8] the IPCC highlighted the key role of forests in the integrated options that will contribute to limiting global warming to 1.5°C.

We are committed to tackling the climate crisis, water and biodiversity challenges through a holistic approach that integrates responsible forest management, water stewardship and reducing emissions.

Managing the CLIMATE CRISIS

The last remaining Intact Forest Landscapes, like those in Russia, also face increasing pressure and sustainable management of secondary boreal forests is essential to ensuring their future.

Our Working Forest model acknowledges that forests take many forms around the world – from high-yield plantation forests in the south to vast tracts of lower-yield boreal forests in the north. A Working Forest is actively managed to generate revenue from sustainably produced timber and other ecosystem services and, at the same time, promote resilient landscapes that integrate productive forest areas within a robust nature conservation. Producing wood for fibre and other uses must be balanced with efforts to protect biodiversity, water and soils through sustainable management.

Managing risks across our operations and supply chain

Mondi does not source wood or fibre from regions that are at high risk of deforestation. Our primary wood sourcing regions are in South Africa, north west Russia and Europe. Our goal is to source responsibly across our entire wood supply chain, in all locations. We achieve this through our Due Diligence Management System (DDMS) which applies a risk-based approach to ensure legal compliance and address broader economic, social and environmental issues across the entire wood supply chain.

We are focused on managing impacts on watersheds across both our manufacturing and forestry operations. Pulp and paper mills have the potential to impact surrounding watersheds through the water they use and the treated waste water they return back to the watershed. Water scarcity can put constraints on the water resources used for production in our mills and this is likely to worsen with the impacts of climate change. Extended water shortages are a concern, especially in South Africa where our mill at Richards Bay uses some 20 million m³ water annually. While we have already realised many internal water recycling and reuse options, we continue to identify opportunities to reduce our water use.

In 2019, our science-based greenhouse gas (GHG) reduction targets were approved. They will drive our efforts to transition to a low-carbon economy.

As we look to the future, we are confident that sustainably managed forests – and responsibly manufactured fibre products – can play a crucial role in managing the climate crisis and meeting society's need for sustainable packaging and paper solutions.

Our operational landscapes
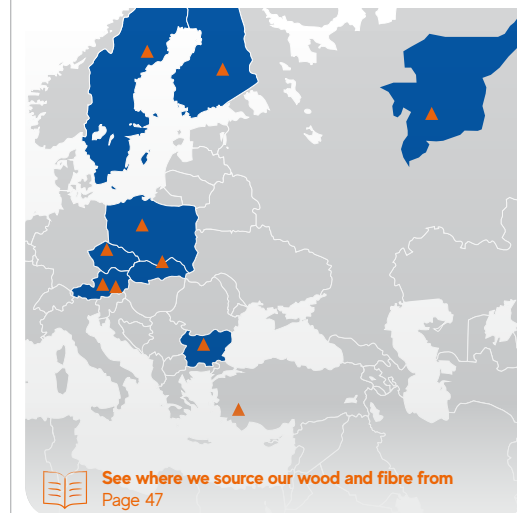
8   https://www.ipcc.ch/srccl/, Special Report on Climate Change and Land, 8 August 2019
9   https://a4ws.org

2019 headlines

Safety and health

22%
reduction in total recordable case rate (TRCR) since 2015

24-hour safety mind-set
focused on the social psychology of safety at work and at home

20,000 employees
in 14 countries can now use the Employee Assistance Programme

Two fatalities
one at our Ružomberok mill in Slovakia and one at our forestry operations in Russia

Climate change and energy

Science-based targets
formally approved covering more than 95% of Mondi's total Scope 1 and 2 emissions

15.5%
reduction in our mills' total specific CO_2e emissions since 2014

64%
mills' fuel consumption from biomass-based renewable sources

102%
electricity self-sufficiency in our mills

Local communities

€13.1m
invested in community initiatives in 2019

86%
of mills and forestry operations have conducted Socio-economic Assessment Toolbox (SEAT) assessments
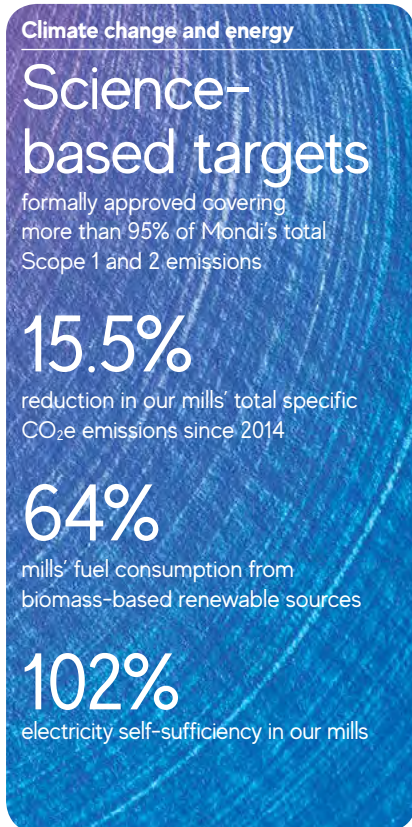
Diversity & Inclusion

30%
women across our executive committee and its direct reports

25%
women on our Board

Sustainable fibre

72%
FSC™- or PEFC™- certified wood, the remainder is controlled wood

Responsible procurement

50%
of key suppliers screened with roll out ongoing

Project Proof completed

Pre-competitive partnership project, led by Mondi, to design and prototype a plastic-based flexible packaging solution for the circular economy with 20% post-consumer waste

NEW PLASTICS ECONOMY

Global Commitment

Mondi's best practice recognised by CDP leadership scores

A- Climate change

A- Forests

A Water security

CDP
DRIVING SUSTAINABLE ECONOMIES

Committed to transparency

While waste to landfill has been reduced versus the past year, performance deteriorated in a small number of areas due to unforeseen challenges

Compared to the 2015 baseline:

1.9%
reduction of specific contact water consumption

3.0%
reduction of specific waste to landfill

7.9%
increase of specific Chemical Oxygen Demand (COD) emissions

EcoSolutions approach

Paper where possible, plastic when useful

Leadership insights on sustainability

In conversation with...

Dominique Reiniche, Chair of Mondi's Sustainable Development (SD) committee and Andrew King, Mondi Group CEO designate.

Q. Last year was a turning point in terms of public awareness of sustainability. How have you seen the public debate mature over the past year?

Dominique: From what I've seen, the sustainability agenda has grown across the board. Plastic waste is still very much in the headlines and it's clear this is not a passing fad. The climate crisis movement has gained a lot of strength and public support, through groups such as Extinction Rebellion. And we've seen a lot of concern about deforestation because of the fires in Indonesia, the Amazon and Australia. It's also great to see investors pushing for more transparency and employees becoming keenly interested in what their companies produce, and how.

Andrew: It's really good news for us that last year's plastic debate wasn't a one-off and that the discussion is becoming more mature, but there still isn't enough being done. At a policy level, there's a perception that changes have been made and it's going to be enough. It isn't. Compare it to the climate crisis. I believe the perception that policy changes and commitments would be enough led to complacency and, as a result, not enough has been done. The plastic waste problem is far from being resolved and we need to collectively take more urgent action.

Q. What do you see as the barriers to progress, and what needs to change?

Dominique: Businesses need a clear willingness to move together, not only for cost reasons but also to maximise what can be achieved. We have to push innovation to the limit and invest in R&D – progress involves trial and error and it's not risk-free. The work Mondi has done in leading Project Proof with its partners in the New Plastics Economy Initiative shows it is possible for companies, including competitors, to collaborate effectively. It is also about competition among Mondi's customers. Is anyone willing to be the first to go to market with a premium-priced product that is more sustainable?

Andrew: One of the challenges is also that as consumers we are not yet ready. As active and aware as we are, we are not yet prepared to pay a premium for a more sustainable product. It's one thing to talk about plastic being an issue but we need to follow this through with our purchasing decisions.

We need legislators and regulators to play their part too. In some areas we've seen decisive change – like the banning of some single use plastic, which is a welcome first step, but still not enough. I think plastic needs to be taxed. We have to put a true price on it, one which internalises the cost of managing its impacts.

"We are contributing to a better world by making innovative, sustainable packaging and paper solutions."

Andrew King
Group CEO designate

Leadership insights on sustainability

Dominique: Our responsibility is to stay in touch with the issues that concern stakeholders – both globally and around Mondi's operations. We have to be very honest in measuring and communicating what we are doing. By being transparent about our sustainability challenges, we have a better chance of developing the solutions.

Andrew: The way we engage our employees is key. When it comes to delivering our EcoSolutions approach with customers, it's about more than developing innovative products. It's just as important that people across the business understand why we are determined to create the most sustainable solution. It's not 'business as usual', we want our products to contribute to a better world.

But sustainability is more than sustainable products. Ensuring the wellbeing of people is of the utmost importance. We're bringing people with us on health and safety using our social psychology of safety approach. Tragically, we had two fatalities in 2019. It was a stark reminder that, while we have done a lot to reduce the risks and improve our processes, we have to do more to engage our people. We really have to change mind-sets and behaviours. This was the aim of our 'Think twice!' safety campaign in 2019, which shared true and emotional experiences from injured Mondi colleagues, in a very honest way.

"It requires a new mind-set about competition and collaboration that spans the entire value chain and includes investors, companies and consumers."

Dominique Reiniche
Chair of the Mondi Sustainable Development committee

Q. **What do you see as the biggest priority in terms of Mondi's contribution to achieving real and meaningful change?**

Andrew: For me, the big priority when we talk about contributing to a better world is successfully scaling up our EcoSolutions approach. It's great to be able to say we've launched a new product that is recyclable and avoids plastic, but did we sell enough for it to have had a significant impact in the market, and is it truly solving a problem?

Dominique: I would echo what Andrew says because I think this is our logical next step. We have to make our contributions scalable to achieve our ambitions. For the SD committee, this means supporting more stakeholder engagement and helping to find partnerships that bring fresh insights and innovations. I really think, if we are going to realise the solutions the world needs, we all have to think about our contribution differently.

Our businesses

CORRUGATED PACKAGING

We are a leading containerboard producer with an integrated, well-invested, cost-advantaged asset base. We use our containerboard to make a range of regular and bespoke corrugated solutions designed to keep our customers' products safe, and differentiate their brands in-store and online. Our cost-effective fibre-based solutions are made from a renewable resource, and are lightweight, recyclable and biodegradable.

**See our Integrated report**
Pages 68-71

Segment revenue	Underlying EBITDA
€2,014m	€583m
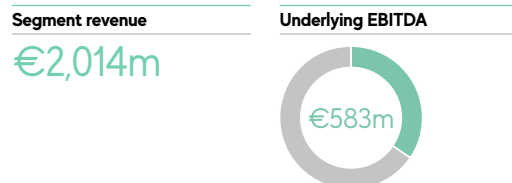
Leading market positions

#1 virgin containerboard producer in Europe

#1 containerboard producer in emerging Europe

#3 corrugated solutions producer in emerging Europe

Industry end-use includes

→ FMCG and consumer products
→ E-commerce and retail
→ Automotive, heavy-duty and other specialised applications

ENGINEERED MATERIALS

Engineered Materials brings together Mondi's leading positions and expertise across a range of specialised products. Personal care components include soft non-wovens, unique stretchy elastic films and laminates, and mechanical fastening components. Our high-performance extrusion solutions provide advanced barrier properties and our paper- and film-based release liners protect various adhesive surfaces. We focus on prioritising the responsible use of resources and, wherever possible, designing for recycling or biodegradability.

**See our Integrated report**
Pages 76-79

Segment revenue	Underlying EBITDA
€979m	€122m
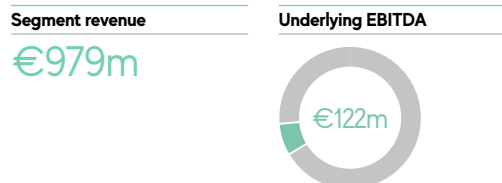
Leading market positions

#1 commercial release liner producer in Europe

#2 extrusion solutions producer in Europe

Industry end-use includes

→ Baby care, feminine care, adult incontinence, and wipes
→ Tapes, labels and graphic arts
→ Food, building and industrial applications

FLEXIBLE PACKAGING

As a global leader, we offer our customers a unique range of flexible packaging solutions using paper where possible, plastic when useful. Our world-class integrated mills produce kraft paper that we, or our customers, convert into strong yet lightweight paper bags and other paper-based solutions. We also make a variety of flexible plastic-based consumer packaging which gives our customers additional functionality when required. Wherever possible our range of flexible packaging is designed to minimise material usage, prioritise recyclability and use recycled content.

See our Integrated report
Pages 72-75

Segment revenue	Underlying EBITDA
€2,708m	€543m
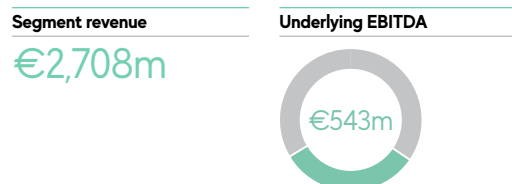
Leading market positions

#1 kraft paper producer globally

#1 paper bag producer in Europe and a global leader

#3 consumer flexible packaging producer in Europe

Industry end-use includes

→ FMCG products
→ Food service and retail
→ Cement and building materials
→ Chemicals, agricultural and other industrial

UNCOATED FINE PAPER

Our vertically integrated, well-invested, cost-advantaged paper mills make a wide range of environmentally sound office and professional printing papers, tailored to the latest digital and offset print technologies. We also manage forests in Russia and South Africa providing sustainable wood fibre for our operations. Our focus is on transforming credibly sourced raw materials into innovative paper solutions to meet customer needs in a cost-effective and sustainable way.

See our Integrated report
Pages 80-83

Segment revenue	Underlying EBITDA
€1,758m	€444m
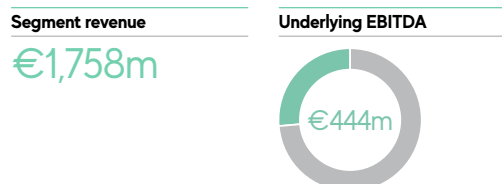
Leading market positions

#1 uncoated fine paper supplier in Europe (including Russia)

#1 uncoated fine paper producer in South Africa

Industry end-use includes

→ Paper for home and office printers
→ Paper for professional digital and analogue printing presses

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Our award winning products
Mondi won five awards at the WorldStar Packaging Awards 2020. The annual competition rewards the greatest achievements in packaging innovation and technologies worldwide, with a focus on both sustainability and end-user convenience.

The WorldStar awards are run by the World Packaging Organisation (WPO) and are considered to be the pre-eminent international awards in packaging. 2020 winners were announced in December 2019.

UpliftBox
An ingenious lifting platform that raises a product as the packaging is opened, making it ideal for promotions.

DashV1Box
Universal packaging for vehicle dashboards that reduces supply chain complexity and cost.

Stabilising System
A packaging solution that secures goods during transport, increases capacity and is fully recyclable.

Protector Bag
An easily sealable lightweight 'envelope-like' bag replacing plastic packaging used for shipping door consoles.

StripPouch
An innovative 100% recyclable mono-material pouch that uses 70% less material than rigid plastic bottles holding the same volume.

Other awards won by StripPouch
In addition to WorldStar, StripPouch also won various industry awards this year including: Kompack Green Packaging Star Award, Sustainability category winner – German Packaging Award, and is a Diamond Finalist in the 2019 Dow Packaging Innovation Awards.
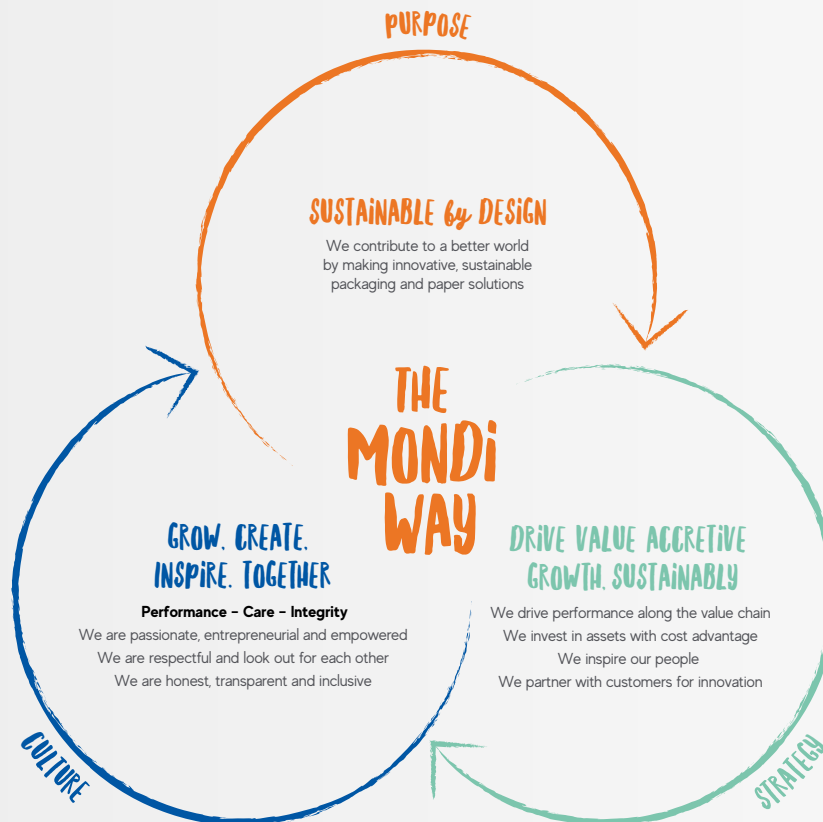
The Mondi Way

The Mondi Way

The Mondi Way shows how we link purpose, strategy and culture to drive our business forward so that we can create sustainable value today and into the future for the benefit of our stakeholders.

When our people believe in what we are doing and know how best to contribute, we can maximise our potential and contribute to a better world.

PURPOSE

SUSTAINABLE by DESIGN
We contribute to a better world by making innovative, sustainable packaging and paper solutions

THE MONDI WAY

CULTURE

GROW. CREATE. INSPIRE. TOGETHER
Performance – Care – Integrity
We are passionate, entrepreneurial and empowered
We are respectful and look out for each other
We are honest, transparent and inclusive

STRATEGY

DRIVE VALUE ACCRETIVE GROWTH. SUSTAINABLY
We drive performance along the value chain
We invest in assets with cost advantage
We inspire our people
We partner with customers for innovation

PURPOSE

This year we updated our purpose to reflect our long-term focus on being sustainable by design. There has never been a better time for us to lead the industry in demonstrating the value of responsibly managed forests in tackling climate change, the role sustainable fit-for-purpose packaging plays in reducing waste, and the exciting opportunities manufacturing can offer to the best young talent. Together we really can contribute to a better world.

STRATEGY

Mondi's strategy has a strong track record of delivering value accretive growth through the economic cycle. Sustainability has always been central to how we operate, and we have updated our strategic framework to reflect this. Our four strategic value drivers build on the competitive advantages we enjoy today and set a clear roadmap for investment and operational decisions that create sustainable value today and in the future.

📖 **See our business model**

See our Integrated report

CULTURE

We celebrate our differences, while understanding the important role culture plays in connecting, guiding and inspiring our people to achieve Mondi's purpose.

Three values 'Performance – Care – Integrity' underpin our culture, empowering our people to be passionate and entrepreneurial in a respectful and inclusive way. A recent example is our new brand look, which we co-created with colleagues from around the world to convey the passion, colour and creativity we experience every day at Mondi.

📖 **See our Integrated report**

MAXiMiSiNG the potential of our BUSINESS

Our business model: how we create and protect value

Our key resources and relationships

High-quality, well-invested, cost-advantaged integrated assets

80%
pulp & paper capacity in two lowest cost quartiles

€6.6bn
capital employed

Collaboration with customers and suppliers

9,000
customers

2,000
key suppliers

Responsible procurement of raw materials

100%
sustainably-sourced fibre (certified or controlled wood)

64%
mill fuel consumption from biomass-based renewable sources

Diverse and talented people

25,900
employees

21%
women employed across our operations

Strong financial position and cash flow generation

€1,215m
cash flow generated

BBB+/Baa1
S&P/Moody's credit ratings

Community and non-profit engagement

Numerous
strategic partnerships and memberships

86%
of mills & forestry operations completed a SEAT assessment to date

Our integrated value chain

Resins, films and other raw materials

Wood (internal and external)

Paper for recycling

Pulp and paper mills

Converting operations

Packaging and paper solutions

Recycling

Competitive advantages of our integrated business model:

→ Leading producer of paper and plastic solutions and uniquely positioned to meet sustainable packaging requirements

→ Leading market positions providing scale and ability to innovate with our customers and service key accounts

→ Well-located operations with access to competitive fibre and a high-quality, well-invested, cost-advantaged asset base

→ Vertical integration reducing exposure to price volatility, providing security of supply and production and logistics optimisation

→ Focus on excellence and driving performance along the whole value chain

→ Disciplined capital allocation and robust financial position providing strategic flexibility
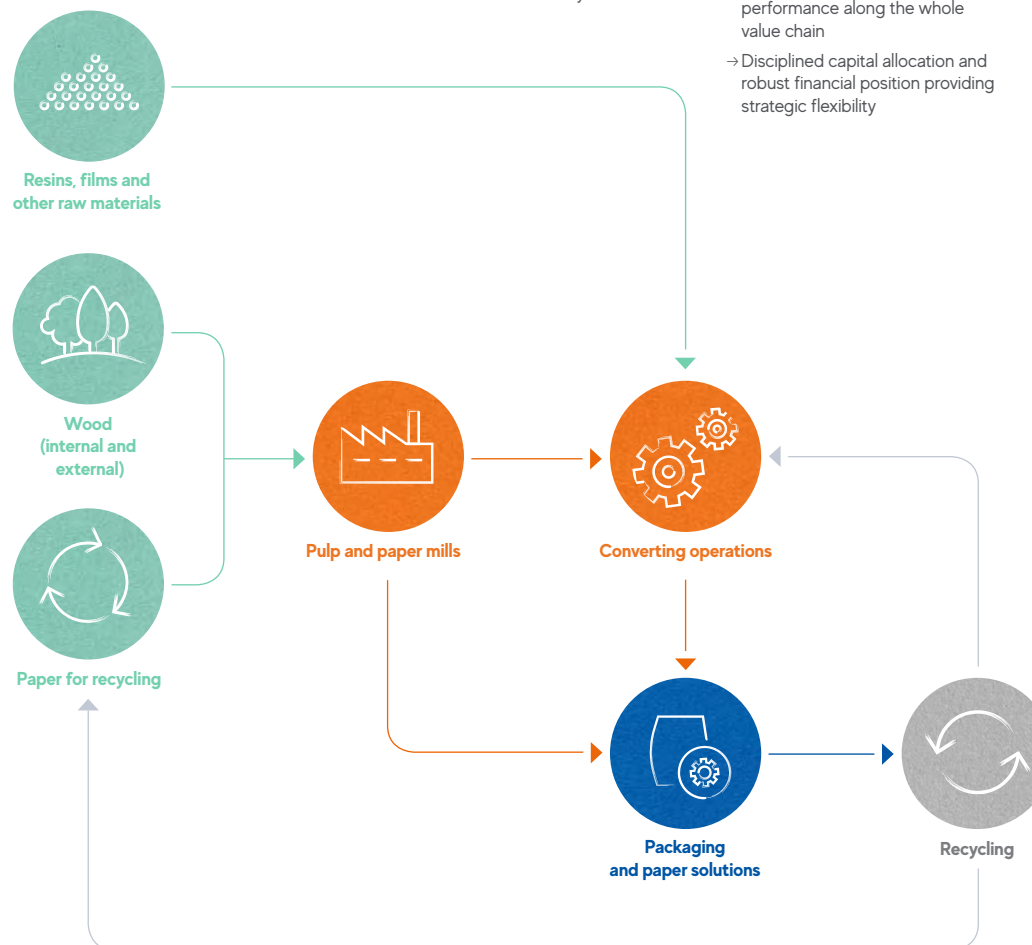
Our key outputs

High-performing operations

19.8%
ROCE

7
production records on pulp/paper machines

Innovative products and solutions

€25m
spent on research and development

5
WorldStar Packaging awards (2020)

Sustainably managed natural resources and outputs

100%
mills certified to Chain-of-Custody (CoC) standards

15.5%
reduction in specific CO_2e emissions since 2014

Inspired and skilled people

31
average annual training hours per employee

22%
reduction in total recordable case rate since 2015

Capital appreciation and dividends to shareholders

9%
increase in ordinary dividend per share

88%
five-year total shareholder return

Support to regional economies and local communities

€248m
direct taxes paid

€13m
community investments

Where we operate
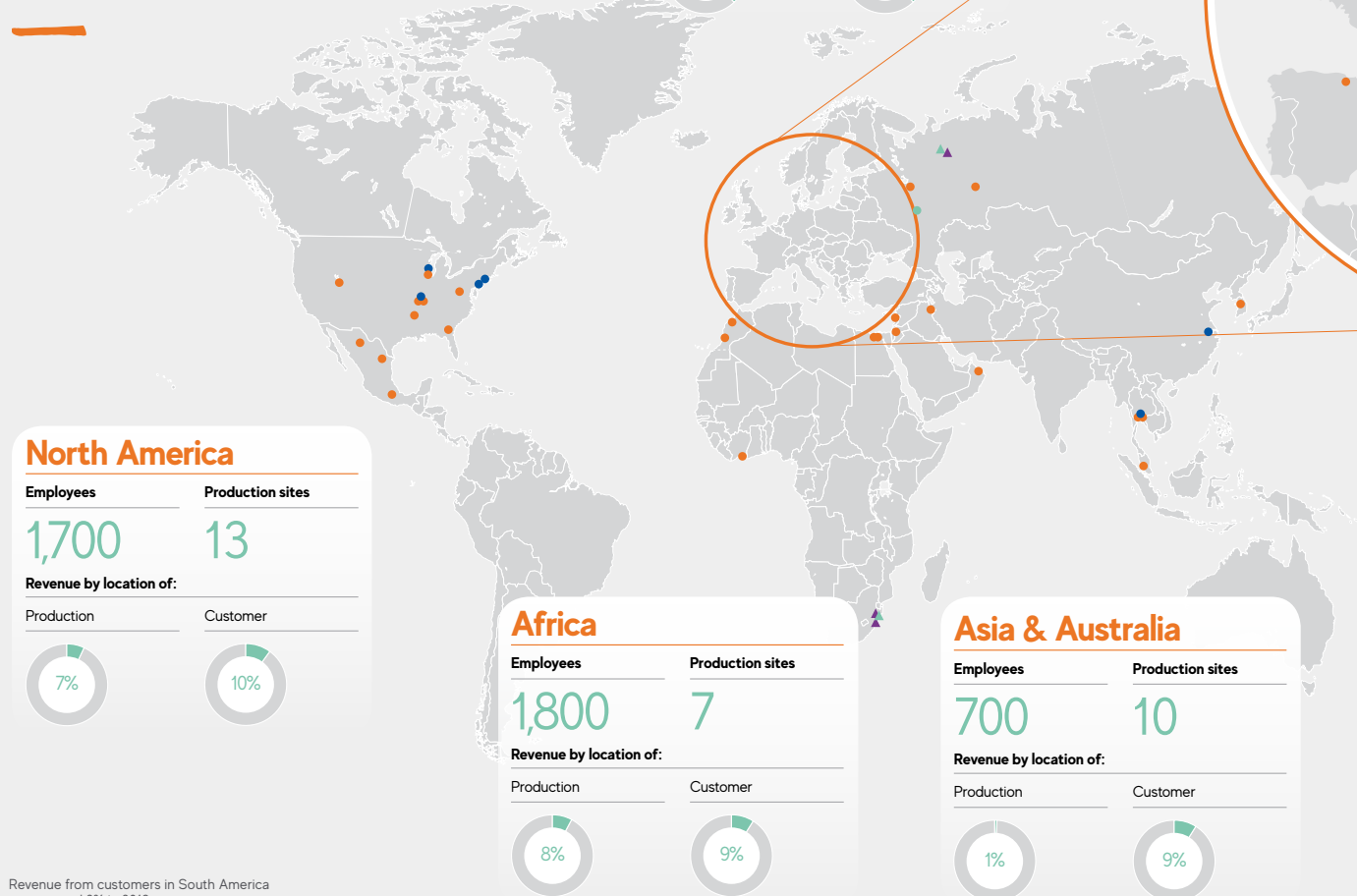
Global leader in packaging and paper

Mondi employs around 26,000 people at 100 production sites across more than 30 countries, with key operations located in Europe, North America and Africa.

Emerging Europe

Employees	Production sites
9,100	32

Revenue by location of:

Production	Customer
34%	22%

Western Europe

Employees	Production sites
7,300	35

Revenue by location of:

Production	Customer
38%	38%

Russia

Employees	Production sites
5,300	4

Revenue by location of:

Production	Customer
12%	10%

North America

Employees	Production sites
1,700	13

Revenue by location of:

Production	Customer
7%	10%

Africa

Employees	Production sites
1,800	7

Revenue by location of:

Production	Customer
8%	9%

Asia & Australia

Employees	Production sites
700	10

Revenue by location of:

Production	Customer
1%	9%

Revenue from customers in South America represented 2% in 2019

Key

Corrugated Packaging
▲ Mill
● Converting plant

Flexible Packaging
▲ Mill
● Converting plant

Engineered Materials
● Converting plant

Uncoated Fine Paper
▲ Mill

Group offices

| London | ◼ |
| Vienna | ◼ |

Production sites

Austria	● ▲ ● ● ▲
Belgium	●
Bulgaria	▲
China	●
Côte d'Ivoire	●
Czech Republic	● ▲ ▲ ●
Egypt	●
Finland	▲
Poland	▲ ● ●

France	● ●
Germany	● ● ●
Hungary	●
Iraq	●
Italy	●
Jordan	●
Lebanon	●
Malaysia	●
Mexico	●
Morocco	●
Netherlands	● ●
Oman	●

Russia	▲ ● ● ▲
Serbia	●
Slovakia	▲ ▲
South Africa	▲ ▲
South Korea	●
Spain	●
Sweden	▲ ●
Thailand	▲ ●
Turkey	▲ ▲ ● ●
Ukraine	●
United Kingdom	●
USA	● ●

Our global context

Our global context

From challenge to emergency, from need to urgency – we are now entering the 'Decade of Delivery'.[1] With just 10 years left to meet the globally agreed UN SDGs, the time for action is now.

Citizens and communities around the world are rising up to make their voices heard. With the private sector accounting for 75% of global GDP, businesses must mobilise to accelerate the market and system transformation that is needed to solve the unprecedented, complex issues facing our planet and society.

Here, we set out some of the global themes affecting society and our business. These topics are informed by our stakeholders and our materiality assessment (see page 23) and have been considered in the development of our Growing Responsibly commitments (see page 89).

"Moving forward, collaboration with business – and the key CEOs in the world – is crucial when it comes to fighting climate change."

H.E. António Guterres,
Secretary-General, United Nations

The climate crisis

2019 was the year we moved from climate change to climate crisis, with an irrefutable need to be proactive in taking action on issues ranging from water, energy and extreme weather events, to food security, equality and biodiversity.

In 2018, the UN's Intergovernmental Panel on Climate Change (IPCC) Report[2] gave us all until 2030 to cut emissions by half to avoid some of the worst outcomes. But, despite the international commitments made through frameworks like The Paris Agreement, emissions continue to rise.

Setting and delivering science-based targets is an important step for sustainable businesses to curtail their emissions to levels that would help limit temperature rise well below 2°C. All stakeholders must work together to transition to a low-carbon world.

The growing importance placed by investors on how companies are managing climate-related risks, and how they affect business models and operations, is increasing the influence of the climate crisis on long-term financial standing, reputation and the ability to attract investment.[3]

Growing Responsibly Action Areas

🌐 Climate change
Page 51

🌊 Biodiversity and ecosystems
Page 66

💧 Constrained resources and environmental impacts
Page 58

1   https://www.un.org/development/desa/en/news/sustainable/sdg-summit-kickstarts-ambitious-action-to-deliver-for-people-and-the-planet.html
2   https://www.ipcc.ch
3   https://www.erm.com/sustainability-report-2018/megatrends/

A TIPPING POINT

One million plant and animal species facing extinction

Biodiversity maintains the health of our planet; a greater variety of species equals a more stable and resilient world. With the United Nations Decade on Biodiversity 2011–2020 ending, transformative action is, however, yet to be implemented. According to the latest UN report,[4] nature is declining globally at rates unprecedented in human history. Around one million animal and plant species are threatened with extinction, many within decades. Forests are home to 80% of the world's terrestrial biodiversity. The last remaining Intact Forest Landscapes, like those in Russia, face increasing pressure.

WWF has called for a 'New Deal for Nature and Humanity' to reverse the loss of nature by 2030, emphasising the need for governments, businesses and civil society to work together.[5] Adopting integrated management and cross-sectoral approaches that take into account the trade-offs of food and energy production, infrastructure, fresh water and coastal management, and biodiversity conservation will be key.[6]

Growing Responsibly Action Areas

🌊 Biodiversity and ecosystems
Page 66

💧 Constrained resources and environmental impacts
Page 58

4   UN Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services report; https://www.un.org/sustainabledevelopment/blog/2019/05/nature-decline-unprecedented-report/
5   http://wwf.panda.org/wwf_news/?339010/Un-nouveau-pacte-pour-la-Nature-et-lhumanite
6   https://www.ipbes.net/news/Media-Release-Global-Assessment

Our global context

Pressure on resources leading to an emerging circular economy

With the global human population still growing at a rapid pace, especially in urban areas, demographic and economic shifts are driving increased demand for basic materials, energy and natural resources and increasing waste. Access to water is a basic human right, but climate change and competition for water from agriculture, households and industry are impacting both water quality and availability, particularly for the most vulnerable communities. Nearly 75% of fresh water resources are now devoted to crop or livestock production.[7] Responsible stewardship of wetlands and freshwater ecosystems is the only sustainable way to meet the needs of communities and business.

Every year, an estimated 11.2 billion tonnes of solid waste is collected globally[8] and an estimated 8 million metric tonnes of plastic enter our oceans.[9]

Using resources more efficiently and building circular economy models that transform waste into materials of inherent value is crucial to relieve pressure on natural resources and solve the challenges around plastic waste.

A 2019 UN Global Compact study revealed that 78% of CEOs globally believe we need to decouple economic growth from the use of natural resources and environmental degradation.[10] The rising interest among stakeholders in reducing, reusing, recycling and end-of-life disposal of products and packaging is increasing pressure on businesses. It is no longer acceptable to externalise the costs of environmental pollution and poor waste management infrastructure. A circular model that eliminates waste by turning it back into secondary raw materials is needed to relieve the pressure on our planet's natural resources and fossil fuels.

78%
of CEOs globally believe we need to decouple economic growth from the use of natural resources and environmental degradation[10]

Growing Responsibly Action Areas

Climate change
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Biodiversity and ecosystems
Page 66

Constrained resources and environmental impacts
Page 58

Relationships with communities
Page 76

Consumer power driving legislation and innovation

Consumers are driving positive change and changing the way businesses operate, empowered by social networks and greater access to information, and encouraged by NGOs. A 2018 global survey found that 62% of customers want companies to take a stand on issues like sustainability, transparency and fair employment practices.[11]

To survive, businesses must address consumer-facing issues such as packaging, recycling and emissions, along with changing regulatory requirements. Creating products that are sustainable by design is key to reducing negative environmental impacts and transitioning to a circular economy[12] while opening up opportunities for brand growth on a global scale.

In 2019, the first EU action plan for a circular economy was finalised and, in December 2019, the EU Green Deal[13] was unveiled. It aims to cut GHG emissions to net zero by 2050 and requires that by 2030 all plastic packaging should be recyclable. With the increasing demands of customers and legislation driving product innovation, applying circular economy principles could unlock up to €1.8 trillion of value and create three million jobs in Europe alone.[14]

Growing Responsibly Action Areas

Solutions that create value for our customers
Page 82

Transparent, collective action across the value chain

Today's informed stakeholders understand that the impacts of business occur all the way along the value chain, from extraction and manufacturing to consumption and end-of-life. Global socio-economic shifts are providing new business opportunities, but they can expose companies to new and evolving risks.

As production and consumption shifts to emerging markets and business models undergo radical transformation, collaboration and transparency is key to mitigate these risks and protect workers, communities and the environment.[15] Ensuring transparency can only be done through multi-stakeholder collaboration. Frameworks such as the UN SDGs have become an important platform for businesses to deliver a coordinated approach in tackling such complex problems.

Businesses must also demonstrate compliance and transparency throughout the supply chain, achievable only with robust due diligence mechanisms. Increased transparency is backed by global initiatives, such as the UN Global Compact and the Taskforce on Climate-related Finance Disclosure,[16] with new technologies making transparency more accessible and powerful for all.

Growing Responsibly Action Areas

Fairness and diversity in the workplace
Page 41

Supplier conduct and responsible procurement
Page 71

Sustainable fibre
Page 46

Relationships with communities
Page 76

7   https://www.un.org/sustainabledevelopment/blog/2019/05/nature-decline-unprecedented-report/

8   https://www.unenvironment.org/explore-topics/resource-efficiency/what-we-do/cities/solid-waste-management

9   https://oceanconservancy.org/trash-free-seas/plastics-in-the-ocean/

10   UN Global Compact – Accenture Strategy CEO Study on Sustainability 2019, https://ceowatermandate.org/resources/the-decade-to-deliver-a-call-to-business-action-2019/

11   https://www.accenture.com/t20190201T104905Z___w__/us-en/_acnmedia/Thought-Leadership-Assets/PDF/Accenture-CompetitiveAgility-GCPR-POV.pdf

12   https://ec.europa.eu/environment/circular-economy/index_en.htm

13   https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

14   https://www.wrap.org.uk/content/circular-economy-study-identifies-3-million-jobs-across-europe

15   https://hbr.org/2019/08/what-supply-chain-transparency-really-means

16   https://www.cisl.cam.ac.uk/resources/sustainability-leadership/8-business-and-sustainability-trends-that-will-define-2018

Our global context

Digitalisation and new technology

New developments in technology such as big data, robotics and artificial intelligence are accelerating the pace of change and driving new and disruptive ways of doing business. Smarter products, faster processes, customer insights and reduced costs are just some of the opportunities. Other technologies like blockchain and geo-tracking enable greater transparency, enhanced security and easier traceability.

But while access to accurate real-time data maximises efficiency and agility, the risks associated with data integrity, security and privacy are of increasing concern to companies, governments and the public.[17]

Skills development will also be crucial where automation, digitalisation, artificial intelligence and other trends affect the workforce.[18] The economic and environmental potential of new technology is enormous, but it must be properly managed and regulated to avoid unintended adverse impacts, such as on inequality.[19]

Growing Responsibly Action Areas

A skilled and committed workforce
Page 36

Supplier conduct and responsible procurement
Page 71

Solutions that create value for our customers
Page 82

17 https://www.erm.com/sustainability-report-2018/megatrends/
18 https://www.cisl.cam.ac.uk/resources/sustainabilityleadership/8-business-and-sustainability-trends-that-willdefine-2018
19 https://www.cisl.cam.ac.uk/resources/sustainabilityleadership/8-business-and-sustainability-trends-that-willdefine-2018

The evolving workplace

The workplace is changing rapidly. Socially conscious, tech-savvy employees want purposeful, rewarding careers with companies who have clear societal values. Businesses need to align their commercial interests with the issues that matter to the workforce and provide opportunities for flexible careers that don't compromise on quality of life.[20]

As with other industries in the EU, fewer young people are joining the pulp and paper sector than in the past, with the ageing EU population adding to this concern. Attracting women to a traditionally male sector is a key opportunity, but one which puts the spotlight on issues like gender bias and gender balance.[21]

Today's employees expect continuous training; 35% of millennials rank quality training and development programmes as the most desirable quality in a workplace, even higher than salary.[22] Engaging employees and providing opportunities for growth helps to boost productivity and commitment and attract talented people.

Skills development will be crucial where new technologies and techniques are emerging against a backdrop of rapid innovation, decarbonisation, and business models that could reduce or remove the need for lower-skilled jobs.

Growing Responsibly Action Areas

A skilled and committed workforce
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Relationships with communities
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Fairness and diversity in the workplace
Page 41

20 https://sewi-atd.org/resources/Pictures/7%20TRENDS%20FOR%20WORKFORCE%202020.pdf
21 https://www.tappi.org/industries/women-in-industry
22 https://sewi-atd.org/resources/Pictures/7%20TRENDS%20FOR%20WORKFORCE%202020.pdf

Human rights and safety

Respect for human rights is a global standard of conduct for businesses, both within their own operations and across their supply chains. Issues include child labour and forced labour in the supply chain, safety and security, relationships with local communities and the impacts of pollution on people's health. Women and girls are disproportionately impacted by forced labour and one in four victims of modern slavery are children.[23] There is an expectation of businesses to proactively tackle human rights issues, particularly in areas of weak governance, as is reflected in expanding legislation.

Occupational safety and health is a key element of providing decent working conditions and a strong safety culture. Stakeholders expect businesses to apply robust risk management controls and procedures to keep people working in and impacted by their operations safe. Attention is shifting from detection to prevention with the emphasis on training, education and identifying issues before someone gets hurt.

Growing Responsibly Action Areas

Fairness and diversity in the workplace
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Supplier conduct and responsible procurement
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Employee and contractor safety and health
Page 31

23 https://www.ilo.org/global/topics/forced-labour/lang--en/index.htm

Our stakeholders

Our stakeholders

Listening to, communicating and partnering with our stakeholders is an important enabler of change. It helps us understand external developments, challenges and market expectations and identify potential opportunities and principal risks for our business. It also increases transparency and enables us to build strong, trusting relationships.

We define our stakeholders as internal and external individuals, groups, organisations and partners that can be categorised as either interested in, having an influence over, or being affected by (both positively or negatively) our business decisions, policies and objectives.

We determine our corporate stakeholder groups through consultation with internal business functions and experts (we use a number of different tools to determine stakeholder groups throughout our organisation – from top level down to operational level).

In 2018, we carried out a materiality analysis to update our understanding of the relative importance of Mondi's sustainable development issues and topics among key stakeholders (see page 23). We also conducted a high-level review of our corporate stakeholder groups, which remained the same as our existing groups.

Our employees

Why we engage

Our people make Mondi. By engaging with our employees and creating positive experiences for them, we shape our culture and live our values. We foster open dialogue to provide an opportunity to identify and resolve challenges together, as well as identify and support development initiatives so that our employees are prepared to drive our business forward.

How we engage

→ Regular group-wide employee surveys
→ Group-wide intranet (planetmondi) and other electronic communication
→ Performance and development reviews at regular intervals
→ Internal conferences such as European Communication Forum, Leadership Forums, Virtual Employee Meetings
→ Employee training programmes and workshops
→ Day-to-day team interaction and recognition schemes like You Make Mondi
→ Mondi Diamond Awards (MDA) to recognise outstanding projects
→ Annual Make a Difference Day

Key issues discussed

→ Strategic direction and performance
→ Diversity and Inclusion
→ Employee experience
→ Development and training opportunities
→ Effective grievance mechanisms
→ Safety, health and fair working conditions
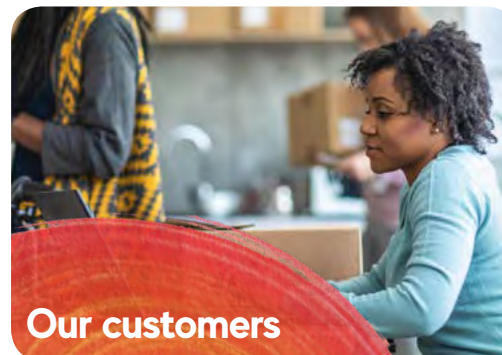
Our customers

Why we engage

Evolving consumer preferences and increasing demands on our products require close cooperation with our customers to understand their needs and anticipate market trends. Our engagement helps us to prioritise long-term success for our business and our customers by providing an opportunity to develop innovative sustainable solutions, improve our customer service and enhance product quality.

How we engage

→ Key account manager relationships
→ Digital customer interfaces
→ Collaboration on product innovation
→ Customer and industry events and exhibitions
→ Questionnaires
→ Regular customer satisfaction surveys
→ Ongoing conversations

Key issues discussed

→ Sustainable packaging and paper solutions
→ Product innovation
→ Quality and service
→ Responsible sourcing along the supply chain

Our suppliers and contractors

Why we engage

We partner with our suppliers to find sustainable ways of using resources as efficiently as possible. We work together to find solutions to the social and environmental challenges we collectively face across the value chain, encouraging supply chain transparency and promoting fair working conditions. We work closely with our contractors to mitigate risks and improve practices ensuring they follow Mondi policies in areas such as safety, transparency and business ethics.

How we engage

→ Regular compliance and risk assessments of key suppliers
→ Strategic supplier partnerships
→ Discussions on credible certification systems to secure sustainable fibre
→ Meetings and workshops to develop common approaches based on shared values

Key issues discussed

→ Local procurement and resource support
→ Safety, health and fair working conditions
→ Responsible sourcing along the supply chain

Our stakeholders

Our communities

Why we engage

Our businesses are more likely to succeed when they are part of healthy, prosperous and dynamic communities. Ongoing and transparent dialogue with local communities enables us to collaboratively address challenges, understand and manage risks, generate employment and business opportunities, improve performance and build trust. We invest directly in the communities where we operate, supporting health, education, local enterprise and infrastructure.

How we engage

→ Socio-economic Assessment Toolbox (SEAT) process
→ Community Engagement Plans (CEPs)
→ Open days and visits to our sites
→ Partnering with communities and other stakeholders on development initiatives

Key issues discussed

→ Employment and enterprise support
→ Community health and impacts on the environment
→ Local infrastructure investment

Our investors

Why we engage

We actively and regularly engage with our investors and analysts and use the feedback to inform our management and reporting practices. Our relationship with debt investors and banks as key providers of capital to the Group, together with credit rating agencies, ensure we have access to funding for investment opportunities through the business cycle.

How we engage

→ Annual General Meetings
→ Events including results presentations, trading update calls, site visits and capital markets days
→ Roadshows, telephone calls and other meetings
→ Integrated and Sustainable Development reports
→ Questionnaires and ad hoc questions and requests
→ Independent disclosure platforms for investors such as CDP
→ Investor perception studies

Key issues discussed

→ Strategy and financial performance and market dynamics
→ Governance and remuneration
→ Capital allocation
→ Sustainability priorities and actions

Partners, governments and regulators

Why we engage

We believe in global partnerships and initiatives where together we can bring about meaningful change. Shared resources and best practice merged together provide an opportunity for multi-stakeholder collaborations to find sustainable solutions along the entire value chain. We engage with national and local governments and regulators to share our intentions, understand their concerns and priorities, and find mutually beneficial solutions.

Among others, we engage with:

→ WWF
→ Ellen MacArthur Foundation
→ The Cambridge Institute for Sustainability Leadership
→ The United Nations Global Compact
→ World Business Council for Sustainable Development
→ Confederation of European Paper Industries
→ Circular Economy for Flexible Packaging
→ CEPI 4evergreen
→ TCFD Preparer Forum

Key issues discussed

→ Climate change and circular economy
→ Fibre sourcing, water stewardship and biodiversity
→ Regulatory compliance
→ Support for research programmes

We regard media and labour unions/employee representative bodies as important stakeholders. Media relations are managed at Group and local levels, as appropriate. Engagement with employee representative bodies is mainly supervised locally to ensure operation-specific issues are addressed appropriately and effectively.

We draw on a range of information sources and mechanisms to understand what is important to our stakeholders and our business, and how we are perceived as performing. These include: meetings; conferences, forums and exhibitions; surveys; road shows; social media; our anonymous grievance channel, 'Speakout'; socio-economic impact assessments; and discussions with NGOs and organisations, such as the Ellen MacArthur Foundation, the World Business Council for Sustainable Development (WBCSD) and the Confederation of European Paper Industries (CEPI).

We also gain insights by engaging with our employees and through internal benchmarking exercises. This ensures the issues we identify as important to stakeholders are complete, relevant and significant, which in turn supports our strategic decision-making and directs our reporting.

Current activities suggest that sustainability-related legislation and stakeholder expectations will continue to increase, driven by initiatives such as the Task Force on Climate-related Financial Disclosures (TCFD) and the UN SDGs.

We work closely with others to build a common understanding of sustainability issues – both the challenges and the opportunities – and to maximise the shared value we are able to create. Multi-stakeholder partnerships are key to addressing global challenges. Given their dimension and nature, it is only by working together that we will achieve the impact, innovation and scale necessary to bring about meaningful change on a global scale. Read more about the global context on

Growing Responsibly

Growing Responsibly

Our Growing Responsibly model is the framework through which we respond to sustainability challenges and opportunities, and address societal challenges, including contributing to the UN SDGs and other global initiatives. It is integral to our future success.

Growing Responsibly lies at the heart of our business strategy to drive value accretive growth, sustainably. It enables us to demonstrate, monitor and improve our sustainability performance across the value chain.

"Our Growing Responsibly model is how we measure, improve and communicate our performance against our commitments."

Gladys Naylor
Group Head of Sustainable Development

The Growing Responsibly model applies to all our operations group-wide. It is designed to clearly articulate the focus and value of our sustainability commitments to our business and our stakeholders.

The model comprises 10 Action Areas, which reflect the aspects of sustainability that are most relevant to Mondi and our stakeholders. Within these Action Areas, we have made 16 public commitments running to the end of 2020, along with an updated carbon emissions commitment that runs to 2050.

Our materiality assessment, carried out in 2018 (see page 23), defined the relative importance of our material issues to our stakeholders and identified new and emerging issues. It combined qualitative and quantitative inputs from internal and external stakeholders, and met GRI guidance and best-practice standards. These material issues will inform our commitments beyond 2020, which we are currently developing.

We see it as a key responsibility of business to help deliver the UN SDGs. We have highlighted the main links between our 10 Action Areas and the corresponding SDG targets. The index on page 94 references SDG links throughout the report.

"We have put sustainability firmly at the heart of our strategy."

Gunilla Saltin
CEO Uncoated Fine Paper and Group Technical & Sustainability Director

In 2019, we reviewed our contribution to the SDGs to identify those areas where we believe we have the greatest impact and opportunity to make a real and lasting difference. As a result, we added SDG 6 (Clean water and sanitation) to the six SDGs – SDGs 7, 8, 9, 12, 13 and 15 – highlighted as most relevant in last year's report. Water scarcity is a key concern that extends beyond historically sensitive regions such as South Africa; the impacts of our pulp and paper mills on water quality and quantity is a pertinent topic in all countries where we operate.

Mondi has put sustainability firmly at the heart of its strategy. Our Growing Responsibly model is how we measure, improve and communicate our performance against our commitments.
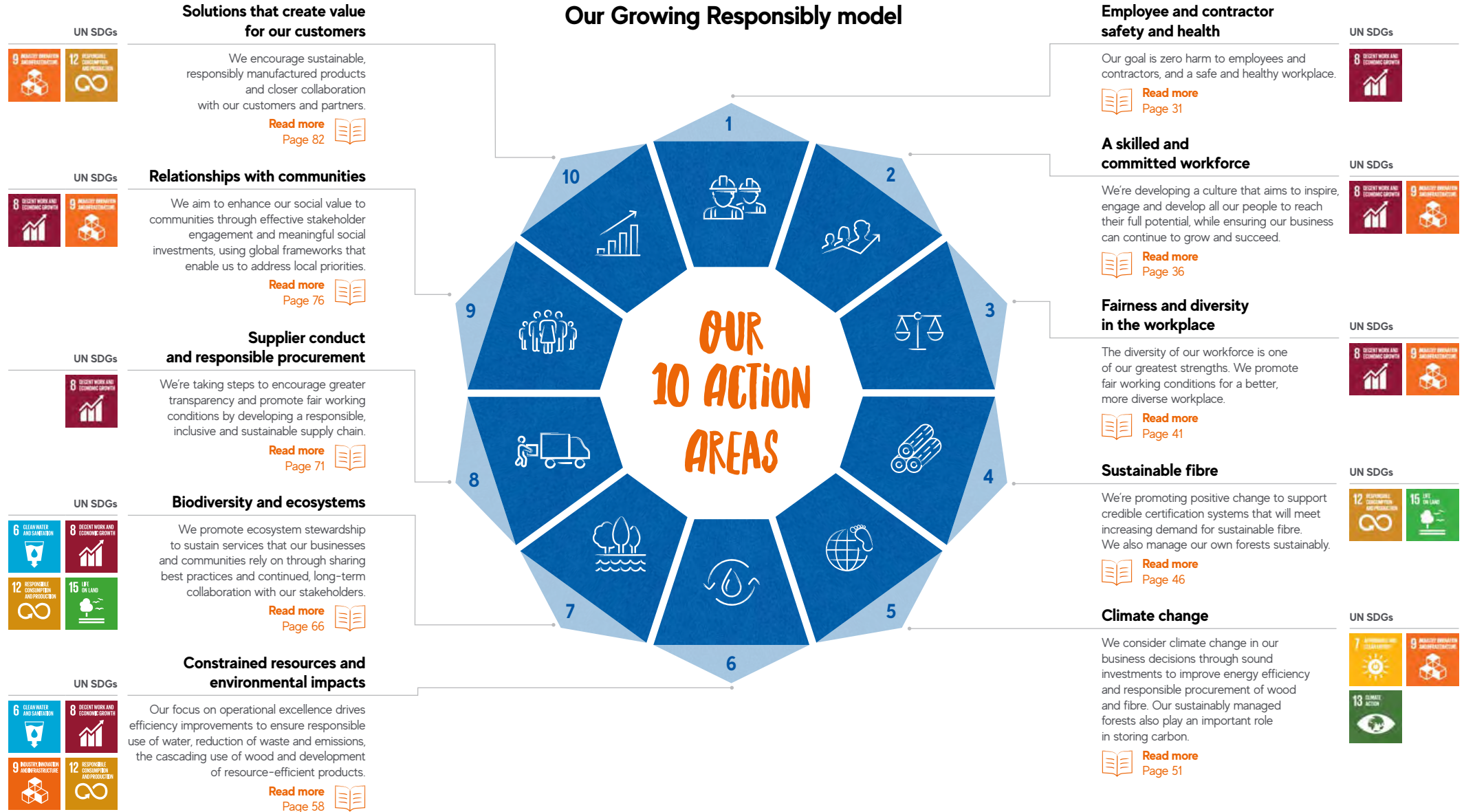
Growing Responsibly

Our Growing Responsibly model

Solutions that create value for our customers

We encourage sustainable, responsibly manufactured products and closer collaboration with our customers and partners.

Read more
Page 82

UN SDGs

Relationships with communities

We aim to enhance our social value to communities through effective stakeholder engagement and meaningful social investments, using global frameworks that enable us to address local priorities.

Read more
Page 76

UN SDGs

Supplier conduct and responsible procurement

We're taking steps to encourage greater transparency and promote fair working conditions by developing a responsible, inclusive and sustainable supply chain.

Read more
Page 71

UN SDGs

Biodiversity and ecosystems

We promote ecosystem stewardship to sustain services that our businesses and communities rely on through sharing best practices and continued, long-term collaboration with our stakeholders.

Read more
Page 66

UN SDGs

Constrained resources and environmental impacts

Our focus on operational excellence drives efficiency improvements to ensure responsible use of water, reduction of waste and emissions, the cascading use of wood and development of resource-efficient products.

Read more
Page 58

UN SDGs

OUR 10 ACTION AREAS

1
2
3
4
5
6
7
8
9
10

Employee and contractor safety and health

Our goal is zero harm to employees and contractors, and a safe and healthy workplace.

Read more
Page 31

UN SDGs

A skilled and committed workforce

We're developing a culture that aims to inspire, engage and develop all our people to reach their full potential, while ensuring our business can continue to grow and succeed.

Read more
Page 36

UN SDGs

Fairness and diversity in the workplace

The diversity of our workforce is one of our greatest strengths. We promote fair working conditions for a better, more diverse workplace.

Read more
Page 41

UN SDGs

Sustainable fibre

We're promoting positive change to support credible certification systems that will meet increasing demand for sustainable fibre. We also manage our own forests sustainably.

Read more
Page 46

UN SDGs

Climate change

We consider climate change in our business decisions through sound investments to improve energy efficiency and responsible procurement of wood and fibre. Our sustainably managed forests also play an important role in storing carbon.

Read more
Page 51

UN SDGs

SDG contribution

Purpose, impact and scale: Making a real contribution to the UN SDGs

We believe it is a key responsibility of business to help deliver the UN SDGs. The primary contribution of any business comes through providing jobs, sustaining livelihoods, paying taxes and supporting social and economic development. Beyond this, business can achieve real and lasting positive change by considering its detrimental impacts, targeting its response and collaborating across sectors to scale positive contributions.

Every year, we report on the SDGs that have the strongest links with our Growing Responsibly activities. In 2019, we went a step further to look at where we believe we have the greatest potential to make a real and lasting difference, at scale.

Strategic importance is based on our potential to have a negative impact and to drive positive change with our stakeholders. It includes factors such as the relevance of the goal and target to our value chain, alignment with our Growing Responsibly ambitions, our ability to use our skills and resources to drive change, and the importance of issues to our stakeholders.

Find our SDG index which includes all SDGs and their respective targets mapped against this report on page 94

SDG 6 Ensure availability and sustainable management of water and sanitation for all

The paper and pulp industry is water-intensive; our mills and converting operations impact on water resources through their withdrawal and consumption of water. Water is also consumed within the fibre supply chain. We focus on managing our impacts on fresh water resources to meet rising demand for sustainable products while safeguarding fresh water ecosystems.

SDG 7 Ensure access to affordable, reliable, sustainable and modern energy for all

Increasing our energy self-sufficiency improves profitability and energy security. We combine strategic energy-related investments in our pulp and paper mills with good management and best practice sharing. Since 2013, we have invested around €700 million in optimising energy and process efficiencies and replacing fossil fuel-based energy with renewable biomass sources. Some of our mills provide electricity generated by the plant to the local municipality and the surrounding community.

SDG 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Mondi employs around 26,000 people and many more rely on our supply chain for their livelihoods. Engaging and motivating our people to reach their full potential ensures we continue to grow and succeed. We promote good working conditions and high standards of employment and human rights to maintain a fair, diverse and inclusive workplace. Our support for local enterprise creates wealth and employment, strengthens the local supply chain and builds more independent, resilient communities.

SDG contribution

SDG 9 **Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation**

We play an important role in economic and social development by creating business opportunities, investing in local infrastructure and driving innovation and collaboration. Mondi is shaping the future of sustainable packaging with a focus on product innovation and redesign to minimise negative environmental impacts. We believe businesses, partners and governments must work together to drive innovation and achieve broad systemic change throughout the value chain. 'Sustainable by Design' is our philosophy that spans the entire value chain.

SDG 12 **Ensure sustainable consumption and production patterns**

With demand for responsibly produced products growing, innovating sustainable packaging and reducing plastic waste provides an opportunity to grow our business. We are engaging and collaborating with partners to unlock fit-for-purpose paper- and plastic-based solutions as part of the circular economy. Our business is resource-intensive and using raw materials and energy efficiently is fundamental to being a sustainable business – ensuring we manage our adverse impacts and maximise our opportunities.

SDG 13 **Take urgent action to combat climate change and its impacts**

Climate change is one of the greatest threats facing society but emissions continue to rise. Mondi is a member of Climate Savers, WWF's climate leadership programme whose partner companies aim to transform their businesses into low-carbon economy leaders. Our science-based GHG reduction targets, approved in 2019, ensure we support the global transition to a low-carbon economy. Our holistic approach includes protecting and improving the resilience of forests and freshwater ecosystems to enhance their crucial role in tackling the climate crisis.

SDG 15 **Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss**

We manage natural forestry lands in Russia and plantation forestry lands in South Africa. Our aim is to secure the long-term productivity and resilience of these production landscapes with thriving ecosystem services to maintain biodiversity, water and other natural capital. We focus on implementing best practices for managing conservation areas and maintaining natural capital. We aim to go beyond our forestry lands, promoting broad ecosystem stewardship, protecting biodiversity and working with others to embed good practices across broad landscapes and product value chains.

Materiality

Identifying what matters

Our continued success depends on understanding the shifting sustainability landscape and the issues that will influence Mondi's future strategic direction. We monitor business developments, risks and opportunities facing the Group, as well as changes in legislation and the perspectives and needs of our stakeholders.

Our material issues articulate what matters most to our business and our stakeholders. This awareness is crucial to identify and manage our risks and opportunities, and to respond effectively to our stakeholders.

We carried out our most recent assessment of our material issues in 2018 to understand their relative importance and identify new and emerging issues. There were no significant changes from the previous reporting period in the list of material topics and topic boundaries, although some matters were regrouped to bring more clarity about how they are connected. Other issues were given more prominence to reflect their increasing importance to stakeholders.

Our list of material issues supports the development of our commitments beyond 2020.

📖 **Read more about our approach, methodology, assumptions and limitations on** page 125

1   Socio-economic Assessment Toolbox (SEAT) – see **page 78**
2   Via email correspondence

Our materiality assessment was comprised of six key steps:

1 We analysed insights and information from a range of external and internal sources to identify the issues relevant to our business. These included:

→ research into sector and industry developments and responsible business practices;
→ benchmarking peers;
→ reviewing customer and investor requirements;
→ analysing NGO expectations;
→ reviewing the UN SDGs; and
→ the outcomes of our SEAT assessments.[1]

2
Outcome
This research formed the basis of a long list of material issues which were used in surveys and interviews. It also informed our reporting of our global context (see page 14).

3 An initial survey was completed by 32 internal stakeholders and seven external stakeholders. These stakeholders represent a broad range of Mondi's business areas and spheres of impact. They were asked to rank the list of issues in order of importance according to two criteria:

a. Stakeholder importance – the potential for an issue to influence the assessment and decisions of our stakeholders; and
b. The significance of an issue to Mondi's environmental, social and economic impact, both positive and negative.

Internal stakeholders were also asked to rank the impact of each issue on Mondi's future business success.

Internal respondents held positions across our business including general management, sales, human resources (HR), procurement, finance, marketing & communication, legal, research and development (R&D), quality, safety and health, commercial excellence, technical, engineering and operational. Their locations of operation spanned 14 countries.

4 In-depth interviews were conducted with senior leaders and key external stakeholders to allow for a deeper dive into survey outcomes.

Senior leaders included executive committee and Board members as well as leaders from procurement, strategy and investor relations, consumer packaging, R&D innovation and sustainability, technical and sustainability, marketing and communication, HR and production. External stakeholders interviewed were: SYSTEMIQ; The Forests Dialogue; CEFLEX; ILO; WWF; World Resources Institute; CISL; WBCSD; and Pictet Asset Management.[2]

5 Quantitative outcomes of the survey were used to rank each issue on a materiality matrix.

Qualitative outcomes of interviews, along with our broad understanding of stakeholder perspectives, were also integrated into the materiality matrix. We reviewed the outcomes of the analysis through a customer lens to align issues with what our customers see as most important to the sustainability of their business, based on publicly available data from key customers.

6
Outcome
The outcome of the materiality assessment was reviewed by Mondi's executive committee and, finally, reviewed and approved by the SD committee of the Board.

Our material issues are:
→ keeping employees and contractors safe;
→ attracting and retaining talent and skills and enhancing diversity and inclusion;
→ respecting human rights in our own operations and our supply chain;
→ securing access to sustainable fibre;
→ understanding and minimising our impact on and from climate crisis;
→ operating in a world of constrained resources and recognising concerns regarding biodiversity, forests, water and ecosystem services;
→ minimising environmental impacts and ensuring compliance;
→ sourcing responsibly;
→ maintaining our socio-economic licence to trade;
→ increasing our products' eco-efficiency through innovation and product design; and
→ behaving ethically through effective governance and anti-corruption measures.

Materiality

Internal stakeholder priorities

The areas of Mondi's impact that are perceived as most significant among internal survey participants included environmental compliance, sustainable forest management, employee and contractor safety and health, anti-corruption and respecting human rights.

Customer satisfaction, innovation and product design, skills retention, quality management and employee engagement were highlighted as most important for Mondi's business success over the next 5–10 years.

Internal stakeholders highlighted the following as priority material issues: sustainable forest management; traceability and transparency; access to sustainable fibre; circular economy; and partnerships. These were closely followed by diversity, sustainable packaging and responsible sourcing.

External stakeholder priorities

In the external survey, the issues ranked as those on which Mondi has the most significant impact were: employment; sustainable forest management; access to sustainable fibre; customer relations and customer satisfaction; and food waste and loss.

The issues ranked as most important to Mondi as a responsible business were: respecting human rights in our operations and our supply chain; environmental compliance; sustainable forest management; rights of communities and indigenous peoples; and other environmental impacts from operations.

In the interviews, climate change and sustainable forest management were identified as the most important issues for Mondi to focus on, closely followed by biodiversity, consumption, community investments, responsible sourcing, traceability and transparency, and water.

Plastic in the environment is a topic that remains in keen focus. We consider this within the environmental impacts of our operations as it is interlinked with numerous issues from biodiversity and consumption to food waste.

Issues mapped to the value chain[3]
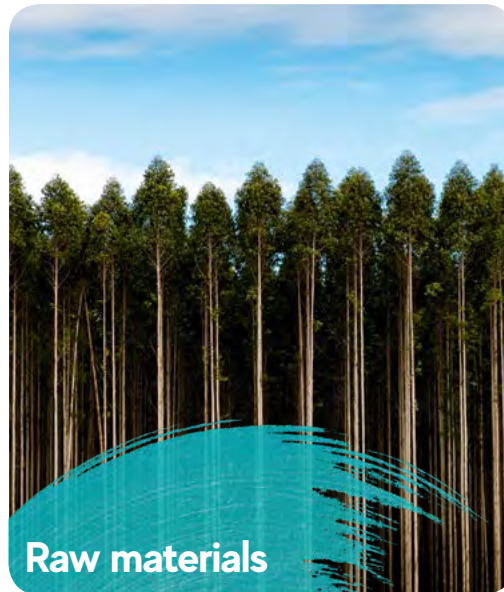
Raw materials
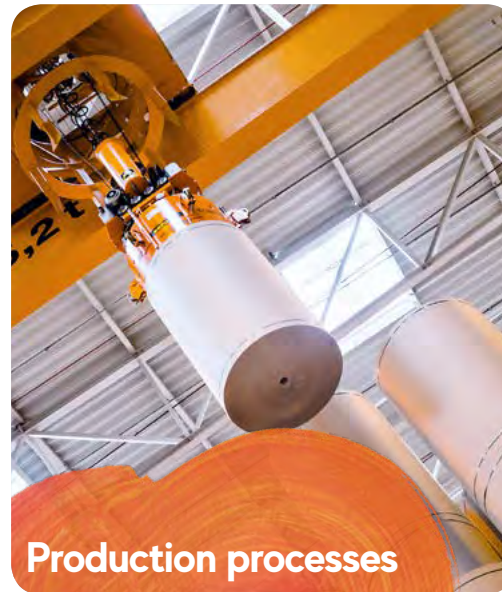
Production processes

Products

Cross-cutting issues along the value chain

Anti-corruption, Business ethics and governance, Circular economy, Community investment, Diversity and Inclusion, Employee and contractor safety and health, Employee engagement, Employment, Innovation and product design, Skills retention, Sustainable development related economic value.

Raw materials	Production processes	Products
→ Access to sustainable fibre	→ Air quality and pollution	→ Customer relations and customer satisfaction
→ Biodiversity and ecosystems management	→ Climate change and GHG emissions	→ Food waste and loss
→ Respecting human rights	→ Energy use and efficiency	→ Product safety
→ Responsible sourcing	→ Environmental compliance	→ Quality management
→ Rights of communities and indigenous people	→ Other environmental impact from operations	→ Traceability and transparency
→ Sustainable forest management	→ Resource efficiency/constrained resources	
	→ Innovation and product design	
	→ Respecting human rights	
	→ Rights of communities and indigenous people	
	→ Socio-economic licence to trade	

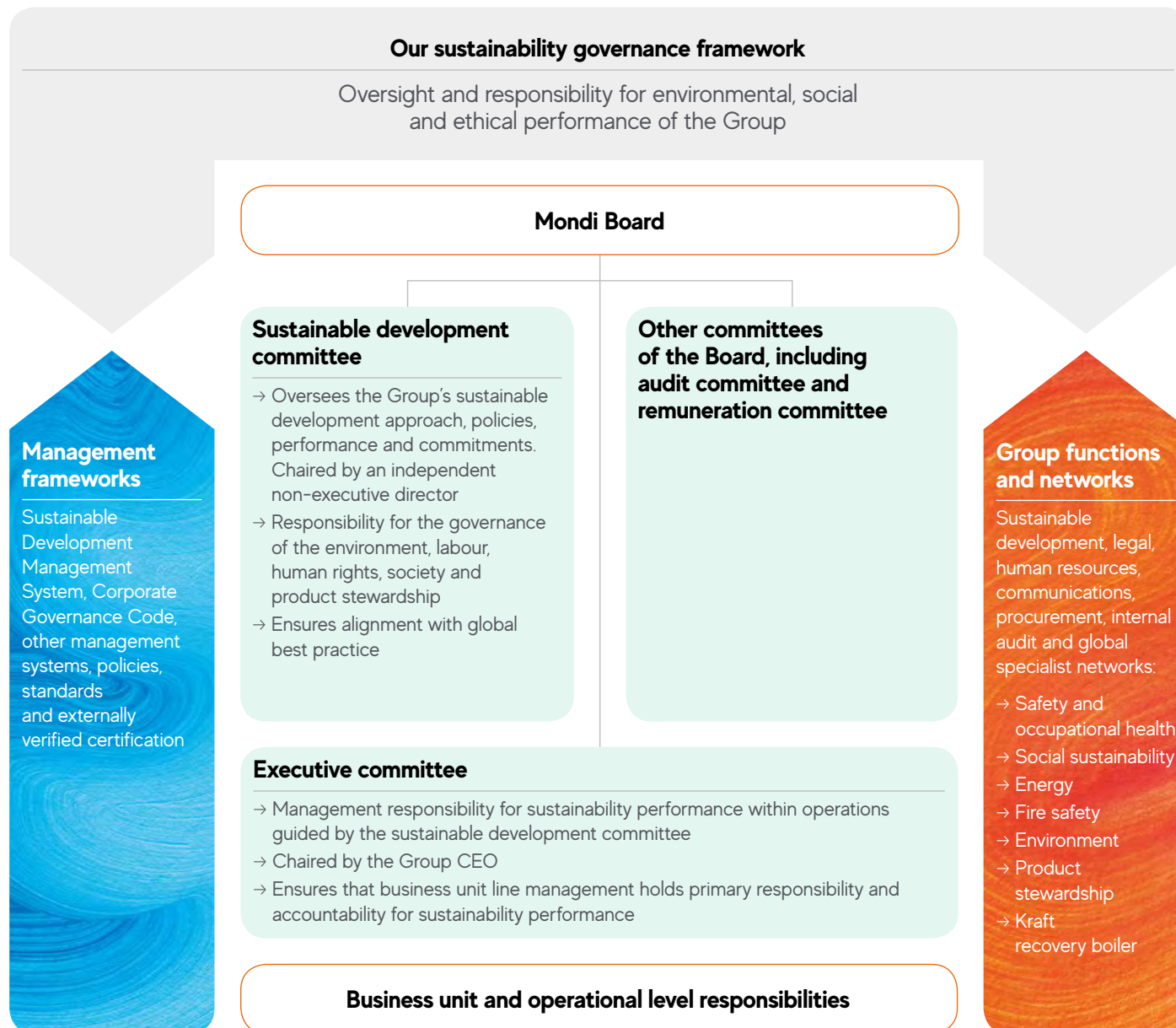**Here you will see our material issues mapped to our Growing Responsibly Action areas**

3   The issues listed here are among the wider group of topics which were considered in identifying our final list of material issues

Sustainability governance

Operating responsibly

Strong governance is fundamental to building a resilient and successful organisation in which sustainability is embedded at all levels. We engage openly and transparently with stakeholders across the value chain through our governance processes to create an inclusive and fair business. Robust policies, standards and management systems guide our operations to address risks and opportunities and enable us to measure our performance and meet our commitments.

Our sustainability governance framework

Oversight and responsibility for environmental, social and ethical performance of the Group

Mondi Board

Management frameworks

Sustainable Development Management System, Corporate Governance Code, other management systems, policies, standards and externally verified certification

Sustainable development committee

→ Oversees the Group's sustainable development approach, policies, performance and commitments. Chaired by an independent non-executive director
→ Responsibility for the governance of the environment, labour, human rights, society and product stewardship
→ Ensures alignment with global best practice

Other committees of the Board, including audit committee and remuneration committee

Executive committee

→ Management responsibility for sustainability performance within operations guided by the sustainable development committee
→ Chaired by the Group CEO
→ Ensures that business unit line management holds primary responsibility and accountability for sustainability performance

Group functions and networks

Sustainable development, legal, human resources, communications, procurement, internal audit and global specialist networks:

→ Safety and occupational health
→ Social sustainability
→ Energy
→ Fire safety
→ Environment
→ Product stewardship
→ Kraft recovery boiler

Business unit and operational level responsibilities

Sustainability governance

Key sustainability topics discussed by the Board and committees

Safety and health

The safety and health of our employees and contractors is a key topic at every meeting. The SD committee discussed the safety performance of the Group, including the two fatalities, one at the Ružomberok mill (Slovakia) and one at our Russian logging operations (see page 32) that occurred during 2019. All cases were investigated and the committee was kept fully up to date in order to take appropriate actions to provide a safe and healthy working environment and thereby striving to send everybody home safely every day. The committee critically evaluated and agreed new lag and lead safety indicators proposed for 2020.

With the backing of the committee, pilot training on the social psychology of risk was launched in our Richards Bay mill (South Africa) as well as the development of the new social psychology of risk engagement tool initiative. Both initiatives were judged to be successful and it was agreed to continue the training at selected sites as well as roll out of the engagement tool across all sites in 2020.

Climate crisis

In 2019, the committee approved the updated science-based greenhouse gas (GHG) targets which went on to be approved by the Science Based Targets initiative (SBTi) in October (see page 54). The committee was updated on Mondi's progress on reporting in line with the recommendations of the Task Force for Climate-related Financial Disclosure (TCFD).

Meeting our SD commitments

Throughout the year, the committee reviewed progress against our SD commitments and considered the actions being taken to address KPIs requiring more progress. In addition, it reviewed progress in setting future commitments following the current commitment period, which comes to a close at the end of 2020. The committee contributed to discussions of proposed focus areas, taking into account Mondi's material sustainability issues, risks and opportunities, which were also considered by the committee during the year.

In order to improve reporting on climate-related risks, the Board reviewed the reporting of climate-related risks as a stand-alone risk category (see page 118 of the Integrated report).

Modern slavery

The committee discussed the progress Mondi is making to address its modern slavery risks, including an overview of Mondi's processes and procedures to minimise the risk of human trafficking and modern slavery.

The committee also noted changes to the Code of Conduct for Suppliers, the development of an operating standard for human rights, and a methodology for assessing sustainability risks among suppliers. In addition, the committee approved Mondi's 2019 UK Modern Slavery Act statement.

Engagement with key stakeholder groups

The committee reviewed and considered the key stakeholder groups that Mondi engages with, and the topics of importance to each of them. The committee also considered mechanisms to gain input from relevant stakeholders and noted the findings of the two SEAT assessments conducted in 2019.

They reviewed the actions being taken to address the findings. As part of the stakeholder review, the committee reviewed the key global initiatives that Mondi is involved in.

Mondi's sustainable production

The committee reviewed the Group's product stewardship areas including responsible sourcing of wood fibre, increasing the proportion of sustainable products and responsible procurement. It was confirmed that the Due Diligence Management System, describing Mondi's approach to responsible sourcing of wood and fibre, had been updated to reflect the outcomes of updated country risk assessments.

2019 Investor site visit to our world-class Štětí mill (Czech Republic)

Sustainability governance

Embedding sustainability

The Board and committees provide the leadership necessary to implement the principles of good corporate governance across the Mondi Group, ensuring all decisions and actions are based on integrity, responsibility, accountability, fairness and transparency. The Board reviews the performance approach and outcomes.

The eight Board members bring a wealth of experience and expertise to the Group. They are diverse in respect of origin, gender, race and education and reflect the broad nature of our activities and our operational territories. At the end of 2019, we had two female directors (representing 25% of the composition of the Board) and one director of colour.

The Board delegates specific areas of responsibility to a number of committees, which have authority to make decisions according to their terms of reference.

We have developed robust internal and external mechanisms to regularly evaluate and report on our performance, including the effectiveness of our management approach and systems. These mechanisms include our reporting systems, benchmarks and stakeholder engagement and collaboration at various levels. The results of this evaluation can lead to adjustments in our management approach, subject to the approval of relevant executives and, ultimately, the Board. Examples of such adjustments may be found throughout this report and in our 10 Action Areas.

> At the end of 2019 we had two female directors (representing
>
> # 25%
>
> of the composition of the Board) and one director of colour

While the Board is ultimately responsible, accountability for our sustainable development policies, systems, practices, commitments and actions, and the effectiveness of our approach to managing all aspects of sustainability, is monitored at three levels:

> → The SD committee chaired by an independent non-executive director
>
> → The executive committee chaired by the Group CEO
>
> → The operational management team consisting of senior executives from across Group operations

Seven global specialist network groups provide expert insight and support to the business on specific sustainable development issues.

The Board visits Gronau to see our people and processes in action

Mondi's Group Sustainable Development (SD) function

The Group SD function provides guidance and helps to define the actions required to achieve our goal of growing responsibly. This includes monitoring and assessing material risks and opportunities facing the Group along with emerging changes to the regulatory environment, developments in our social and environmental operating context, and evolving stakeholder needs and expectations. It also informs, challenges and supports our businesses to respond to stakeholder needs and expectations, and shape our long-term response to relevant global trends.

The SD function oversees the management of the Sustainable Development Management System (SDMS) and facilitates all Group sustainability reporting and external assurance. Internal and external engagement is a key responsibility. Internally, this means supporting businesses to better identify, understand and address relevant sustainability-related topics, business risks and opportunities, as well as reporting our positions and performance across the 10 Growing Responsibly Action Areas. Externally, it involves overseeing and fostering collaboration with stakeholders to develop a shared understanding of the SD landscape and tackle the issues no single sector or organisation can solve alone. This engagement leverages Mondi's influence through sharing best practice, knowledge and resources, and by supporting and collaborating with scientific and academic institutes, underlining our belief that science plays a crucial role in creating a more sustainable and equitable world.

Sustainability governance

Our Sustainable Development Management System (SDMS)

Our established policies, procedures and management systems enable us to apply a consistent and standard approach to sustainability throughout our operations. We consider the key environmental, social and governance implications of our business decisions. Our SDMS guides the effective governance of our sustainable development activities and the implementation of our policies and standards. It covers all facilities and activities that we manage and operate (including those in which we hold a controlling interest), new developments, and mergers and acquisitions. Activities undertaken by contractors, either on Mondi sites or while under our management, are incorporated into our SDMS. This requires them to comply with our policies, standards and requirements, particularly in relation to safety and health at work.

Our sustainable development governance standard provides the link between our management standards and our corporate governance structure.

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, business unit and operational site levels.

The Board, through the SD committee, reviews the Group's SD policies on an annual basis. The Board approved the updated Group SD policies in 2019, including minor updates to meet the evolving needs of our stakeholders and ensure that our policies remain relevant and comprehensive.

In 2019, we continued to review our operating standards and we are now developing draft operating standards and supporting practice notes in response to the findings. These will be thoroughly reviewed internally at several levels. We seek appropriate expert input into the standards the Group should adopt to be in line with industry good practice and to assess our operations' readiness to meet the upcoming requirements contained in the standards.

Our central reporting system captures and consolidates monthly and annual data on safety and health, energy, environmental, wood fibre procurement, forestry and other sustainability parameters from our global operations and we independently assure selected KPIs annually. This data allows us to benchmark individual operations and identify opportunities for improvement and best-practice sharing across the Group.

Policy developments are informed by current best-practice and aligned with our Growing Responsibly model. Our Sustainable Development Governance Policy underpins our overall approach and is supported by specific policies for:

→ Safety and Occupational Health

→ Labour and Human Rights

→ Sustainable Forestry

→ Energy and Climate Change

→ Environment

→ Supply Chain and Responsible Procurement

→ Product Stewardship

→ Communities

These include some of our longer-term sustainability commitments and inform the setting of targets and commitments for each new period.

View our policies listed above

How we manage SD risks and opportunities

Our group-wide risk management framework is designed to address significant strategic, sustainable development, financial, operational and compliance risks that could undermine our ability to achieve our business objectives. 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 way we identify and mitigate sustainable development risks. Our risk management approach – particularly relating to environmental issues – incorporates the precautionary principle, which implies our responsibility to protect the natural environment from harm where there is a plausible risk.

We update our sustainable development risk register 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 and 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. Read more about our TCFD disclosure on climate-related risks on .

Our risk management process informs the identification of material sustainability issues and the commitments we set to monitor and improve our performance in addressing them. Please refer to for more information on our material issues and for progress against our commitments.

Our Sustainable Development Management System

Our established policies, procedures and management systems enable us to apply a consistent and standard approach to sustainability throughout our operations.

Policies	Management Standards	Operating Standards	Practice notes
The SD policies guide our overall approach to the SD issues most relevant to our business.	Define governance, operational management and control across all policies.	Guide the management & implementation of all SD policies and define minimum requirements.	Support the implementation of Operating Standards.

Sustainability governance

Mondi's internal audit function

The internal audit function is an integral part of the Group's governance. Its purpose, as an independent assurance function, is to evaluate whether business risks are being managed effectively within the context of business objectives. A system of internal control is one of the primary means of managing risk. Evaluating its effectiveness is central to internal audit responsibilities. Mondi's system of internal control comprises the policies, procedures, practices and organisational culture that collectively support effective operation in the pursuit of our objectives. This system enables us to respond to significant business risks and is the direct responsibility of the Board and executive management. The assurance provided by internal audit assists the Board in fulfilling its duties and obligations under the UK Corporate Governance Code and in reporting annually to shareholders on the effectiveness of Mondi's systems of control. The audit committee has primary responsibility for monitoring and reviewing the effectiveness of the Group's internal audit function.

Speakout hotline

The Board, supported by the audit committee, oversees the adequacy of Speakout, our group-wide anonymous whistleblowing system (see our website). Internal audit is responsible for the day-to-day monitoring of the Speakout process, ensuring management is appropriately informed of reported issues and related risks are adequately addressed.

162

speakout messages received in 2019

Summaries of all reported issues and the status of unresolved items are presented at each meeting of the audit committee and to the Board to ensure appropriate investigation has been undertaken, responses given and actions taken in response to any allegations which prove to be correct.

In 2019, we received 162 Speakout messages (2018: 104) relating to 104 cases (2018: 65 cases), and four further cases through other channels. These covered a number of topics, in particular HR-related concerns, fraud and business integrity issues, as well as environmental and safety topics. The increase in the number of cases/messages is potentially due partly to increased awareness of our operations and employees of the Speakout tool. All Speakout messages were forwarded to the respective Mondi management team in accordance with our standard procedures. We responded and took appropriate corrective action for all issues.

Political donations, gifts and bribes

Mondi is opposed to all forms of corruption and illegal practice. The Group does not tolerate the giving or receiving of bribes, nor does it condone anti-competitive practices in its dealings with governments or in the marketplace. Mondi does not permit contributions or donations for political purposes. Our approach to preventing corruption is published in company guidelines and policies, on the local and group-wide intranets, and on the Group website. Mondi requires any lobbying

undertaken to be in line with the Group's business ethics and policies. Our policies on these matters are set out in our Business Integrity Policy. Mondi's definition of bribery, as defined in this Policy, includes facilitation payments.

Fines, non-monetary sanctions and significant legal issues

Mondi was not the subject of any legal actions for anti-competitive behaviour, anti-trust or monopoly practices during 2019. Mondi has not received any material fines or non-monetary sanctions for non-compliance with laws and regulations. The Group is not aware of any pending prosecutions.

Anti-corruption

Reputational risk, including corruption risk, forms part of the annual Group risk assessment process used to identify the Group's principal risks. This is reviewed by the audit committee and the Board. All our businesses feed their risks into this process. No significant risks related to corruption were identified through the risk assessment process in 2019.

All Board members received and have access to Mondi's anti-corruption policies and procedures, which are covered by the Business Integrity Policy. They were briefed on anti-corruption requirements as per the UK Bribery Act when it came into force.

All employees have access to organisational policies, including the Business Integrity Policy, through planetmondi (our global intranet) and the Mondi website. Annual updates of organisational policies are communicated through planetmondi.

All relevant employees[1] complete competition compliance and business integrity training which covers anti-corruption. The number of relevant employees in 2019 was 3,096, all of whom received online training and testing during the year.

Our Business Integrity Policy is available to all our business partners through our website. Suspected cases of non-compliance can be reported through the Speakout tool, which is available to both internal and external stakeholders. Mondi's Business Integrity Policy is included in all supplier contracts.

There were no public legal cases brought against Mondi or our employees in 2019.

Mondi Group CEO designate Andrew King speaking to stakeholders

1   Employees in sales and marketing roles and those in positions that have, or may have, contact with competitors

ACTION AREAS

EMPLOYEE AND CONTRACTOR SAFETY AND HEALTH

1

Over the past decade, we've seen open and honest discussions transform the way we engage in and take responsibility for safety. But while we're among the safety leaders in our industry, unsafe behaviour continues to be a common factor in incidents. To achieve our ambition of sending everybody home safely every day, we need to create a culture where people act safely in everything they do.

Why is this important to our stakeholders?

→ The human cost of occupational accidents, diseases and industrial disasters is staggering, costing more than 2.78 million lives every year[1]
→ Beyond the impact on people, the economic burden of occupational accidents, diseases and major industrial disasters is estimated at around 4% of global GDP each year[1]
→ Our operations involve high-risk activities that could affect people's safety and health and stakeholders expect us to apply robust risk management controls and procedures to keep people safe

Why is this important to Mondi?

→ It's a moral and a business imperative that we do all we can to avoid harm to people working for Mondi – including employees, contractors and others on our sites
→ We care about our people; when an incident occurs it can be devastating to the injured and their family and colleagues
→ Safer operations are more efficient, profitable and successful, with employees and contractors more engaged and motivated
→ People are more likely to choose to work for us over those companies with poor safety performance

Our commitments to 2020	2019 performance in brief	Status
Avoid work-related employee and contractor fatalities	There were two fatalities	🔴
Prevent life-altering employee and contractor injuries	There were two life-altering injuries	🔴
Reduce TRCR by 5% compared to 2015 baseline, including new acquisitions	TRCR was down 22% on 2015	🟢

Discover how we are...

→ Embedding a 24-hour safety mind-set among all our people
→ Taking a risk-based approach to managing safety and health
→ Using training and engagement to drive progress
→ Continuing our journey by focusing on the social psychology of risk

What's next?

→ Continue to identify and eliminate the Top Fatal Risks each year across all our operations
→ Shift our focus to address the social psychology of risk, looking beyond controls to develop the safety mind-set of individuals and dynamics of teams

Our strategic SDGs and targets

8 DECENT WORK AND ECONOMIC GROWTH

SDG 8 **Decent work and economic growth**
→ Target 8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

For links to all other SDGs, see the full SDG index

1 http://www.ilo.org/global/topics/safety-and-health-at-work/lang--en/index.htm

Employee and contractor safety and health

Ensuring the safety of our people

Our employees and contractors work in potentially hazardous environments. We have embedded clearly defined methodologies, procedures and robust controls to ensure they, and other people who have reason to be on Mondi sites, stay safe.

These measures include: close call and incident reporting and investigation; risk assessments; audits; permit to work requirements; energy isolation and lock-out systems; specialist training programmes; safety procedures; and contractor safety management.

We focus on the top risks at each site, implementing engineering controls where feasible and possible and ensuring continuous improvement in our safety and health controls and programmes. We carry out detailed investigations into all recordable cases to identify root causes and contributing factors and develop suitable action plans in response.

When we acquire new assets and operations, Safety, Health and Environment (SHE) professionals form part of the acquisition team to ensure quick alignment with Mondi systems, methodologies, culture and approach.

**Work safe.
Home safe.
Everybody, every day.**

Safety performance

With deepest regret, we report that we experienced two fatalities in 2019 and a third fatality in January 2020. In January 2019, a contractor working on the PM19 project at our Ružomberok mill (Slovakia) was fatally injured when he was struck by a piling tube during piling activities. In August, a contractor log delivery driver was fatally injured in our Russian logging operations during towing activities. In January 2020, a contractor died as a result of an incident during demolition activities at our Syktyvkar mill.

Robust investigations have been carried out to understand the events involved and identify ways to prevent future occurrences of such incidents and the findings communicated.

We had 222 recordable cases in our operations in 2019 (2018: 262). This equates to a TRCR of 0.59 (2018: 0.68) and represents a 22% decrease compared to our 2015 baseline of 0.76.

Total recordable case rate (TRCR)
per 200,000 hours worked

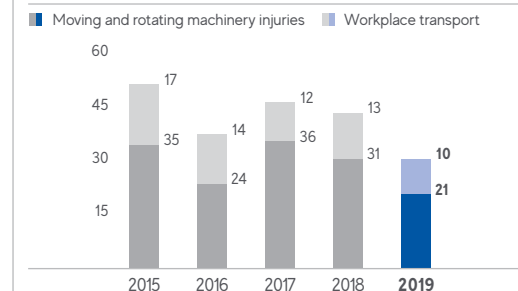| 2015 (baseline)	2016	2017	2018	**2019**	2020 commitment
0.76	0.69	0.68	0.68	**0.59**	0.72
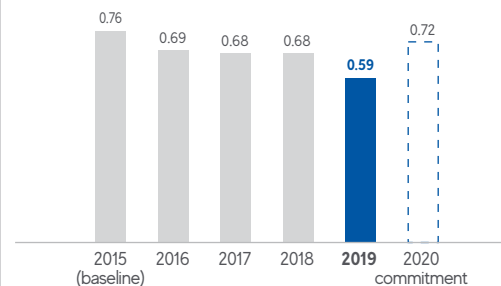
The recent acquisitions completed in 2018 (Powerflute and Egyptian paper bag plants) are excluded
The total number of hours worked (employees and contractors) in 2019 was 74.7 million hours (2018: 77.6 million hours)
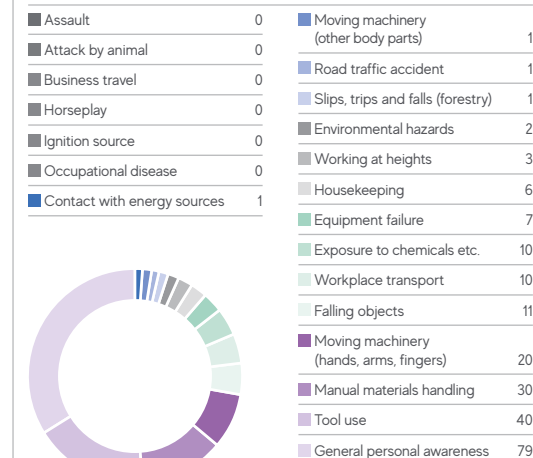
Injuries from high-risk activities
instances

■ Moving and rotating machinery injuries   ■ Workplace transport

	2015	2016	2017	2018	2019
Workplace transport	17	14	12	13	10
Moving and rotating machinery injuries	35	24	36	31	21

"We strive to send everybody home safely, every day. To achieve this we are introducing social psychology of risk tools to focus on the conscious and unconscious mind-set of our employees."

Brian Darlington
Group Head of Safety and Health

Total recordable cases by injury classification
cases

■ Assault	0
■ Attack by animal	0
■ Business travel	0
■ Horseplay	0
■ Ignition source	0
■ Occupational disease	0
■ Contact with energy sources	1

■ Moving machinery (other body parts)	1
■ Road traffic accident	1
■ Slips, trips and falls (forestry)	1
■ Environmental hazards	2
■ Working at heights	3
■ Housekeeping	6
■ Equipment failure	7
■ Exposure to chemicals etc.	10
■ Workplace transport	10
■ Falling objects	11
■ Moving machinery (hands, arms, fingers)	20
■ Manual materials handling	30
■ Tool use	40
■ General personal awareness	79

Employee and contractor safety and health

71%
of our converting operations have the OHSAS 18001 system in place

Embedding a 24-hour safety mind-set

Our '24-hour safety mind-set' approach positions safety as something we do for ourselves, for our families, for our colleagues and for their families. We developed the concept to tap into people's awareness on an emotional, unconscious level by applying safety to all aspects of their lives, not just to work. It is based on the premise that there is no difference between being safe at work or at home – the outcome is the same – and if we develop our habits so that safety becomes an unconscious behaviour, we'll ensure our own safety and that of those around us.

We are developing programmes and tools to develop both the conscious and unconscious mind-set of our employees, as well as improving safety engagement between first-line managers and their teams. In 2019, we launched new safety videos to promote the 24-hour safety mind-set and new e-learning tools for selected safety topics.

Read the full online case study to find out more about how we promoted a 24-hour safety mind-set

Read more about the focus on improving safety leadership and ownership at Mondi Dynäs (Sweden)

Certification and management systems

The safety and health of all our employees and contractors is covered by our management systems, methodologies and initiatives. Audits of our management systems are conducted internally and externally. These systems have been implemented based on recognised risk management standards and guidelines including OHSAS 18001 and the National Occupational Safety Association (NOSA).

Our operations and equipment are also subject to ongoing internal and external audits, designed to identify strengths and weaknesses in procedures and control systems and to guide necessary changes and improvements. Regular audits of plant and equipment standards help drive improvements in process controls and systems.

All of our mills[2] and 71% of our converting operations (58 of 82) have the OHSAS 18001 system in place. Going forward, we will focus on ISO 45001 for recertification.

Risk-based approach

We take a risk-based approach to managing safety and health. Risk assessments are an important tool for identifying hazards and putting necessary control measures in place. We provide training on our methodologies to ensure teams understand and align with the requirements.

In 2019, we continued with our Top Fatal Risks approach. Each operation identified the next set of top risks and developed management plans to engineer them out of the business. Where this was not feasible or possible, we introduced robust controls and procedures to reduce the risks.

Read more about how Stambolijski (Bulgaria) improved safety standards on their paper machine as part of the top risk approach

Our 'Nine Safety Rules to Live By' cover hazards that pose a risk of high-consequence injuries. They include: work at heights; mobile plant; chemicals; confined spaces; work in forests; permit to work activities; lifting activities; and moving and rotating equipment.

They are supported by our Task Risk Management Methodology, which provides a practical, easy-to-understand approach to conducting pre-task risk assessments. It enables us to assess probability and severity of a potential incident and shape action plans based on a hierarchy of controls to firstly prevent incidents and then, if they do occur, reduce their severity.

Operations are required to consider the top three risk controls – elimination, substitution and engineering – before looking at administrative controls or issuing personal protective equipment. Employees are engaged during the risk assessment processes and assessments are revised at pre-defined frequencies, or as a result of an incident.

In 2019, we introduced working groups, chaired by the business unit SHE (Safety, Health and Environment) managers, to develop safe practice notes for all operations for the following high-risk topics:

→ Manual intervention with moving and rotating parts in converting operations
→ Safe bleaching chemical handling
→ Safe lime handling
→ Social psychology of risk engagement tool
→ Visitor induction programmes
→ Safety requirements for doctor blade handling
→ Prevention of noise induced hearing loss

The safe practice notes were distributed during 2019 and an engagement board tool was developed and rolled out at selected sites. Additional focus topics will be selected and working groups established to address them in 2020.

Incident investigations

Our formal investigation methodology (MICE) guides the reporting and investigation of all incidents including major close calls and injuries. Incidents are escalated to group level for information and guidance purposes and lessons relating to contributing factors are shared among our operations. We assess and monitor key trends in incident categories including types of injuries, contractors and employees, and experience of employees. Our employees and contractors have the right to refuse to work should their safety and/or health be compromised. They are protected against reprisals through Speakout, our confidential hotline for reporting grievances and whistleblowing (see).

2 Dynäs mill (Sweden) is certified to AFS 2001:01 (the Swedish Work Environment Authority's standard)

Employee and contractor safety and health

Measuring progress – lead, current and lag indicators

Conventional safety performance metrics focus on incidents and TRCR, known as 'lag' indicators. We also use 'current' and 'lead' indicators, enabling us to monitor proactive efforts and improvements aimed at preventing incidents.[3] Performance against lag, current and lead indicators form part of our senior managers' bonus scheme, with targets assigned to each indicator as part of the annual Performance and Development Review (PDR) process.

In 2019, we carried out 100,620 safety audits against a target of 68,458, including management risk focused audits, first-line manager task audits, SHE professional focus audits and peer observations. More than 96% of resulting actions were completed. In addition to 302,032 hours of general safety training, we conducted 68,625 hours of critical safety training against a target of 42,787 hours.

Working with contractors

The contractors we work with are employed by companies with varying safety and health requirements and cultures. We support them to manage their safety and health risks and ensure they align with Mondi requirements. Using a risk-based approach, we appoint contract managers to facilitate liaison between contractors and the Mondi team. They work with Mondi SHE professionals and contracting companies to provide information and guidance, monitor contractor safety performance and support contractors to close gaps and improve practices. We have defined a six-step process, summarised in a safe practice note, to guide the

3   Current indicators include management risk-focused audits, first-line manager task audits, Safety, Health and Environment (SHE) professional focus audits, and peer observations. Lead indicators monitor issues that underpin safety performance such as action tracking, critical safety training, and the implementation of our new Permit to Work Methodology

management of contractors prior to and during their time on-site at Mondi, as well as during post-contract evaluation. We implemented a contractor management audit programme across our mills in 2019 to assess compliance with the contractor management practice note. In 2019, we audited five mills and additional audits are scheduled for 2020.

Safe maintenance shuts and other projects

Our mills are subject to scheduled annual shuts during which machinery and equipment is maintained, replaced or upgraded. Other complex and large projects can involve non-routine work, with many employees and contractors working on-site at the same time. Some of our highest risk activities occur during these times. We manage the risks in a number of ways, including:

→ ensuring Mondi site managers and SHE professionals maintain a visible presence and provide support on-site and at key meetings;

→ applying our top risks approach and engaging with contracting companies to align activities and agree common standards of work;

→ holding pre-shut risk assessment sessions to identify high-risk activities and implement suitable management controls; and

→ engaging with SHE leaders of larger suppliers and conducting joint site visits with a focus on safety and health.

Our annual shuts and major projects in 2019 saw between 650 and 5,500 contractors working on-site at any one time. We achieved a good performance overall, with more than 1.9 million hours worked by more than 19,000 contractors resulting in nine recordable cases and no serious injuries experienced.

Safety and health committees

The Mondi SD steering committee, attended by the Group Head of Safety and Health, meets twice a year to agree focus areas and provide updates on progress, including on safety and health (see page 26). Chaired by the Group Head of Safety and Health, the senior safety and health team meets quarterly to address issues and align efforts on the Safety and Health Strategic Plan. In 2019, we dedicated one meeting to training the team on the social psychology of risk and understanding the new engagement board tool that will be rolled out to all operations in 2020.

To ensure the consistent cascading of information, business unit and business segment safety and health professionals meet with safety and health professionals from operations, who in turn ensure alignment across individual sites and support employee participation and consultation. Site-level committees oversee local performance against Group requirements, assess incidents and support departments to ensure continuous improvement. The frequency of meetings varies by site.

Training

Our training and skills development programmes cover all aspects of safety and health including: safety management; risk assessment; individual competency and skills; policies; methodologies and procedures; incident investigation; and auditing techniques. Training is offered in a range of formats, from formal to on-the-job training to toolbox talks.

All safety and health colleagues are required to complete our programme for safety and health professionals by 2021. It consists of five modules, totalling 12 days of training. The training also requires attendees to submit a post-training project for final evaluation. A cumulative total of 81 people have now attended the fifth module of the programme. At the end of 2019, 1,524 people had also attended the three-day first-line managers training programme.

'Safe Shut' gift box

In 2019, to support their efforts in leading safety in their teams, contractor team leaders working at our packaging and paper mills were presented with a 'safe shut' gift box. The box and its contents act as a safety nudge to motivate leaders in owning and actively engaging with their teams on returning home healthy each day of the shut.

Read the full case study online

Employee and contractor safety and health

Health and wellbeing

We raise awareness of diseases such as HIV/AIDS, diabetes and tuberculosis among the people who work for us. We encourage testing, counselling and treatment for employees and contractors and offering advice to avoid onward infection through a number of initiatives:

→ Mobile clinics provide medical services for all contractor employees working for our South African forestry operations

→ Several of our operations have on-site health and wellbeing facilities, such as our wellness centre at Syktyvkar (Russia), and many offer a health monitoring service

→ We provide wellness programmes at several locations, for example the Štětí (Czech Republic) 'Mondi for Life' initiative which promotes sports, health and recreation

→ Some of our mills have independent on-site medical clinics and/or doctors, while others use service providers and private medical practitioners to offer occupational health services

3,269

employees and contractors participated in the HIV/AIDS voluntary programme in our South African operations

Our occupational health programmes are designed to eliminate risks to health in the workplace, prevent occupational illness and diseases, and provide a healthy working environment for employees and contractors working across our mills, converting operations and forestry operations. This includes optimising ergonomics, providing regular health screening, reducing noise impact and conducting occupational health hygiene surveys. Action plans are developed using the hierarchy of controls approach, e.g. reducing the noise before issuing of hearing protection.

At our South African operations, we run communication initiatives to raise awareness and prevent diseases such as HIV and AIDS. We facilitate access to free voluntary counselling and testing (VCT) and anti-retroviral treatment (ART). Our peer support programme trains employee and contractor representatives to engage with and train the workforce on health issues.

In 2019, 3,269 employees and contractors participated in the HIV/AIDS voluntary programme in our South African operations (2018: 3,465), with 1,827 opting for testing. In addition, 13 employees and 1,099 contractors benefited from the ART treatment programme.

ENHANCING WELLBEING *through our Employee Assistance Programme*

In January 2019, we extended our Employee Assistance Programme (EAP) to 14 countries following positive feedback from employees who used the service in the Group office in Vienna, and from similar services in the US and South Africa. The EAP is a 100% confidential telephone hotline provided by an external company of qualified counsellors and advisers. It can be used by Mondi colleagues and their families free of charge and around the clock, 24/7/365.

Qualified counsellors offer support on a wide variety of topics including family and relationship issues, personal financial problems, stress and conflict, mental health challenges, addiction or dependency. According to anonymous data, employees and family members are increasingly accessing the EAP in all countries where it is available.

"With the external EAP institute, we are giving our colleagues an easy way to get help whenever they face a personal crisis or stress situation, be it in their professional life or at home."

Birgit Hoettl,
Head of CoE Employee Experience

A SKILLED AND COMMITTED WORKFORCE

With approximately 26,000 employees across more than 30 countries, our ambition is to provide an employee experience that inspires and empowers a global workforce to deliver our Group strategy. Engaging and motivating our people to reach their full potential and providing opportunities for their personal and professional development ensures our business continues to grow and succeed.

Why is this important to our stakeholders?

→ Creating meaningful employment is one of the most significant ways that business contributes to the livelihoods of individuals and communities[1]
→ Today's socially conscious employees want purposeful, rewarding careers that contribute social, economic and environmental value
→ Stakeholders expect business to contribute to employment, skills and technical capacity directly and through supply chains

Why is this important to Mondi?

→ Europe's pulp and paper sector has seen fewer young people joining its workforce in recent years;[2] strong employer branding is integral to attracting and retaining new talent
→ Skilled employees enhance our human capital and contribute to improved performance. We depend on a talented and agile workforce to continue to lead and innovate against a backdrop of changing technologies, business models and the drive for sustainability
→ Engaging and inspiring our employees boosts productivity and increases our appeal to those who seek purposeful work

Our commitment to 2020	2019 performance in brief	Status
Engage with our people to create a better workplace	Action was taken across the Group in response to the 2018 employee survey A new employee survey conducted in March 2020	🟢

Discover how we are...

→ Acting on the outcomes of the employee survey to become the employer of choice in all our markets
→ Enhancing employee skills and digital learning across the Group
→ Using mentoring to develop our people and become a more inclusive and diverse workplace

What's next?

→ Analyse the feedback from the global employee survey commissioned in March 2020 and develop action plans to address the findings
→ Continue to roll out and enhance digital learning tools to improve the coverage, depth, accessibility and convenience of training for all employees

Our strategic SDGs and targets

8 SDG 8 **Decent work and economic growth**
→ Target 8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training

9 SDG 9 **Industry, innovation and infrastructure**
→ Target 9.2 Promote inclusive and sustainable industrialisation and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries

For links to all other SDGs, see the full SDG index

1 https://www.bitc.org.uk/employment/
2 http://www.cepi.org/publication/future-skills-paper-industry

A skilled and committed workforce

Employee engagement

Employee engagement is integral to our culture and to creating an inspiring workplace where people feel valued and included. Providing a strong employee experience, supported by open, two-way communication, positions Mondi as an attractive employer to current and future employees.

'Inspire' – the Mondi Way

Our cultural development programme 'Inspire' drives our people to live by Mondi's three core values – performance, care and integrity. 'Inspire' is the lens through which we consider all our HR processes, engagement and development mechanisms.

Listening to our employees

Our group-wide employee survey enables us to better understand employee views so we can consider them in strategy and decision-making.

Following our most recent employee survey in March 2020, we will report in more detail on the outcomes and actions in our 2020 report. Our previous employee survey was carried out in 2018.

Mondi Štětí mill visit

Examples of progress made across the Group in response to the survey include:

Employee feedback	Some of our actions in response
Mondi could do more to show caring for our general wellbeing	We expanded our Employee Assistance Programme (EAP) – a 24-hour free and confidential phone counselling service which can be accessed by around 20,000 employees and their families across 14 countries. Similar programmes are also in place in South Africa and the US.
Mondi could do more to support our career development and create a culture of learning	The Mondi Academy introduced free online learning tools that enable employees to enhance their skills and knowledge at their convenience. They include: → Busuu – a language learning app; → Bookboon – a library of more than 800 downloadable ebooks; and → Academy Talks – a video series featuring Mondi experts. We launched FlexiFeedback in December 2018 so that employees can benefit from continuous, timely feedback on their leadership behaviours (see page 38). From 2020, e-learning opportunities for a large range of topics will be offered to employees.
Mondi could do more to foster a culture of recognition	Our Containerboard and Kraft Paper businesses piloted a new recognition programme called 'You Make Mondi' through which employees can recognise each other using a dedicated card to write a meaningful, personal message about an individual's contribution. The initiative will be rolled out to other parts of the business in 2020.

We share the detailed results of our group-wide employee survey for each business and location to allow for targeted action planning. We also support local operations to develop their response by sharing best practice and through a new guide to 'Employee survey action planning and workshop design'.

Facilitating two-way communication at Mondi Gronau

Our 2018 employee survey found that employees at Mondi Gronau in Germany felt there was a lack of personal communication with the plant's leadership, and they did not feel well informed as a result. In response, managers introduced the 'shift dialogue', a once-a-month event for each shift (totalling 23 dialogues per month) during which employees and leaders meet face-to-face, guided by the division manager. There is a brief review and outlook led by the shift leader followed by open questions and dialogue. Each dialogue is attended on a rotating basis by the Managing Director, Financial Director, Operations Director or Head of HR of the plant so that employees' questions on management and strategy can be answered by a senior plant leader.

"We appreciate these regular discussions to address questions or concerns in person. It's time well spent for all of us."

Erwin Lüch,
Forklift Driver, Internal Material Logistics

A skilled and committed workforce

Inspiring people to Live the Good Life

Our Good Life Goals campaign laid out 85 ways people can contribute to the UN SDGs. We encouraged employees to make a personal commitment to 'live the good life' and help make the SDGs a reality. The campaign continued for 17 weeks with a different Good Life Goal in focus each week. The campaign materials – including videos, post cards, posters and social media communications – were translated into 11 languages. Everyone was invited to share their own videos showcasing their personal action on the topic of their choice. We shared videos of employee commitments on planetmondi, which included changing to a plant-based diet, cycling instead of driving to work, conserving water and making more conscious purchasing decisions such as sustainable fashion.

"The Good Life Goals aim to bridge the gap between the UN SDGs and the sustainable lifestyles movement. By linking each SDG with sustainable behaviours we can each make choices to contribute to a better world."

Susan Brunner,
Senior Sustainability
Positioning Manager

Pulse check surveys

In between our global employee surveys, we conduct pulse check surveys at our larger mills to track progress of actions. We conducted one such survey at parts of our North American paper bags operations in 2019 to follow up on the actions arising from the 2018 employee survey and to get employee feedback on the sales restructuring recently conducted in those operations. Employees provided positive feedback on their work giving them purpose and a sense of responsibility, and having sufficient authority to do their job well. Development areas were reward and recognition, feedback and collaboration. The results will be addressed in 2020.

Integration surveys

We carry out integration surveys of newly acquired businesses to gather feedback on the integration process and strengthen engagement. Surveys are conducted by an external partner and all employees and the central integration project team are invited to participate. We completed the integration surveys for our most recent acquisitions in 2018.

Onboarding surveys

To support our ambition of providing a positive employee experience from the outset, we introduced onboarding surveys in 2019. These are designed to help us learn about new hires' onboarding experience to improve our processes. In 2019, 138 new hires were surveyed across five operations - Monterrey (Mexico), Jackson (US), Korneuburg (Austria), our Group Office in Vienna (Austria) and Syktyvkar (Russia). The results included positive feedback on friendly welcome, working atmosphere, safety training and accessibility of people; and room for improvement on equipment and IT preparation, department-specific information, opportunity to visit the plant and a more structured onboarding.

Making a Difference Day

Making a Difference Day 365 (MADD) is our annual group-wide initiative that engages people to take personal action and to improve our safety, health and sustainability performance. In 2019, we celebrated our tenth annual MADD with a focus on:

→ mobile equipment workplace transport safety;
→ hearing protection;
→ mental wellbeing;
→ water and wastewater management;
→ waste management;
→ environmental incidents and complaints; and
→ the Good Life Goals (see left).

Transparency, assessment and feedback

Annual- and mid-year Performance and Development Reviews (PDRs) are an opportunity for employees and their managers to reflect on individual performance and set personal development goals. The PDR process includes all office employees and production employees with a leadership role including team leaders, plant foremen and shift leaders. In 2019, around 9,000 employees had access to our online PDR system, with approximately 5,900 having completed their PDR in the system.*

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* These figures show the PDR-relevant employees with digital access to the PDR system and the total number of completed PDRs as at 31 December 2019. In addition to the use of digital PDRs, which is currently not mandatory at Mondi, other PDRs across the Group are completed manually or in alternative local systems

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We use a variety of 360° feedback tools to enable people to better understand their behaviours and areas for improvement.

→ Senior leaders and line managers with at least three direct reports receive anonymous 360° feedback every three years from direct reports and colleagues
→ New leaders receive 360° feedback around six to eight months after appointment, with the focus on their behaviour in the new role, their understanding of the business and engagement with employees
→ Other employees can access regular 360° feedback. In total, 803 employees received 360° feedback in 2019 (2018: 604)
→ 360° SHE feedback targets the safety performance of first-line managers. Since 2018, 711 employees have received this feedback
→ FlexiFeedback allows managers and employees to select questions and receive feedback in a quick and flexible way, fostering an open, appreciative and transparent feedback culture that promotes continuous personal development.

In 2019, we adjusted the 360° feedback's questions and evaluation criteria to support our Diversity & Inclusion (D&I) journey. Questions explore respect for diversity in the organisation, communication with diverse audiences and adaptation to cultural norms.

We use external independent assessment to inform employees' development, strengthen our culture and support succession planning. These assessments look at targeted skills, personality traits, strengths and development areas. They focus on the strategic skills needed to move up the organisational structure and help us identify the right fit for each employee and position.

A skilled and committed workforce

Training and development

By enhancing the skills of our people, we support them to realise their potential and develop an agile workforce that is capable of meeting our business needs in a changing environment.

We create targeted programmes to develop employee skills and we plan skills acquisition that equips our employees to meet our strategic targets. Our employee induction includes training related to the business, its strategic value drivers, products and our approach to sustainable development. Performance and career development reviews support the personal growth of employees and contribute to skills management and the development of human capital within Mondi. For those facing retirement, confidence and quality of work relations is improved by the knowledge that they are supported in their transition from work to retirement.

We have designed specific training to empower employees and support diversity, particularly gender diversity (see page 44). Employees in sales and marketing roles, and others that may come into contact with competitors, annually complete competition compliance training which also covers Group organisational policies and business integrity. We have extended this training in 2019 to include sustainability policies, with special emphasis on our labour and human rights policy.

Digital transformation

We have begun our digital transformation journey to use data to improve our processes and support our people. This includes simplifying tasks, providing expertise and instructions where required, enabling proactive rather than reactive measures, developing skills that will help people secure quality jobs, and adding value to quality and efficiency of processes and outputs.

Examples include using digital Standard Operating Procedures to onboard employees, applying augmented reality for training on the use of machinery, enabling predictive maintenance to reduce downtime and costs, and predictive quality measures using soft sensors to fix problems before large quantities of sub-quality products are produced and subsequently wasted. For Mondi, digital transformation is not about cutting jobs – it is about freeing up people's time to enable

human creativity and innovation, and reduce stress. Ultimately, our employees will be better equipped for the job market of tomorrow with digital skills that will be necessary across all industries and markets.

The Mondi Academy

The Mondi Academy is our global learning hub. It provides business-related training programmes for leaders, line managers and employees through group-wide training networks and local academies (currently in Czech Republic, Poland, Russia, Slovakia, and South Africa). It develops customised programmes with an emphasis on global topics and leadership. The Mondi Academy International, based in Vienna, conducted 135 seminars and programmes in 2019.

The Mondi Academy increasingly focuses on providing digital learning tools, launching the Digital Bootcamps in 2019 to support employees in developing their digital skills. With the introduction of the Learning Management System, new e-learning content is under development for Mondi employees globally.

Group-wide training*

|	2018	2019	Discussion/rationale
Employee and contractor time devoted to training and development	819,200 hours	**801,900**	
Average training per employee per year	31 hours	**31 hours**	
Hours of general safety training	267,028 hours	**306,771 hours**	
Hours of critical safety training	59,995 hours	**69,836 hours**	
Proportion of training dedicated to safety and health issues	40%	**47%**	
Relevant employees completing competition compliance training	2,865	**3,096**	Since it was extended to include a sustainability module at the end of 2019, 181 employees have been trained, including 27 in German, 87 in Polish, 47 in Hungarian and 20 in English.

*   Including new acquisitions

Mondi Academy

	Total employees attending training		% Women	
Local academies	2018	2019	2018	2019
Mondi Academy International	1,196	**1,420**	26%	**33%**
Czech Republic	570	**558**	24%	**33%**
Poland	218	**506**	40%	**37%**
Russia	2.391	**2,161**	N/A	**52%**
Slovakia	4,652	**4,020**	15%	**20%**
South Africa	452	**260**	23%	**23%**

Coverage of safety in training hours
%

■ Safety-focused training	47
■ Other training	53
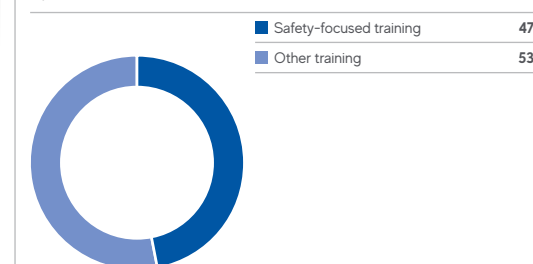
A skilled and committed workforce

Developing leaders from within

We focus on developing high performing and mobile employees, many of whom have worked for us in different geographical and cultural contexts. We enhance their leadership skills through dedicated development centres. In 2019, six such events were attended by 58 participants, 19% of who were female. We also offer behavioural assessments for managers, employees and our sales force to tailor their personal development to best meet their individual character and needs.

Digital learning

In step with Mondi's digital transformation, we are enabling flexible learning – when our employees need it, and on the go. This new way of learning is tailored to the needs of the employee and the business. We support the individual learning journey of each employee by providing diverse learning opportunities. These are continually refined based on business needs, employee feedback, best-practice and new technologies. New programmes include 'Design Thinking' and 'Agile Leadership' workshops and SCRUM[3] courses. E-learning, with a large portfolio of learning content, and the Mondi e-library, further support lifelong learning.

Conscious inclusion training

We introduced 'Conscious inclusion' training in 2019 to support our D&I ambitions. It is designed to enable employees and management to become more mindful of their unconscious perspectives and biases, and to equip them with practical actions they can take to create a more inclusive environment at work. The training is on offer to all employees and is especially targeted at management and teams. It was piloted by Group Executive and Operational Committees in 2019. Several leadership teams have now completed the training, with more sessions planned in 2020 as part of Mondi Academy curriculum for teams.

3   SCRUM is a process framework used to manage product development and other knowledge work

Mentoring and coaching

Our mentoring programme connects senior leaders and cultural role models with more junior employees to focus on managerial, technical and cultural topics. It facilitates sharing of knowledge and personal experiences through a one-to-one relationship in a risk-free environment. Mentoring boosts professional and internal networks and bridges gaps between groups and functions. It is important to the development and career progression of both mentees and mentors. Mentoring is now available to all employees in management and leadership roles and additional employee groups. Mentors receive regular training to improve their mentoring skills and we are working to raise awareness of the value of mentoring among employees.

We also offer coaching to develop people's interpersonal, cultural and work/life balance skills and to support people in adapting to new roles, work environments and challenges. Our coaching programme is delivered by a network of external coaches.

Reverse mentoring

We launched a 'reverse mentoring' programme in 2019, pairing 13 early-career employees with 13 senior leaders for the first year of the programme. Reverse mentoring exposes senior leaders to employees outside of their usual circles so they can better understand the challenges they may face, the unique value they bring and what they expect from leaders. For the less experienced employees, exposure to experienced leaders brings first-hand understanding of leadership, communication and digital transformation, among other topics. Reverse mentoring enables the sharing of different individual approaches in a trustful and confidential atmosphere, fostering inclusion and cross-generational camaraderie, improving professional and personal networks and providing positive role models within the company.

Promoting collaboration, support and recognition in Russia

Mondi directly employs over 5,000 people in its operations in Russia. Across many locations, actions taken in response to the 2018 employee survey are improving the employee experience with positive results.

At Mondi Syktyvkar, the 2018 survey highlighted a need to improve communication and collaboration across different parts of the business. 'Working holidays' were launched to allow colleagues from one part of the business to tour another and learn about what they do. Through job-shadowing, employees share knowledge, experience and best-practices.

Mondi Syktyvkar also identified a need to give special support to new employees to ensure they work safely. In their first year of employment, people now benefit from a safety campaign that includes a special logo on their clothing and helmets to encourage more experienced colleagues to support them with safety tips and instructions.

Flexible packaging plant, Mondi Aramil, held workshops and formed a social committee to consider how to improve their employee experience.

The first point of action was to improve the canteen. After an internal audit and a local follow-up employee survey, improvements delivered include a greater and healthier variety and quality of food and better service.

Mondi Aramil has taken the idea of the 'working holiday' a step further, developing a multi-skills training programme which enables people to develop the skills they need to fulfil more than one role. This means employees can switch between departments, boosting collaboration, career development and flexibility to meet Aramil's business needs.

For packaging films plant Mondi Pereslavl, low employee morale was highlighted by the 2018 employee survey. Management has focused on improving the employee experience through new recognition and appreciation incentives that support a caring culture and recognise and reward employee achievements. Pereslavl has found that most of these actions do not require substantial funds, but rather a refinement of existing processes and a cultural change towards transparency, care and support that is already delivering positive results for employee engagement.

> **"As a new employee, I wore a t-shirt with a special logo for more than half a year and it really helped. I was free to ask questions and learn and people were tolerant and paid attention."**

Danil Bogdanovich,
Mechanic Repairman
at Mondi Syktyvkar

FAIRNESS AND DIVERSITY IN THE WORKPLACE

3

The diversity of our workforce drives innovation and better decision-making, enabling us to meet the needs of our employees, customers, communities and shareholders. To maintain a fair, diverse and inclusive workplace, we promote good working conditions and uphold high standards of employment and human rights.

Why is this important to our stakeholders?

→ Equality, employment and human rights issues are central to the public debate about how business interacts with society
→ Our commitment to human rights across our operations and supply chain supports customers in managing their own supply chain risks
→ Women in industry is an area requiring attention in the traditionally male dominated forest products and packaging industries

Why is this important to Mondi?

→ A diverse and inclusive workforce inspires innovation and enables us to meet the needs of global stakeholders, and ensure appropriate representation of local context and needs, and enhance benefits to local communities
→ By respecting human rights, we act with integrity, reduce our reputational and business risks and improve employee engagement and commitment
→ We rely on a strong pipeline of talented employees from all backgrounds. Increasingly, people want to work for companies that uphold high ethical standards

Our commitment to 2020	2019 performance in brief	Status
Promote fair working conditions and diversity in the workplace	The group-wide D&I taskforce made good progress in 2019	●
	Mondi joined the UN Women's Empowerment Principles – We Mean Business initiative	

Discover how we are...

→ Improving women's representation in senior leadership positions
→ Developing and implementing a new human rights due diligence process

What's next?

→ Define our baseline performance on diversity and inclusion at all levels and set smart targets to drive progress
→ Act on the findings of our human rights due diligence process

Our strategic SDGs and targets

SDG 8 Decent work and economic growth
→ **Target 8.5** By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
→ **Target 8.7** Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers and by 2025 end child labour in all its forms
→ **Target 8.8** Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

SDG 9 Industry, innovation and infrastructure
→ **Target 9.2** Promote inclusive and sustainable industrialisation and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries

Fairness and diversity in the workplace

Employment and human rights

Compliance with the law, respecting human rights, and being a fair employer are the foundations of our employment practices. Internationally recognised standards, partnerships and control mechanisms support our approach.

Respecting human rights

The UN Guiding Principles on Business and Human Rights provide an effective framework for business. We are strengthening the monitoring and reporting of potential human rights risks across our operations and areas of our supply chain. This comprises embedding labour and human rights criteria in our procurement processes – including fibre procurement due diligence and audit processes, purchasing policies, Code of Conduct for Suppliers, and supplier audit.

We respect the rights of indigenous people – including our support of indigenous communities in Komi (Russia) and land reform in South Africa (see page 79).

We report annually at 'Advanced Level' on our compliance with the 10 principles of the United Nations Global Compact (UNGC).

View our Communication on Progress

Impacts on human rights can occur in many ways, including: worker safety and health; recruitment and employment practices; product safety; air or water pollution; contamination of natural ecosystems; inequitable use of natural resources; use of forced or child labour; discrimination; misuse of private employee and customer data; use of force by security personnel; disregard for land tenure and indigenous rights; adversely affecting the living conditions of communities; and depletion of resources relied on by communities.

Respecting and protecting human rights is embedded in many of our practices, including: safety and health; fair treatment of employees; respect for the law; engaging and investing in communities; minimising our environmental footprint; producing products to the highest safety, health and hygiene standards; and working with suppliers and contractors to meet high standards of business conduct. The purpose of this management approach is to support our operations in identifying, mitigating and managing potential human rights risks in our operations and our supply chain.

In 2019, we started to develop a new human rights due diligence process with the support of the Danish Institute for Human Rights (DIHR). The initial scope of the collaboration will include conducting a human rights risk and gap analysis (including interviews with Mondi's key functions and business leaders) and reviewing Mondi's grievance mechanisms and policies. We will report on the outcomes and actions of this process. None of our operations or significant investment agreements and contracts have yet been subject to human rights reviews or impact assessments.

14
countries where all employees have access to EAP

There were no reports of human rights incidents in our operations or supply chain through our Speakout tool or any other reporting mechanisms in 2019 (see page 29). We are investigating the need for formal human rights training based on risk, and developing tools and guidance. As a first step, we have extended competition compliance training to include our sustainability policies, with emphasis on the Labour and Human Rights Policy (see page 39). We are also working to identify and address human rights incidents in our supply chain (see page 75).

Compliance

We comply with all applicable laws and industry standards on working hours and strive to foster workplace flexibility and work/life balance. Mondi does not tolerate the inhumane treatment of employees or any form of forced labour, slavery, human trafficking, physical punishment or other abuse. Responsibility for implementing these principles lies with local line management and training is fundamental to our approach. We protect and invest in the safety, health and wellbeing of our employees and communities (see page 31).

Zero tolerance of child labour and forced and compulsory labour

We do not tolerate any form of child labour in our operations or supply chain. We do not employ people below the age of 15 or below the local minimum employment/mandatory school age – whichever is higher and relevant to the particular country. Where we provide apprenticeships for young people, we put special protection in place and ensure that they are not exposed to hazardous work.[1] At Mondi Neusiedler (Austria), for example, apprentices go through special safety and health training annually. When the apprentices come to a new workplace or machine, or when they need to use a new type of personal protective equipment, they receive full safety instructions. Apprentices are supervised most of the time, particularly while working with machinery.

For our measures to identify and tackle risk of modern slavery in our supply chain
See page 75

Enhancing wellbeing through our Employee Assistance Programme (EAP)

In January 2019, we extended our confidential telephone line for employee assistance to 14 countries. The service is provided by an external company of qualified counsellors and can be used free of charge by employees and their families around the clock. Two other countries (the US and South Africa) have similar systems in place. Read more on page 35.

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1   An apprentice is usually a person aged 15 to 18 years old who has agreed to work for an experienced person for three years for limited pay to learn that person's skills

Fairness and diversity in the workplace

Collective bargaining and freedom of association

Mondi respects the rights of its employees to form and join trade unions and take part in collective bargaining. We abide by legally binding collective agreements. We also take care that employee representatives do not suffer discrimination and that they have open access to members in the workplace. An estimated 72% of our employees were covered by collective bargaining agreements (CBAs) in 2019 (2018: 69%). We do not collect or report information on employee union membership due to differences in national legislation in the countries where we operate.

Fair remuneration

We provide fair wages and benefits that meet or exceed legal or industry minimum standards. Reward and recognition is based on performance and the Group has a number of performance-related pay schemes in which the majority of employees participate.

Employees collaborating at our Vienna Group office

Total compensation consists of base salary plus benefits and incentives. These are determined by global rules, local legislation, market practice, seniority and individual performance. The average ratio of basic salary and remuneration to variable pay across all employees in significant operations is 85%:15% and varies by operation.

	2018	2019
% employees who received a bonus of some kind	65%	66%
% of employees who received the Mondi standard bonus[2]	37%	47%

2   Based on performance against financial, personal and safety targets

For our approach to executive and Board remuneration, please see our Integrated report and financial statements 2019 (page 119)

Grievance mechanisms

Robust internal processes and tools facilitate the reporting, investigation and resolution of grievances. Speakout is our confidential telephone hotline, operated by an independent third party, through which employees and other stakeholders can raise concerns. Social media channels are also increasingly used by external stakeholders and employees to engage with us. We monitor these and investigate and respond as appropriate.

In 2019, we received 162 Speakout messages (2018: 104) relating to 104 cases, and four further cases through other channels. These covered a number of topics, in particular HR-related concerns, fraud and business integrity issues, as well as environmental and safety topics.

The increase in the number of cases/messages is potentially due partly to increased awareness of our operations and employees of the Speakout tool. We responded and took appropriate corrective action for all issues.

Restructuring, divestitures and closures

We carefully review opportunities to ensure the long-term sustainability and growth of our business. Decisions about business restructuring require executive committee-level approval. We ensure timely discussion of significant operational changes and engage with employees and their representatives to negotiate and implement such changes. Timely and meaningful consultation allows affected employees to understand the impacts of proposed changes and enables us to work together to address potential negative impacts.

When employees are affected, we follow our own HR policies and local labour rules as a minimum, including consultation, notice periods, regular briefings and trade union involvement where available. If roles are at risk, we support affected employees through retraining, re-employment and relocation, supporting entrepreneurship and providing severance payments, depending on local regulations and available legal schemes.

Active measures to promote employment and retraining are carried out in close cooperation with relevant authorities and appropriate third parties. Notice periods are provided to employees and their representatives prior to implementation of significant operational changes that could affect them.

This follows the laws of respective local jurisdictions and may vary by operation. We typically apply a minimum two-week notice period.

66%
of employees received a bonus of some kind in 2019

For organisations with CBAs, the notice period and provisions for consultation and negotiation are specified in collective agreements and/or by law.

In 2019, our plant in Duffel (Belgium) was divested, with all employees transferred to the new owner, except four who transferred to other Mondi entities. In Turkey, we ceased production on a recycled containerboard machine at our Tire Kutsan operation, affecting 60 employees (out of the operation's total of 300). We have offered compensation packages in mutual agreement to those affected. In the US, our bags operation in Pine Bluff went through restructuring (affecting 55 employees), and the relocation of our head office in North America as well as sales and regional restructuring affected a further 10 people. We provided all employees impacted with severance packages as well as outplacement services with an external service provider, offering support to find jobs through online courses and personal coaching.
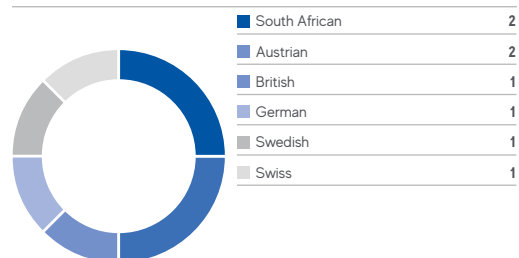
Fairness and diversity in the workplace

Diversity and equal opportunities

We strive to create an inclusive environment where differences are valued and embraced, and we have zero tolerance for discrimination and harassment. Equal opportunity for all is a priority and we aim to engage, involve and inspire everyone who is part of the Mondi Group.

Nationalities represented on the Board

South African	2
British	3
Austrian	1
French	1
American	1
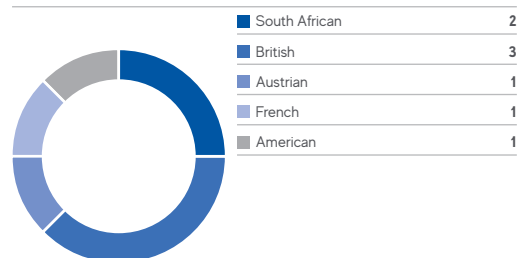
Nationalities represented on the executive committee

South African	2
Austrian	2
British	1
German	1
Swedish	1
Swiss	1

As at the date of this report

Promoting diversity and inclusion

Our policy is to treat everyone – including our employees and contractors, whether part-time, full-time or temporary – fairly and with respect. Our approach is designed to promote diversity, eliminate bias, and support equal opportunity across our operations.

Opportunities for employment, engagement, promotion, training or any other benefit are based on skills and ability. In line with our philosophy of encouraging Diversity & Inclusion (D&I), we provide equal opportunities for all, regardless of gender, race, age, sexual orientation, or ethnicity. We are working to increase the representation of women at all levels.

Our Diversity & Inclusion Policy reflects the Hampton-Alexander Review[3] recommendation that boards, and executive committees and their direct reports combined should be 33% women by 2020. It also includes a focus on ethnic and racial diversity across our Board and executive committee members and supports our Labour and Human Rights Policy.

Our D&I taskforce made good progress in 2019 (see case study on). We joined the growing community of businesses publicly demonstrating their commitment to advancing gender equality in the workplace, and signed the UN Women's Empowerment Principles.

At the end of 2019, 21% of employees were female (2018: 21%), with two female directors (25%) on the Board and one director of colour. In June 2019, we reported to the Hampton-Alexander Review that we had 22% female representation on our executive committee and 27% in the direct reports to the executive committee – a combined total of 27% (2018: 27%).

3   An independent review body which builds on the work of the Davies Review to increase the number of women on FTSE boards and includes a focus to improve women's representation in senior leadership positions

Employee numbers across our significant locations of operation[4]	Total	Europe	Russia	South Africa	US
Permanent employees	15,565 21% female	9,409 19% female	4,325 26% female	1,407 23% female	424 17% female
Temporary employees	731 25% female	479 24% female	220 26% female	28 43% female	4 0% female
Full-time employees	15,889 20% female	9,520 17% female	4,541 26% female	1,407 23% female	421 16% female
Part-time employees	336 84% female	329 84% female	4 100% female	0	3 67% female
New employee hires during the year	1,761 25% female	1,395 27% female	223 19% female	79 32% female	64 14% female
Contractors working for Mondi	15,000	–	–	–	–

4   Our Group offices in London (UK) and Vienna (Austria) and plants/mills with more than €70 million annual sales turnover located in Austria, Bulgaria, Czech Republic, Finland, Germany, Poland, Russia, Slovakia, South Africa, Sweden, Turkey and the US

As at 31 December 2019, this has increased to 33% female representatives on our executive committee and 29% in the direct reports to the executive committee, giving a combined total of 30%. We also reported in June 2019 that 22% of the executive committee members are between 30 and 50 years old, with the remaining 78% being over 50.

As most activities at Mondi are performed by its own employees, there are no significant variations in the numbers reported above during the year. Harvesting activities at our forestry operations and maintenance shuts at our pulp and paper mills do, however, involve considerable variations to contractor numbers.

We aim to include employees from the local community in our senior management to enhance our positive market presence and increase economic benefit to the local community. It also helps us better understand local needs and context, and supports diversity of thought among our leadership teams.

At the end of 2019, 64% of Mondi South Africa's management team (seven out of 11 operational committee members) were previously disadvantaged individuals (2018: 60%, six out of 10).
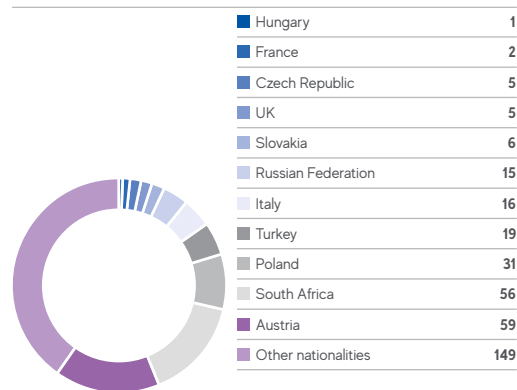
Equal opportunities for all

We consider applications for employment in a fair and balanced way, based on capabilities, skills and experience. Our Labour and Human Rights Policy commits us to consistent and fair training, career development and promotion, including those with disabilities. In the event of an employee suffering a life-altering injury at work, we facilitate appropriate medical treatment and ongoing rehabilitation, and support their continued employment by finding alternative equivalent jobs for them.

Recruitment activities are aligned with the aims of our D&I policy, including to promote diversity of all types and to ensure fair and non-discriminatory work practices. We continue to focus our succession planning on building a pipeline of high-calibre candidates of different backgrounds to meet our business needs. We comply with local legislation across the Group, and strive to ensure succession planning is fair, equitable and non-discriminatory.

Fairness and diversity in the workplace

Management by origin
number

Hungary	1
France	2
Czech Republic	5
UK	5
Slovakia	6
Russian Federation	15
Italy	16
Turkey	19
Poland	31
South Africa	56
Austria	59
Other nationalities	149

Employment and training opportunities

Mondi uses employment and training opportunities to develop a diverse workforce that is fit for the future. Talent management and development initiatives include training modules such as 'Intercultural diversity and competence', designed to enhance the understanding of the benefits of diversity for the business. Other initiatives include mentoring and newly launched reverse mentoring, development programmes and flexible working practices to support diversity and employee integration across the business.

Our leadership and training programmes promote gender diversity. 'Success management' training focuses on supporting career strategies for all genders and the 'Empower yourself' programme offers career support to women. In some locations, targeted training supports young female employees in planning their careers and balancing professional and personal goals. We provide mentoring opportunities for all genders (see).

We support all employees to fulfil their career ambitions during and after maternity/paternity leave, offering guidance, training and flexible working packages to help them return to their roles. Some operations support or provide child day-care programmes and facilities.

As of the end of 2019:	Number of employees	% female
Taking parental leave across our significant locations	278	61%
Returned from parental leave	205	48%
Remained in Mondi's employment 12 months after their return from parental leave	204	48%

We offer inter-cultural training to embed and promote cultural diversity and, where needed, provide cultural training and local coaches for employees posted to new countries. We also offer language training via Busuu's language learning app and provide non-verbal safety videos, which demonstrate safe behaviour in a visually easy to understand form.

At our Group office in Vienna, we have partnered with myAbility, a social business which brings together companies and people with disabilities to foster more inclusive workplaces. Through the myAbility talent programme, highly qualified students shadow our employees, raising awareness among Mondi employees and enabling the students to gain first-hand experience and contacts to help their future careers.

Embedding Diversity & Inclusion in our businesses

We launched our D&I taskforce – a cross-business, cross-functional team – in 2018 to help shape and embed our approach to managing D&I across the Group. In 2019, it made good progress across a number of areas.

Communication and good practice sharing: D&I news, blogs and best-practice articles were shared on our intranet, planetmondi, and we published a guide to gender-inclusive language now rolling out across our operations. Some of our operations, such as Świecie (Poland), Ružomberok (Slovakia), and Hilm and Korneuburg (Austria), have run their own D&I workshops.

People development: We developed and piloted 'Conscious Inclusion' training with our group executive and operational committees. Several leadership teams have now undergone the training, which will be rolled out in 2020 as part of The Mondi Academy curriculum for teams.

We also initiated 'reverse mentoring' to enable leadership teams to benefit from exposure to junior employees outside of their usual circles, developing awareness of the challenges they may face, the unique value they bring, and what they expect from leaders in the organisation (see).

Strategy and leadership: We reviewed 'Inspire', our cultural framework, to assess its fitness to foster an inclusive environment. While we found D&I already present in our cultural framework, we identified opportunities to enable greater inclusion through our culture. We also analysed performance, governance structure, employee assessment and engagement tools, and the indicators that we can currently monitor. Key challenges include a lack of sufficient data, limited visibility of the barriers to D&I, and limited evidence of the effectiveness of D&I measures and interventions. We have begun to develop smart targets to strengthen our measurement and monitoring. The taskforce will continue to work with the business in 2020 to further progress our D&I journey.

SUSTAINABLE FIBRE

4

The UN Sustainable Development Goals (SDGs) target zero net deforestation and degradation globally. We are committed to zero deforestation and no illegal logging; we address these issues through our risk-based approach. We source our wood and pulp only from responsible sources and go beyond legal compliance to address social and environmental requirements.

Why is this important to our stakeholders?

→ Global demand for wood fibre may rise significantly by 2050 as a result of the growing trend towards promoting forests as a renewable resource for sustainable solutions[1]
→ Deforestation and illegal logging lead to biodiversity loss and climate crisis, undermining crucial ecosystem services and impacting on local communities and livelihoods
→ More than 7.5 million hectares of forests are permanently lost every year due to deforestation,[2] contributing an estimated 15% of global GHG emissions[3]
→ Consumers and our customers are driving demand for responsible products and transparency across the wood fibre supply chain

Why is this important to Mondi?

→ Wood is one of our primary raw materials; our operations and natural ecosystems are inextricably linked
→ We have a clear business imperative to secure sustainable wood fibre in a fair and transparent way
→ Renewable raw materials play a key role in supporting the circular bioeconomy to benefit people, nature and our climate
→ Managing forests sustainably helps to protect against deforestation and secures their long-term value

Our commitments to 2020	2019 performance in brief	Status
Procure at least 70% of our wood from FSC–[4] or PEFC–[5] certified sources with the balance meeting our company minimum wood standard that complies with FSC's requirements for Controlled Wood (CW)	72% of wood and 99% of pulp sourced from certified sources All Chain-of-Custody (CoC) certifications with Controlled Wood (CW) requirements were maintained	●
Maintain FSC certification for 100% of our owned and leased forest lands in South Africa and Russia and promote sustainable forest management	100% of owned and leased forest lands remain certified	●

Discover how we are...

→ Implementing a risk-based approach to responsible fibre sourcing in different countries
→ Ensuring robust due diligence in the supply chain by supporting development of effective forest certification
→ Collaborating with partners and stakeholders to secure the long-term supply of responsible wood fibre
→ Promoting the effective use of wood fibre across the forest products value chain

What's next?

→ Continue to refine our Due Diligence Management System (DDMS)
→ Develop a deeper understanding of, and take steps to manage, country-specific risks with local stakeholders
→ Explore practical ways to make certification more relevant to the challenges we face, using a risk-based approach

Our strategic SDGs and targets

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

→ SDG 12 **Responsible consumption** and production
→ Target 12.2 By 2030, achieve the sustainable management and efficient use of natural resources

15 LIFE ON LAND

→ SDG 15 **Life on land**
→ Target 15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally
→ Target 15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species

For links to all other SDGs, see the full SDG index

1   WWF (2011). Living Forests Report
2   https://www.worldwildlife.org/threats/deforestation-and-forest-degradation
3   WWF (2018). Living Planet Report
4   The Forest Stewardship Council (https://www.fsc.org/)
5   The Programme for the Endorsement of Forest Certification (https://www.pefc.org/)

@Tzvetan Zlatanov

Sustainable fibre

Where does our wood and pulp come from?

Mondi uses wood fibre from responsibly managed forests to make its packaging and paper products. Wood is a sustainable, renewable resource and we work hard to provide the best assurance that our wood fibre is sourced responsibly and transparently.

The majority of our wood fibre is sourced in the form of roundwood and wood chips. Around one quarter originates in our managed forests in Russia and South Africa and we buy the rest from external suppliers, mainly in central Europe. We also buy a small proportion of our wood fibre in the form of market pulp.

We have maintained 100% compliance with FSC™, PEFC™ or FSC Controlled Wood (CW) sourcing of all wood and pulp in 2019, ensuring full transparency in our supply chain.

For details on procured paper for recycling, please see page 72.

Sources of wood fibre	Volumes	Status 2018	Status 2019
Wood (roundwood, wood chips)[6]	17.6 million m³	71% compliant with FSC or PEFC	72% compliant with FSC or PEFC
→ Own forestry operations		100% certified to FSC and ISO 14001	100% certified to FSC and ISO 14001
→ Purchased wood		35% FSC 28% PEFC 37% FSC CW	32% FSC 33% PEFC 35% FSC CW
Market pulp[7]	0.3 million tonnes	85% FSC 9% PEFC 6% FSC CW	93% FSC 6% PEFC 1% FSC CW

A risk-based approach to sourcing wood and pulp

We recognise there are significant global challenges related to deforestation, which affect biodiversity and ecosystems, our climate and livelihoods.

We are committed to zero deforestation, no illegal logging, and no use of illegal wood fibre or species listed by the Convention of International Trade on Endangered Species (CITES) or the Red List of International Union for Conservation of Nature (IUCN). We also do not use wood from genetically modified (GM) trees.

The world's largest deforestation fronts are found predominantly in South America, Southeast Asia, and Central Africa.[8]

Our primary wood sourcing regions are in South Africa, north west Russia and Europe. By sourcing wood fibre from these regions, in line with our Due Diligence Management System (DDMS), we ensure minimum risks of controversial wood or pulp entering our supply chain. We support multi-stakeholder platforms to address root causes of deforestation. Read more about our collaborations on page 50.

🖥 **Read more about how we are addressing global challenges in the wood fibre supply chain**

72%
of our sourced wood is FSC- or PEFC-certified and the remainder is controlled wood

Our Due Diligence Management System (DDMS)

Our DDMS applies a risk-based approach to ensure legal compliance and address broader economic, social and environmental issues across the entire wood fibre supply chain. The DDMS focuses on two key areas:

- → **Legal compliance:** We classify our wood fibre sourcing countries into three categories of risk – high, medium and low. Our risk levels are based on the strength of national governance systems[9] and the prevalence of legal risks within each country.[10] Within each risk category, we have defined the level of assurance or certification grade of materials sufficient to comply with legal requirements for each country.

- → **Sustainability issues:** We go beyond the requirements of current assurance mechanisms by screening economic, social and environmental issues using publicly available information and insights from local operations and partners to ensure timely detection and targeted response to critical issues in our wood fibre supply chain.

For countries classified as high risk in our DDMS, we require FSC certification. In Russia and Bulgaria, where we have Mondi operations and significant local knowledge and expertise, we also accept CW. We have purchased limited volumes of FSC-certified wood from high-risk countries where we do not have our own operations, including wood chips from Ukraine and market pulp from Brazil. We work in partnership with a broad range of stakeholders to address the risks in the wood fibre supply chain and to increase the availability and credibility of certified wood fibre.

🖥 **Read about additional measures we take in high-risk countries like Russia, Bulgaria, Ukraine and Brazil in our case study online**

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6 International Harmonised Commodity Code NHM 44000000 due to international nomenclature
7 International Harmonised Commodity Code NHM 47000000 due to international nomenclature
8 FAO (2016). Global Forest Resources Assessment 2015

9 Transparency International Corruption Perceptions Index and World Bank Governance Indicators
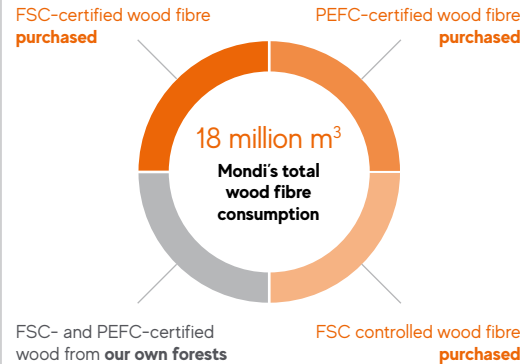10 Centralized National Risk Assessments (CNRAs) and NEPCon Timber Risk Assessment Methodology
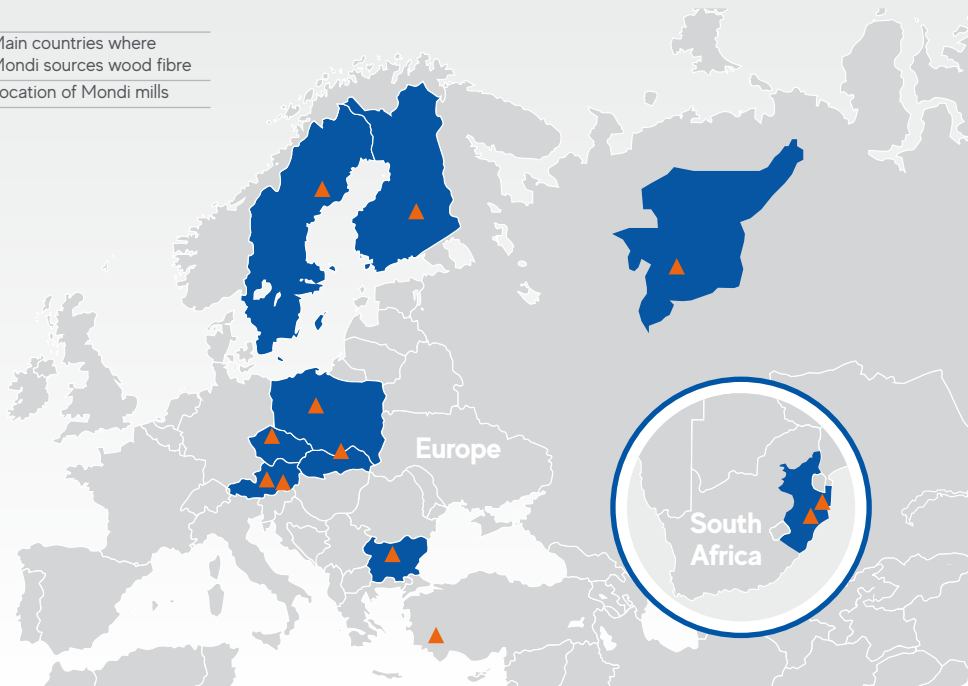
Sustainable fibre

Responsible sourcing is our priority

We source more than 90% of our wood fibre locally from the countries where our mills are located.

Key
- ● Main countries where Mondi sources wood fibre
- ▲ Location of Mondi mills

Europe

South Africa

Certification provides important assurance.

FSC-certified wood fibre **purchased**

PEFC-certified wood fibre **purchased**

18 million m³
Mondi's total wood fibre consumption

FSC- and PEFC-certified wood from **our own forests**

FSC controlled wood fibre **purchased**

Mondi's risk-based approach to certification

We prefer PEFC in most European countries. In countries of higher risk we require FSC.

Lower risk countries

Poland
76%* | 100% | 97%

Czech Republic
69%* | 100% | 3%

Slovakia
66%* | 95% | 11%
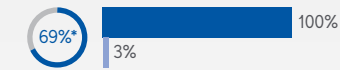
Austria
81%* | 100% | 0%
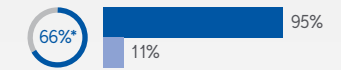
Sweden
60%* | 94% | 73%

Finland
82%* | 100% | 9%
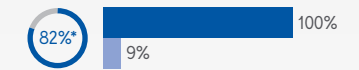
Medium risk countries[1]

South Africa
16%* | 0% | 100%
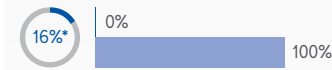
High risk countries

Russia
6%* | 29% | 97%
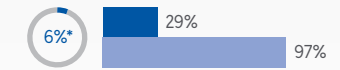
Bulgaria
38%* | 0% | 100%
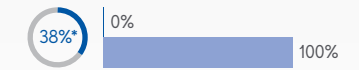
* total % of certified forests in the country
● % of PEFC-certified forest
● % of FSC-certified forest

1. In South Africa, wood is sourced only from forest plantations, 80% of which are certified (DAFF, 2018).
Note: if a sum of FSC% and PEFC% results in a figure higher than 100%, then it means some forest area is dually certified to both FSC and PEFC. Calculated based on FAO, FSC, PEFC (June 2018).

Tackling issues beyond certification in high-risk countries

For countries deemed to be high risk, FSC is our required certification system. Local sourcing is a priority so, despite Russia and Bulgaria being assessed to be high-risk, we source a significant amount of local wood fibre for our pulp and paper mills there. In both countries, we also accept wood compliant with FSC Controlled Wood requirements given our strong local knowledge and expertise. We purchase comparatively minor volumes of wood from high-risk countries where we do not have our own operations, including wood chips from Ukraine and market pulp from Brazil. We work in partnership with FSC and stakeholders in these countries to address the risks in the wood supply chain and to increase the availability of credibly certified fibre.

Sustainable fibre

Supporting fit-for-purpose forest certification

Forest certification mechanisms are at the centre of our DDMS. We promote credible forest certification that is robust, accessible to different forest users and that applies a balanced, risk-based approach to different forest types and supply chain conditions.

While we support the setting of global standards for environmentally appropriate, socially beneficial and economically prosperous forest management, we don't believe 'one size fits all'. We therefore engage with certification schemes to develop improvements at international and national levels to ensure local relevance.

Mondi has international memberships at FSC and PEFC and we actively support the improvement of governance systems and certification standards. We are working with FSC and PEFC in Russia and South Africa to develop national standards and support their practical implementation. We also collaborate with WWF to gain insights on country-specific risks, improve the performance of certification schemes at national levels and develop the Controlled Wood (CW) system and control measures.

Ensuring relevance of PEFC bottom-up approaches to global challenges

PEFC is our preferred certification in most of the European countries where we source. As well as balancing the resources of forest owners and the requirements of stakeholders, PEFC certification standards reflect the specific socio-economic and environmental conditions, forest ownership structures and forestry governance in these countries. PEFC certification also appropriately considers and addresses forestry traditions, regulations and practices.

We work with PEFC to ensure its relevance and credibility in these countries. While we have seen strong growth in the number of PEFC Forest Management (FM) certificates, we are concerned that this growth has not been matched in the number of PEFC Chain-of-Custody (CoC) certificates. Wood fibre from certified forests loses its certification claim if the CoC is broken as it moves through uncertified partners in the value chain. Such gaps can prevent certified CoC products from reaching consumers.

In 2019, we organised a Mondi-PEFC seminar for our sales managers to review recent developments in the PEFC framework. Our managers learned how PEFC addresses sustainability challenges and how it fits into Mondi's DDMS, and explored changes in the new international FM benchmark and CoC standard.

Mondi also participated at the PEFC International General Assembly where the challenges facing sustainable forest management in Europe and globally were discussed. Discussions focused on PEFC's global relevance and credibility, while maintaining the benefits of its bottom-up approach by taking account of local conditions.

100%
of our mills maintained CoC certifications

Supporting accessibility of FSC certification in high-risk countries

FSC is well suited to addressing uncertainties and regulatory gaps in high-risk countries. However, FSC is relatively costly and resource-intensive due to its complexity, high level of monitoring and stakeholder consultation. We actively engage with FSC to improve its accessibility and maintain its credibility through a risk-based approach and effective tools.

In 2019, we supported the development of FSC Russia's new strategy by contributing to technical working groups and attending the FSC Russia members' meeting. We also participated in the FSC Europe and CIS members meeting where we were acknowledged for our work to support FSC Ukraine and WWF Bulgaria in developing FSC in high-risk countries. Our main focus in Bulgaria is on increasing availability of certified areas, while in Ukraine we are working to ensure the credibility of certification.

In 2019, we supported the development of two important tools to enhance the quality and credibility of forest certification in Russia. In collaboration with the Silver Taiga Foundation, we initiated a procedure to verify and update digital maps of High Conservation Value (HCV) Forests provided on the website, hcvf.ru,[11] which is one of the main tools for FSC certification in Russia.

The procedure has been adopted by FSC Russia and WWF Russia.

The need for an effective Controlled Wood system

We believe an effective CW system is a necessity due to the limited availability of certified forests, which is just 11% globally. These certified forests account for nearly 30% of total volumes of industrial roundwood production, which is still rather low.[12] CW provides an effective tool for assuring responsible sourcing and promotes the inclusion of uncertified suppliers, particularly critical for small forest owners, and enables us to meet our need for verified wood.

Compliance with CW requirements is our minimum requirement for procuring uncertified fibre-based products. CW is of known origin with a minimum risk that it is harvested in an unacceptable way. However, the current CW system needs to be improved to shift the focus to the most critical issues. This will address significant issues in the supply chain and lead to tangible improvements. At the same time, the process must be simpler and less complicated than forest management certification to be effective for stakeholders.

In 2019, we established a Certification Managers Network which brings together Mondi's wood supply colleagues from all over Europe with external experts. Each certification manager is responsible for CoC and CW certification in their respective country. The network facilitates collaboration and alignment of local due diligence systems and practical implementation of control measures throughout Europe.

11 http://hcvf.ru/en
12 https://globalforestatlas.yale.edu/conservation/forest-certification

Sustainable fibre

Effective use of wood fibre in the forest products value chain

The world is facing growing demand for sustainable forests and sustainable wood fibre. The current focus on substitution of materials – paper packaging instead of plastic and wood biomass energy instead of fossil fuels – will continue to drive this trend.

There are a number of approaches which we believe are fundamental to meeting the demand for sustainable wood fibre in the long term:

Sustainable Working Forests model: securing resilient forest landscapes is key to producing sustainable virgin fibre. The Sustainable Working Forest model integrates productive renewable forest sites with effective ecological networks.

Read more about resilient forest landscapes to produce virgin fibre

Integrated wood fibre system: virgin and recycled fibres are complementary across the forest products value chain. A proportion of virgin wood fibre will always be needed in the fibre supply chain to ensure recycled paper production and supply are sustainable in the long term.

Read more about why we need both virgin and recycled fibre

Cascading use of wood approach: in order to reduce the pressure on the world's forests, wood should first be used to make high-value products like furniture, packaging and fine papers before it is reused, recycled and finally burnt for energy generation. We are not in favour of direct use of wood as an energy source.

Read more about leveraging the full value of virgin fibre

Driving sustainability across the forest products value chain through collaboration

Collaboration is key to achieving positive change at scale. We develop partnerships that promote and catalyse action across the regulatory landscape and entire forest products value chain. In addition to our partnerships with WWF, FSC and PEFC, we collaborate with NGOs, forest sector organisations and scientific institutions to focus on credible forest certification and improving resilience of forests to climate change.

Mondi is a member of the Confederation of European Paper Industries (CEPI), which plays an important role in representing the interests of the paper industry in different regulatory bodies. We provided input to the European Commission's guidance on the cascading use of biomass[13] with best-practice examples on woody biomass. We also support the new CEPI alliance, 4evergreen,[14] launched in January 2020, which aims to boost the contribution of fibre-based packaging in a circular and sustainable economy (see page 86).

We are also a member of the World Business Council for Sustainable Development (WBCSD) Forest Solutions Group (FSG). In 2019, we supported the development of a Forest Sector SDG Roadmap[15] to maximise the forest sector's unique potential to contribute to delivering the SDGs. It includes a case study on Mondi's landscape-level approach to water stewardship, as implemented through work with WWF and others.

Over the last 25 years the forests in Europe have been continuously growing – forest areas have expanded by 17.5 million hectares and wood stock grew by 10.1 billion m^3 with total biomass carbon stocks increased by 42%. However, we consider not only forests' positive impact on climate, but also explore climate change's influence on forests.[16]

Together with IUFRO we organised in 2019 a Think Tank meeting with business and science focused on the future of coniferous forests in Europe in a changing climate, including options for joint actions by industry and science, and information gaps and future research needs.

> ## "Given the urgency of climate change, business and science must work together towards more resilient forests to ensure a sustainable supply of wood and secure carbon stocks and biodiversity in Europe for the long term."
>
> **DI Alexander Buck**
> Executive Director, IUFRO

A number of our partnerships and activities also contribute to help combat the global challenges of deforestation and forest degradation, including by:

→ supporting the High Conservation Value Resource Network (HCVRN) to promote the HCV principle in non-forest commodities such as rubber, cotton, and palm oil;

→ working with the New Generation Plantations (NGP) platform and the Boreal Forest Platform (BFP), both led by WWF, to ensure sustainable forestry intensification to reduce pressure on pristine forests;

→ supporting The Forest Dialogue (TFD) to effectively address social issues leading to deforestation and unsustainable forest practices; and

→ providing input into the regulatory frameworks, such as Accountability Framework Initiative[17] and the EU Action Plan against deforestation and forest degradation.[18]

See page 102 for more details on our stakeholder engagement and collaboration

13   https://op.europa.eu/en/publication-detail/-/publication/9b823034-ebad-11e8-b690-01aa75ed71a1

14   http://www.cepi.org/4evergreen

15   https://www.wbcsd.org/Sector-Projects/Forest-Solutions-Group/Forest-Sector-SDG-Roadmap/

16   Forest Europe, State of Europe's forests 2015, https://foresteurope.org/state-europes-forests-2015-report/

17   https://accountability-framework.org/contents-of-the-framework/

18   https://ec.europa.eu/environment/forests/eu_comm_2019.htm

CLIMATE CHANGE

5

The climate crisis is one of the greatest threats facing society. Despite international action, emissions continue to rise, impacting biodiversity, ecosystem services and economic development and amplifying risks for communities. In 2019, our science-based greenhouse gas reduction (GHG) targets to address the climate crisis were approved by the Science Based Targets initiative.

Why is this important to our stakeholders?

→ The latest report from the Intergovernmental Panel on Climate Change highlights that climate change will amplify existing risks and create new risks for natural and human systems[1]

→ Stabilising temperature increase to well below 2°C[2] will require drastic action far beyond business as usual[3]

→ Businesses must play a key role in reducing emissions and mitigating the climate crisis–stakeholders expect it

→ Investors are demanding climate-related financial disclosures to understand organisations' climate-related risks

Why is this important to Mondi?

→ The climate crisis affects our operations and supply chain through its impact on water, weather, carbon regulation and taxation, and energy availability and affordability

→ Our forests may be impacted by more frequent droughts, forest fires, pests and diseases

→ We are committed to playing our part and reducing emissions to meet our science-based targets

→ Increasing our energy self-sufficiency improves profitability and energy security

Our commitments to 2025 and 2050	2019 performance in brief	Status
Reduce Scope 1 and 2 GHG emissions 34% per tonne of saleable production by 2025 and 72% per tonne of saleable production by 2050, from a 2014 baseline	15.5% reduction of specific Scope 1 and 2 CO_2e emissions against the 2014 baseline	🟢
Reduce Scope 2 GHG emissions 39% per MWh by 2025 and 86% per MWh by 2050, from a 2014 baseline[4]	6.1% reduction of specific scope 2 CO_2e emissions per MWh against the 2014 baseline	🟢

Discover how we are...

→ Defining our climate-related risks, opportunities and financial implications

→ Implementing science-based targets to drive down our GHG emissions

What's next?

→ Review our energy strategy to improve our energy efficiency, reduce the use of fossil fuels and achieve our science-based GHG reduction targets

→ Investigate opportunities to increase the share of renewable energy in the energy we purchase

Our strategic SDGs and targets

SDG 7 Affordable and clean energy

→ **Target 7.1** By 2030, ensure universal access to affordable, reliable and modern energy services

→ **Target 7.2** By 2030, increase substantially the share of renewable energy in the global energy mix

→ **Target 7.3** By 2030, double the global rate of improvement in energy efficiency

→ **Target 7.a** By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology

SDG 8 Decent work and economic growth

→ **Target 8.2** Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value-added and labour-intensive sectors

→ **Target 8.4** Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead

SDG 13 Climate action

→ **Target 13.1** Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

→ **Target 13.2** Integrate climate change measures into national policies, strategies and planning

→ **Target 13.3** Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact, reduction and early warning

For links to all other SDGs, see the full SDG index

1 https://www.ipcc.ch/site/assets/uploads/2018/02/SYR_AR5_FINAL_full.pdf
2 Relative to pre-industrial levels
3 Climate Change 2014 Synthesis Report, IPPC
4 The target boundary includes biogenic emissions and removals from bioenergy feedstocks

Climate change

What the climate crisis means for our business

Producing pulp, paper and packaging is energy-intensive and energy generation is the major source of our greenhouse gas (GHG) emissions. Our customers are increasingly concerned about the consequences of the climate crisis and are looking to us for more sustainable solutions. We are taking action and managing our impacts by transitioning to low carbon energy technologies, reducing the carbon footprint of our products and refining our approach to sourcing sustainable fibre and forest management.

Identifying and assessing climate-related risks and opportunities

Climate change has the potential to affect our business in various ways. While these may not be severe in the short term, we believe climate change related risks are likely to have a medium- and long-term impact on our business. We have identified both transition and physical risks.

Identifying our CLIMATE-RELATED RISKS

We identify and assess climate-related risks using our group-wide risk management framework. This includes pre-determined risk tolerance limits, established by the Board, based on the likelihood and the impact of risk factors. We use a risk-rating matrix to consider the internal control environment and other mitigating factors.

The Board has established specific risk tolerance levels for each category of risk.[5] Supported by the audit committee, it reviews changes in our principal risks and assesses emerging risks throughout the year. For all principal risks, the Board considers the detailed risk description, controls and mitigating actions, and the residual risk exposure. The audit committee regularly reviews Mondi's principal risks.

Governments and regulators are likely to take action to curb carbon emissions that may impact our business, such as the introduction of carbon taxes. For example, the EU Parliament recently declared a climate emergency and called on all EU countries to phase out all direct and indirect fossil fuel subsidies by 2020, in addition to encouraging an EU policy to reach climate neutrality as soon as possible, and latest by 2050. In Europe, all of our pulp and paper mills fall

under the EU Emissions Trading Scheme (EU ETS) and in South Africa, the government committed to introduce a carbon tax. In Russia, the strategy for the development of a low-carbon economy is currently under development.

To reduce our CO_2 emissions, we have made targeted energy-related investments (around €700 million) across our mills since 2013 (see page 55) with additional investments and improvements being planned in the short (0-3 years), medium- (4-7 years) and long-term (more than 8 years) future.

Changes in precipitation patterns and extreme weather conditions such as floods, storms, droughts and fires may impact our plantations and the forests we source wood from and could result in fibre supply chain interruptions and higher fibre costs. Higher temperatures may also increase the vulnerability of forests to pests and disease.

Increased severity of extreme weather events may also interrupt our operations. In water-scarce countries, we may see an impact on our production process as a result of limited water availability.

Reporting on our climate-related risks and opportunities

We assess the financial implications of climate-related risks according to the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) recommendations,[6] considering a 2°C scenario and a business as usual scenario, with the support of external consultants.

We are committed to adhering to internationally accepted recommendations – such as TCFD – to investigate and report our climate-related risks and opportunities. The TCFD recommends applying widely-used reference scenarios that are publicly available and peer reviewed.

We use the following scenarios:

The International Energy Agency's 2°C scenario (2DS):

based on limiting global temperature rise to below 2°C above pre-industrial levels under an emissions trajectory that allows CO_2 emissions to be reduced by almost 60% by 2050 compared with 2013. Under this scenario emissions are projected to decline from 2020 and they continue their decline after 2050 to reach carbon neutrality.

The Representative Concentration Pathway's 8.5 (RCP8.5) scenario:

a business-as-usual scenario which projects the global mean temperature to rise by 2.6 to 4.8°C and the global mean sea level to rise by 0.45 to 0.82 metres by the late-21st century.

We have consulted detailed background information and outlook scenarios and identified three key risks and three opportunities to calculate our first estimate of the financial implications of our climate-related risks and opportunities.

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5   A risk is seen as having a significant financial impact on Group level when the financial impact is higher than 5% of the Group's average underlying operating profit over the trailing five-year period (about €50 million)

6   https://www.fsb-tcfd.org/

Climate change

We have started to quantify the potential financial impacts of climate change on certain parts of our business. The tables below provide more detail on three risks and opportunities that we have evaluated. We will continue to develop and improve our understanding of these risks and update our reporting accordingly.

Quantifying our climate-related risks

Regulatory changes
Reduced EU Emissions Trading System (ETS) allowances in period IV may result in the need to purchase additional GHG credits

The majority of Mondi's European sites (nine out of 13 material operations) fall under the EU ETS. Currently our operations have sufficient allowances to comply with the EU ETS regime. However, the EU government has published benchmarking figures for the period 2020+ which significantly limit the CO_2 allowances of EU paper and pulp producers, including Mondi. The potential financial implication of the EU ETS allowances is in the range of €1-10 million annually (based on an average price of €35/tonne CO_2). We have calculated this worst-case scenario by identifying the gap between our mills' current annual GHG emissions and the expected GHG allowances projection to 2025.

Supply chain impacts
Extreme weather conditions leading to drought, fire, erosion and pests, and disease may reduce tree growth yields in our plantations in South Africa

Increased severity of extreme weather events may have a negative financial impact on our operations through decreased harvesting capacity in forests, for example due to decreased rainfall and wood fibre supply chain disruptions. Extreme weather conditions may also impact forests and plantations through:

→ sustained higher temperatures which can lead to stronger winds and increased windfalls;

→ plantations being vulnerable to changes in rainfall patterns and erosion caused by heavy rain; and

→ higher temperatures which may increase vulnerability of forests to pests and disease.

With droughts expected to happen more frequently, we estimate the potential financial impact of wood fibre yield losses in our South African plantations could be up to €13 million annually.

Chronic changes in precipitation
Water scarcity may put constraints on water resources used for production in our mills

Extended water shortages are a concern, especially in South Africa. Our mill at Richards Bay uses water abstracted from the Goedertrouw Dam on the uMhlathuze river, which is already under pressure from urban development. During the recent extended drought in South Africa, we reduced specific water consumption through operational measures, closed loops and recycling. Future challenges around water availability may require further investment in water recycling in the production process and lead to increased costs. Preliminary investigations indicate that reduced production is not a significant risk and the potential financial impact is estimated at less than €5 million annually.

Quantifying our climate-related opportunities

Reduced operating costs through energy efficiency
Focus on improved energy efficiency by establishing an international energy experts' network

We have invested around €700 million in modernising energy plants and improving energy efficiency across our mills since 2013. Our internal energy experts' network meets regularly to focus on increasing profitability and competitiveness through cost optimisation, energy efficiency improvements and structured knowledge sharing. We have a clear opportunity to improve energy efficiency across our recently acquired operations. Our energy experts support the technical teams of acquired operations to implement energy efficiency measures.

To calculate the energy efficiency opportunity, we estimate a 1% annual reduction in energy consumption, which could deliver a potential saving of around €5 million annually.

Avoided GHG emissions and secondary raw materials
Instead of incinerating by-products from pulp production, low-carbon, biomass-based chemicals can be sold as secondary raw materials

The selling price of by-products from the kraft pulping process is rising as industry in general becomes more interested in these renewable secondary raw materials.[7] Mondi is able to extract about 5–10 kg of turpentine per tonne of pulp produced from pines. This equates to a potential to produce by-product turpentine to the value of more than €10 million annually. Taking into account the investments required to realise this volume of turpentine (estimated at around €1 million) and operating and energy costs, the opportunity is valued at around €7 million annually.

Reduced operating costs through resource efficiency
Reduced water use translates into reduced operating costs and secures our licence to operate

While we have realised many internal water recycling and reuse options, we still have investment opportunities to reduce our water use. The financial impact of this opportunity comes from avoiding external waste water treatment costs and the steadily increasing costs of fresh water. We have estimated potential annual savings of €1 million, with important additional benefits in terms of securing production and avoiding potential restrictions of operations and production capacity due to water shortages or other restrictions.

Read our CDP climate change disclosure 2019

7   For example, turpentine can be used as a solvent for thinning oil-based paints, for producing varnishes, and as a raw material for the chemical industry
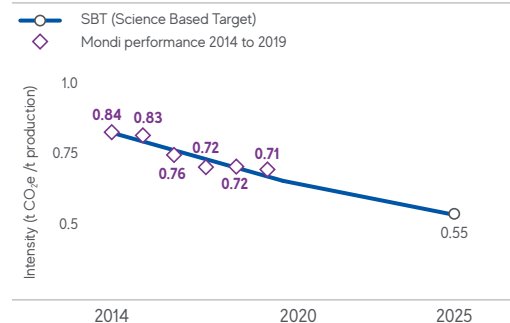
Climate change

Increasing energy efficiency and reducing carbon emissions

We combine strategic energy-related investments across our pulp and paper mills with good management and best-practice sharing. We invest in optimising energy and process efficiencies and replacing fossil fuel-based energy with renewable biomass sources.

Our industry is energy intensive. We purchase fossil fuels and biomass to generate most of our energy on-site in our energy plants, as well as electricity. Energy and related input costs contribute significantly to the variable costs across our pulp and paper mills and converting operations.

Increasing energy efficiency and reducing carbon emissions
Intensity (t CO$_2$e /t production)

◇—— SBT (Science Based Target)
◇ Mondi performance 2014 to 2019

Intensity (t CO$_2$e /t production)

0.84 0.83
0.76 0.72 0.72 0.71
0.55

2014   2020   2025

* The 2014 baseline of 0.839t/t excludes divested mills

We have focused investments primarily on increasing electricity self-sufficiency and energy efficiency. We do this by modernising our plants and increasing our use of biomass to produce primary energy and reduce our carbon footprint.

Working with WWF's Climate Savers Programme to set science-based targets

Mondi joined Climate Savers,[8] WWF's climate leadership programme for businesses in 2018. Climate Savers' partner companies aim to transform their businesses into low-carbon economy leaders. Over the past two years, we have worked to set science-based GHG reduction targets for our operations. These were formally approved in 2019 and will help Mondi to support the global transition to a low-carbon economy and positively influence our sector and policy makers.

"By setting science-based GHG reduction targets, Mondi has taken an important step in supporting achievement of SDG13."

Manuel Pulgar-Vidal
WWF's global climate and energy practice lead

NEW science-based GHG TARGETS approved

The Science Based Targets initiative (SBTi)[9] assessed and approved our Scope 1 and Scope 2 science-based target submissions against the Call to Action's eligibility criteria.

The first target covers total Scope 1 and 2 emissions of our pulp and paper mills (92% of the Group's total Scope 1 and 2 emissions) and aligns with the Pulp and Paper sector reduction pathway under a 2°C scenario within the Sectoral Decarbonisation Approach.

The second target covers 100% of the Group's total Scope 2 emissions (including converting operations) and aligns with a 2°C scenario within the Absolute Contraction Approach.[10]

Target 1: Reduce Scope 1 and 2 GHG emissions by 34% per tonne of saleable production by 2025 and by 72% per tonne of saleable production by 2050 from a 2014 base year.

Target 2: Reduce Scope 2 GHG emissions by 39% per MWh by 2025 and by 86% per MWh by 2050 from a 2014 base year.

Together, the two targets cover more than 95% of Mondi's total Scope 1 and 2 emissions.[11]

The boundary of our targets includes biogenic emissions and removals from bioenergy feedstocks.

8   https://climatesavers.org
9   https://sciencebasedtargets.org/
10 The Absolute Contraction Approach is one of 3 available science-based target setting methods. A summary of science-based target setting methods can be found here: https://sciencebasedtargets.org/methods/
11 We excluded about 4% of Mondi's total GHG emissions from our science-based targets. This includes Scope 1 emissions from our converting operations and other emissions such as mobile transportation, waste related GHG emissions, ozone depleting substances

Climate change

Delivering on our GHG commitments

Since 2013, Mondi has invested around €700 million in energy efficiency investments, including new biomass boilers at our mills in Syktyvkar (Russia) and Świecie (Poland), recovery boilers at our mills in Frantschach (Austria), Ružomberok (Slovakia), Świecie and Štětí (Czech Republic), and including the upgrade in progress of the energy plant in

Syktyvkar. We will continue to invest in our energy efficiency and electricity self-sufficiency.

We identify potential energy efficiency projects through our ongoing internal energy efficiency programme (DIANA). Projects are assessed against the level of investment, potential financial and energy savings, CO_2 reduction and their contribution to energy security.

GHG emissions of our pulp and paper mills

	2014 baseline*	2018	2019	% change 2018-2019
Our mills' absolute Scope 1 emissions	4.3 million tonnes CO_2e	3.8 million tonnes CO_2e	**3.9 million tonnes CO_2e**	2.7% increase
Our mills' absolute Scope 2 emissions	1.0 million tonnes CO_2e	0.58 million tonnes CO_2e	**0.46 million tonnes CO_2e**	21.7 % decrease
Our mills' specific GHG emissions (per tonne of saleable production)	0.84 tonnes CO_2e	0.72 tonnes CO_2e	**0.71 tonnes CO_2e**	1.8% decrease
Our mills' specific Scope 1 emissions (per tonne of saleable production)	0.69 tonnes CO_2e	0.63 tonnes CO_2e	**0.64 tonnes CO_2e**	1.4% increase
Our mills' specific Scope 2 emissions (per tonne of saleable production)	0.15 tonnes CO_2e	0.10 tonnes CO_2e	**0.07 tonnes CO_2e**	22.7% decrease

*   For the calculation of the specific 2014 baseline we excluded divested mills; the absolute 2014 figure includes divested mills.

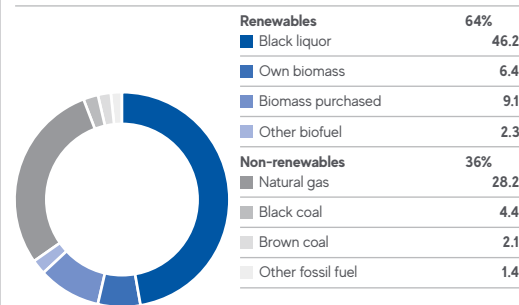### Energy consumption and energy intensity of our pulp and paper mills

	2014 baseline	2018	2019	% change 2018-2019
Energy consumed by pulp and paper core processes in the form of heat and electricity at our operations	90.7 million GJ	91.6 million GJ	**91.1 million GJ**	0.5% decrease
Electricity purchased by our mills from external sources	7.6 million GJ	4.3 million GJ	**3.6 million GJ**	14.7% decrease
Total electricity requirements for producing pulp and paper	20.0 million GJ	19.3 million GJ	**19.8 million GJ**	2.6% increase
Total heat requirements for producing pulp and paper	70.7 million GJ	72.2 million GJ	**71.3 million GJ**	1.4% decrease
Energy sold to the local grids	10.8 million GJ	8.5 million GJ	**8.3 million GJ**	3.2% decrease
Total energy sales including green fuel sales	12.8 million GJ	10.2 million GJ	**9.8 million GJ**	3.6% decrease
Electricity self-sufficiency including energy sales	95%	100%	**102%**	
Electricity self-sufficiency excluding energy sales	77.4%	85.3%	**87.1%**	

Specific production-related GHG*
tonnes CO_2 per tonne of saleable production
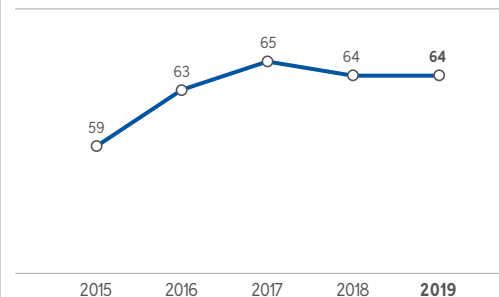

- Specific production-related Scope 1
- Specific Scope 2
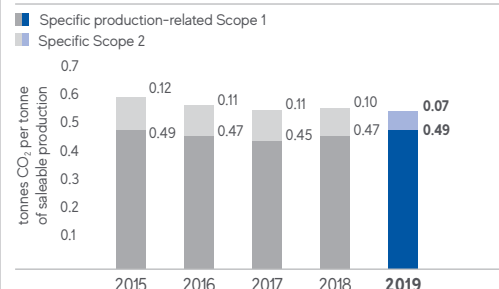
* From our pulp and paper mills

Fuel sources for our pulp and paper mills
renewable vs non-renewable (%)

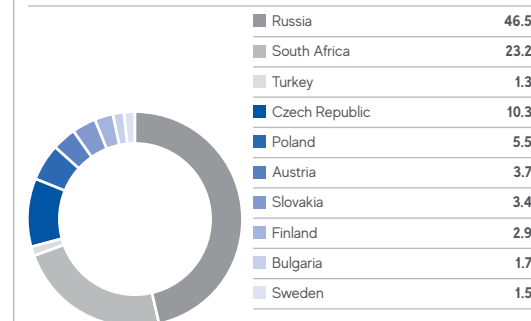| Renewables	64%
Black liquor	46.2
Own biomass	6.4
Biomass purchased	9.1
Other biofuel	2.3
Non-renewables	**36%**
Natural gas	28.2
Black coal	4.4
Brown coal	2.1
Other fossil fuel	1.4

Renewable energy in mills' fuel consumption
%

Our mills' electricity self-sufficiency
%

- excluding energy sales
- including energy sales
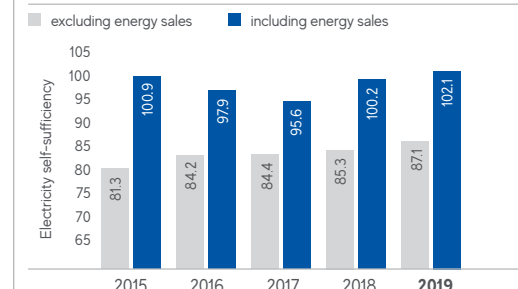
GHG emissions by country
%

Russia	46.5
South Africa	23.2
Turkey	1.3
Czech Republic	10.3
Poland	5.5
Austria	3.7
Slovakia	3.4
Finland	2.9
Bulgaria	1.7
Sweden	1.5

European mills are shown in blue

CO_2e emissions by activity
thousand tonnes CO_2e

Energy sales-related Scope 1	912
Converters Scope 1	142
Converters Scope 2	235
Mills Scope 2	456
Mills Scope 1 excluding energy sales	2,996
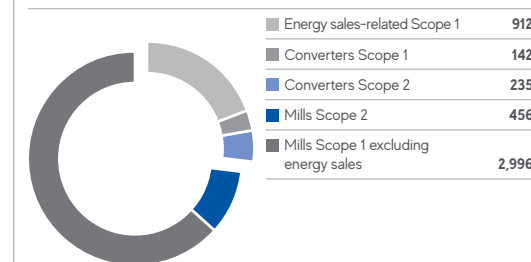
For the production-related GHG reduction target only the Scope 1 and Scope 2 emissions related to the manufacturing process in our pulp and paper mills are included

Climate change

Energy balance from our pulp and paper mills
TJ

Elec. Purchase: 3,624 TJ

Int. Biofuels: 86,414 TJ

Ext. Biofuels: 14,393 TJ

Fossil Fuels: 56,900 TJ

Heat purchased: 73 TJ

Black Liquor: 72,833 TJ

Int. Biofuels
ex Black Liquor: 13,580 TJ

Natural Gas: 44,485 TJ
Coal: 11,126 TJ
Fuel Oil: 1,289 TJ

Own Electricity Generation = 102%
Biofuel Share = 64%

Paper Mill
Electricity: 10,926 TJ
Heat: 28,174 TJ

Pulp Mill
Electricity: 8,908 TJ
Heat: 43,083 TJ

Sales
Electricity: 4,139 TJ
Heat: 4,117 TJ

Non Core Business*
Electricity: 4,625 TJ
Heat: 4,308 TJ

* including Finishing, Power Generation, Utilities and Others

GHG emissions from our pulp and paper mills

Our GHG reporting boundaries are defined according to the 'operational control' principle.[12] This is in line with the recommendations of the World Business Council for Sustainable Development (WBCSD) GHG Protocol. See page 126 for further details of our GHG emissions scope and boundaries.

In 2019, the Scope 1 emissions of our mills increased by 2.7%, mainly due to increased on-site energy generation at our mills. Our mills' Scope 2 emissions decreased significantly by 21.7%[13] as a consequence of increased electricity self-sufficiency and of the purchase of renewable electricity for Austrian operations.

GHG emissions from our pulp and paper mills

| | Scope 1[a] | | Scope 1[b] | | Specific Total CO_2e |
| | Scope 2[c] | | | | 2025 Science Based Target: 0.55 |

	2015	2016	2017	2018	2019
	0.78	0.67	0.69	0.58	0.46
	3.08	2.95	2.78	2.86	3.00
Specific Total	0.83	0.76	0.72	0.72	0.71
	1.40	1.12	1.00	0.94	0.91
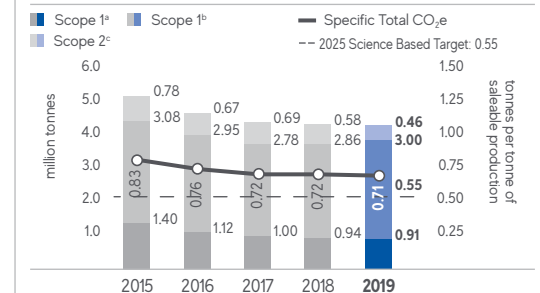
a Scope 1: Energy sales GHG emission (million tonnes)
b Scope 1: Production related GHG emission (million tonnes)
c Scope 2: Production related GHG emission (million tonnes)
* The 2014 baseline of 0.839t/t excludes divested mills

12 We report emissions from operations where we have day-to-day management control over GHG emission sources, including any key sub-contracted operations which are a core part of the business. All activities of our global production operations in which we hold a minimum 50% shareholding or over which we have management control are covered

13 All our mills use market-based emission factors for reporting Scope 2 emissions

Climate change

Converting operations

Our converting operations have a limited impact on the Group's total Scope 1 emissions, which are dominated by the energy generation in our pulp and paper mills. They contribute 33.9% of the Group's total Scope 2 emissions.[14] The current focus of our converting operations is on increasing energy efficiency and the purchase of electricity from renewable sources.

	2014 baseline	2018	2019	% change 2018-2019
Scope 1 emissions of our converting operations	0.12 million tonnes CO$_2$e	0.15 million tonnes CO$_2$e	**0.14 million tonnes CO$_2$e**	3.4% decrease
Scope 2 emissions of our converting operations	0.22 million tonnes CO$_2$e	0.26 million tonnes CO$_2$e	**0.23 million tonnes CO$_2$e**	10.4% decrease
% contribution of converting operations to the Group's total Scope 2 emissions	17.7%	31.0%	**33.9%**	2.9% increase

Energy sales-related GHG emissions

Energy sales-related GHG emissions accounted for 19.2% of the Group's total CO$_2$e emissions in 2019. Our energy efficiency investments allowed us to generate energy with a lower carbon intensity, resulting in a 14% reduction compared to 2014 baseline in the energy-sales related CO$_2$ factor and a reduction in CO$_2$e emissions, despite an increase in energy sales.

Scope 1 GHG emissions are related to production (for pulp and paper mills) and energy sales.

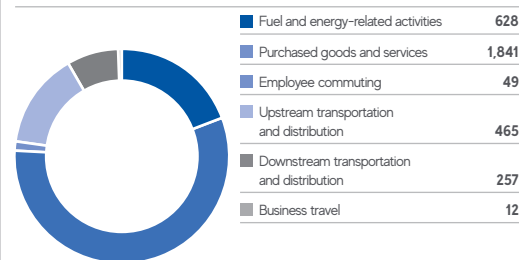|	Production-related emissions from fuel combustion (tonnes)	Energy sales-related CO$_2$e (tonnes)	Total emissions from fuel combustion (tonnes)
2014	2,807,250	1,396,321	4,203,570
2015	2,966,879	1,399,185	4,366,065
2016	2,806,949	1,121,871	3,928,820
2017	2,613,509	1,000,772	3,614,281
2018	2,661,504	944,750	3,606,254
2019	**2,812,265**	**912,030**	**3,724,295**

Scope 3 emissions

Our indirect (Scope 3) emissions arise from transportation of products and raw materials, employee commuting, business travel, disposal of waste and production of fuels and raw materials. All other Scope 3 categories referred to in the GHG Protocol are not relevant for Mondi.

In 2019, our Scope 3 emissions were estimated at 3.25 million tonnes CO$_2$e. Over the past few years, we have increased the number of categories we report as Scope 3 emissions to provide a more complete picture of our indirect emissions. We are currently working with WWF and an external consultant to further improve data quality to evaluate a potential Scope 3 reduction target.

Scope 3 emissions
thousand tonnes CO$_2$e

■ Fuel and energy-related activities	628
■ Purchased goods and services	1,841
■ Employee commuting	49
■ Upstream transportation and distribution	465
■ Downstream transportation and distribution	257
■ Business travel	12

Avoided emissions

We sell the excess energy we generate from our pulp and paper processes, usually to the public grid, for district heating and electricity in the vicinity of our mills.

→ In 2019, we avoided emissions of some 0.12 million tonnes of CO$_2$e through the sale of approximately 1.58 million GJ green fuels (including pitch fuel, sulphate soap, tall oil and turpentine)

→ We avoided 4.5 thousand tonnes of CO$_2$e by substituting natural gas with 0.08 million GJ biogas generated in anaerobic wastewater treatment plants at our mills

→ We avoided about 0.07 million tonnes of CO$_2$e by sending 58,852 tonnes of foil waste from the recycled pulp process to a nearby company that generates energy from waste

Transparency and benchmarking

We participate in a wide range of benchmarking and transparency initiatives. They include CDP, Paper Profile and WWF's Environmental Paper Company Index (EPCI) (last conducted in June 2019).

We are able to provide our customers with detailed product carbon footprints for all our fibre-based products on request, based on the principles of Confederation of European Paper Industries' (CEPI) 10 Toes Framework for the development of carbon footprints for paper and board products.[15]

We are a member of the We Mean Business Coalition[16] and we support its Responsible Corporate Engagement in Climate Policy initiative and the Science Based Target Initiative.

We disclose our energy and climate performance in our annual reports. We also conduct an internal audit programme for all activities that influence climate policy and communicate actions, outcomes and GHG performance and reduction targets via our CDP disclosure through our WWF Climate Savers partnership. We are also a member of the TCFD Preparer's Forum.

Read our CDP climate change disclosure 2019

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14 Two of these converting operations, which contribute 19.1% of total converting operations' Scope 2 emissions, use market-based factors. The rest of the converting operations use location-based (country-specific) average grid factors to calculate their Scope 2 emissions

15 Confederation of European Paper Industries (CEPI), Framework for Carbon Footprints for paper and board products (April 2017); http://www.cepi.org/system/files/public/documents/publications/environment/2017/NEWcarbon%20footprint-final_1.pdf

16 https://www.wemeanbusinesscoalition.org

CONSTRAINED RESOURCES AND ENVIRONMENTAL IMPACTS

6

The way our society uses and discards raw materials has led to resource scarcity, pollution, biodiversity loss, degradation of land and water and a climate crisis. Using raw materials and energy efficiently is fundamental to being a sustainable business, ensuring we manage our adverse impacts and maximise our opportunities.

Why is this important to our stakeholders?

→ Economic activity depends on services provided by nature, which are estimated to be worth around US$125 trillion a year[1]

→ Business must play a leading role in reversing environmental degradation and developing sustainable business models

→ As population increase drives competition for natural resources, we must all use them fairly and efficiently

Why is this important to Mondi?

→ Our business is resource-intensive and we have impacts on water, air and land

→ Water is vital to our supply chain and production processes, and we operate in regions with high water-related risks

→ Stricter regulation is driving investment in environmental abatement technologies

→ Environmental incidents pose a risk to people, the environment and our reputation and they come with financial liabilities

Our commitments to 2020	2019 performance in brief	Status
Reduce specific[2] contact water consumption from our pulp and paper mills by 5% compared to a 2015 baseline	1.9% reduction of specific contact water consumption against the 2015 baseline	🟡
Reduce specific waste to landfill by 7.5% compared to a 2015 baseline	3.0% decrease of specific waste to landfill against the 2015 baseline	🟡
Reduce specific NOx emissions from our pulp and paper mills by 7.5% compared to a 2015 baseline	12.6% reduction of specific NOx emissions against the 2015 baseline	🟢
Reduce specific effluent load to the environment (measure COD) by 5% compared to a 2015 baseline	7.9% increase of specific effluent load against the 2015 baseline	🔴

Discover how we are...

→ Working with WWF to develop a group-wide approach to water stewardship

→ Investing in technologies to deliver improved resource efficiency

→ Developing processes and technologies that support a circular economy

What's next?

→ Develop new environmental targets for the next SD commitments period

→ Explore opportunities to enable our business and the Packaging and Paper sector as a whole to achieve greater resource efficiency and support the circular economy

Our strategic SDGs and targets

SDG 6 **Clean water and sanitation**

→ **Target 6.3** By 2030, improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally

→ **Target 6.4** By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of fresh water to address water scarcity and substantially reduce the number of people suffering from water scarcity

→ **Target 6.5** By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate

SDG 8 **Decent work and economic growth**

→ **Target 8.4** Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead

SDG 9 **Industry, innovation and infrastructure**

→ **Target 9.4** By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

SDG 12 **Responsible consumption** and production

→ **Target 12.2** By 2030, achieve the sustainable management and efficient use of natural resources

→ **Target 12.4** By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment

→ **Target 12.5** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

For links to all other SDGs, see the full SDG index

1 WWF Living Planet Report 2018
2 Specific is the measurement of emissions or consumption, normalised for tonnes of saleable production

Constrained resources and environmental impacts

Resource efficiency

Resource efficiency is relevant to many of our material issues – from product design to minimising our environmental impacts and sourcing responsibly. We adhere to the principle of resource efficiency as defined by the United Nations Environment Programme (UNEP).[3] We consider waste disposed to landfill and emissions to air and water as wasted resources and we take action to minimise them across our operations. Our investments in Best Available Techniques (BAT)[4] have enabled us to achieve significant improvements in resource efficiency.

Our approach to resource efficiency includes:

→ reducing emissions to air and water and encouraging the recycling, reuse and substitution of natural resources with secondary raw materials;

→ increasing energy efficiency and reducing the energy intensity of our processes;

→ increasing our use of renewable energy;

→ utilising by-products of the pulping process for energy generation and as renewable raw materials;

→ using water efficiently and responsibly; and

→ tackling challenges to increase plastic recycling.

Water

Access to safe and clean drinking water is essential to human wellbeing and is recognised by the United Nations as a basic human right.[5] The paper and pulp industry is water-intensive; our mills and converting operations impact on water resources and communities through their withdrawal and use. Water is also used in the fibre supply chain.

We are committed to managing our water impacts by reducing our water use and increasing water recycling. Our approach includes: assessing and managing our water-related risks; conducting basin- and production-related water stewardship assessments; investing in water recycling in our mills; investing in BAT to treat our waste water and return it to the water body without impacting water quality; and developing partnerships with other water users to manage risks across entire catchments.

🖥 **Read our CDP water security disclosure 2019**
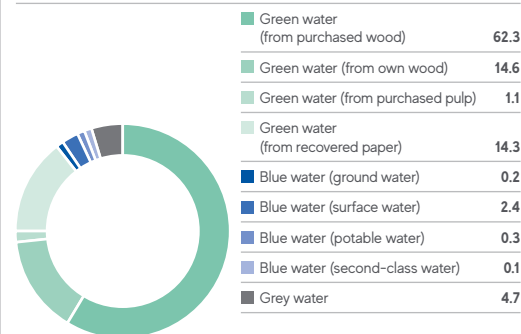
Our water footprint

We calculate the water footprint of our wood supply chain using accepted data sources[6] and we ask our pulp suppliers to provide water footprint data annually. The water footprint chart shows our freshwater use for production and our indirect water use. 88% of the blue water we withdraw from freshwater resources[7] is released back into rivers and 6% is released into the sea. The remaining 6% either evaporates during production (e.g. paper machines) or is included as humidity in our products.

RESPONSIBLY TREATING our contact water

Water footprint by type 2019*
%

■ Green water (from purchased wood)	62.3
■ Green water (from own wood)	14.6
■ Green water (from purchased pulp)	1.1
■ Green water (from recovered paper)	14.3
■ Blue water (ground water)	0.2
■ Blue water (surface water)	2.4
■ Blue water (potable water)	0.3
■ Blue water (second-class water)	0.1
■ Grey water	4.7

* Representing a total of approximately 10.4 billion m³

Managing our water-related risks

Our water risk management approach involves conducting water impact assessments of our forest operations and pulp and paper mills. Our mills have the potential to impact other water users through their high levels of water withdrawal and use. In turn, they can be impacted on by other water users and, because they are often located along riverbanks, may be at risk of flooding.

In 2019, we worked with WWF to develop a new water stewardship assessment methodology (see case study on page 60).

The assessments help us to identify basin- and production-related water risks, understand shared challenges facing the catchment and identify measures to manage future risks. Based on the findings of the previous water impact assessments at our mills, we are not aware of any mills that are significantly affecting water bodies and related habitats.

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3   www.unep.org/resourceefficiency/
4   In support of the EU´s Directive on Industrial Emissions (IED, 2010/75/EU), Best Available Techniques (BAT) reference documents, the so-called BREFs have been published under http://eippcb.jrc.ec.europa.eu/reference/

5   70/169. The human rights to safe drinking water and sanitation(Resolution adopted by the General Assembly on 17 December 2015)
6   R. Oel, A.Y. Hoekstra: The green and blue water footprint of paper products (July 2010)
7   See the glossary for definitions

Constrained resources and environmental impacts

Developing a GROUP WATER STEWARDSHIP assessment methodology

We are working with WWF to develop a new methodology for conducting water stewardship assessments across our mills at the water catchment level. The methodology is informed by the Alliance for Water Stewardship[8] standard and considers the exposure of each mill to water-related risks using WWF's Water Risk Tool.[9]

We have assessed the physical, regulatory and reputational risks for each mill, along with the potential risks they pose to the surrounding water basin. As a result, we have defined four categories of water stewardship, based on the AWS Standard V2.0.[10]

These categories can be applied to our mills and any forestry and converting operations that are considered significant water users by way of a graduated approach to implementing water stewardship actions.

"Mondi's efforts on water stewardship offer a leading example for the pulp and paper sector to follow towards achieving SDG 6 (Clean Water & Sanitation)."

Alexis Morgan,
WWF's Global Water Stewardship Lead

Reducing water use

Water withdrawal from freshwater ecosystems can affect the environment by lowering the water table, reducing the volume of water available to other stakeholders and altering the ability of an ecosystem to perform its natural functions. This may have negative economic and social consequences for local communities.

From a business perspective, the cost of the water we use and treat as effluent can be significant. Uncertainties over water availability can also be a risk factor in some locations. We expect future water regulation to become stricter due to the impacts of the climate crisis. For these reasons, reducing fresh water use is a priority in every location, and especially in water-stressed regions.[11]

	2015 baseline	2018	2019	% change 2018-2019	Rationale for the change (if applicable)
Total Group water input	309 million m^3	303 million m^3	306 million m^3	**0.9% increase**	increase due to the inclusion of our new mill in Kuopio (Finland)
Water directly used as contact water	210 million m^3	203 million m^3	204 million m^3	**0.5% increase**	increase mainly due to increases at Ružomberok (Slovakia) and Richards Bay (South Africa) mills due to process instabilities.
Water used indirectly for cooling purposes	85 million m^3	97 million m^3	99 million m^3	**1.9% increase**	increase mainly due to inclusion of our mill at Kuopio (Finland)
Water input in water scarce areas in South Africa	29 million m^3	25 million m^3	27 million m^3	**5.5% increase**	increase due to process and quality related challenges at our Richards Bay mill (South Africa)
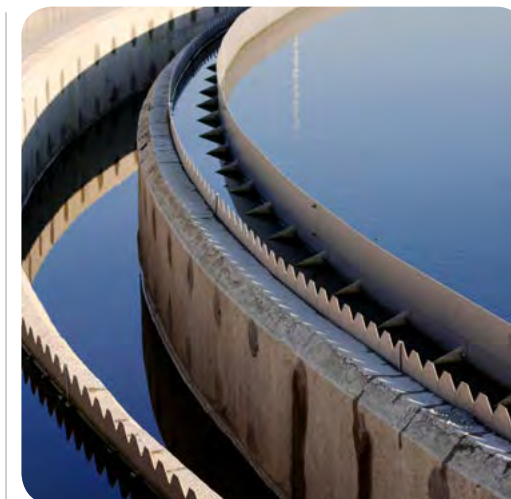
8   https://a4ws.org
9   https://waterriskfilter.panda.org/
10 The Alliance for Water Stewardship (AWS) developed a voluntary sustainability standard called the International Water Stewardship Standard (AWS Standard). It is the only globally-recognised ISEAL-compliant water stewardship standard system. (https://a4ws.org/about/aws-system/)
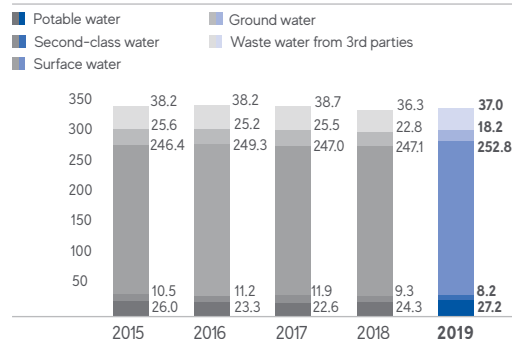11 Included are South Africa and Turkey according to 'Country and River Basin Rankings (Baseline Water Stress)' – WRI's Aqueduct country and river basin rankings
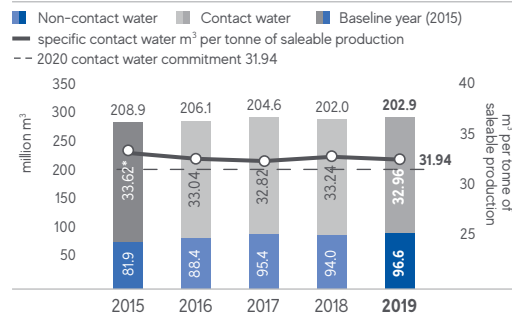
Constrained resources and environmental impacts

Total water input
million m³

Potable water — Ground water
Second-class water — Waste water from 3rd parties
Surface water

Contact and non-contact water from our pulp and paper mills
million m³

Non-contact water — Contact water — Baseline year (2015)
— specific contact water m³ per tonne of saleable production
– – 2020 contact water commitment 31.94

* The 2015 baseline of 33.62 excludes divested mills

12 JRC Technical Reports, 2018 – Drought and Water Crisis in Southern Africa
13 See case study 'Modernising our wastewater treatment plant at Syktyvkar, Russia' in our SD Report 2018 (https://fr.zone-secure.net/-/Mondi_Group_Sustainable_Development_report_2018/-/#page=81)
14 Directive 2001/81/EC of the European Parliament and of the Council, https://eippcb.jrc.ec.europa.eu/reference/
15 Directive 2001/81/EC of the European Parliament and of the Council, https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2001:309:0022:0030:EN:PDF

Water recycling

Water reuse and recycling is important to reduce water withdrawal, discharge and wastewater treatment costs. It also contributes to local, national and regional goals for managing water supply. This is especially important in water-scarce areas such as South Africa where there was sustained below-average monthly rainfall since 2015.[12] Recycling water can also reduce the energy consumption of a mill by using the heat content of water to improve energy efficiency.

We have set commitments to reduce contact water by modernising our plants and closing water loops. At our Merebank mill (South Africa), for example, we reuse community waste water for industrial purposes after it has been treated by ultrafiltration. This replaced more than 95% of the potable water formerly used at the mill. We have also developed new guidance to ensure our operations calculate their recycled water consistently.

Effluent and waste water quality

We closely monitor the volume and pollutant parameters of our discharged waste water to minimise its impact on the aquatic environment. We treat waste water from production and, at some locations, from local communities such as at Ružomberok (Slovakia) and Syktyvkar (Russia),[13] in wastewater treatment plants before it is released back to the aquatic environment at a quality level which ensures the receiving water body is not impacted. We have invested around €75 million in modernising our wastewater treatment plants, including at our mills in Świecie (Poland) and Syktyvkar, since 2013.
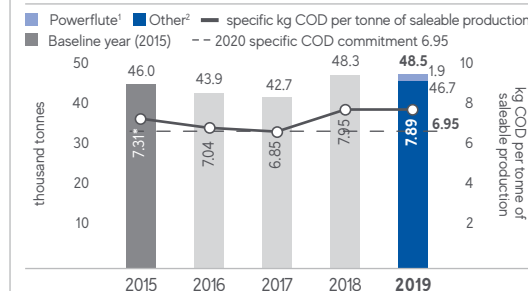
Our commitment is to reduce the specific effluent load (COD) of waste water by 5% by 2020 (against a 2015 baseline). As of the end of 2019, the Group's COD increased by 7.9% against a 2015 baseline, mainly due to process instabilities at our Richards Bay mill (South Africa), which caused increasing COD loads to be treated by the mill's wastewater treatment plant. Improvements to the production site and the wastewater treatment plant, including construction of an additional sludge press, are planned for 2020.

COD emissions
thousand tonnes

Powerflute[1] — Other[2] — specific kg COD per tonne of saleable production
Baseline year (2015) – – 2020 specific COD commitment 6.95

* The 2015 baseline of 7.31 excludes divested mills
1 Newly acquired operations (Powerflute)
2 Existing operations

Air emissions

We are committed to minimising environmental impacts resulting from air emissions from our sites. We carefully manage our air emissions and use ISO standards to monitor, analyse and calculate absolute emissions of specific pollutants. We invest in the modernisation of our plants to reduce negative impacts from emissions and are committed to introducing BAT standards[14] as part of our new investments.

Our recovery, bark and auxiliary boilers and our lime kilns are significant sources of air pollutants including dust, NOx, SO_2 and CO_2. In some cases, they emit malodorous gases despite high-efficiency combustion and efficient flue-gas cleaning.

Air emissions associated with the combustion of fuels for energy production remain a challenge for the Pulp and Paper sector. Directive 2001/81/EC of the European Parliament and of the Council[15] aims to limit emissions of acidifying and eutrophication pollutants and ozone precursors. We are working to reduce these emissions from our production processes.

Effluent and waste water quality

		Performance			
		2015 baseline	2018	2019	% change 2018-2019	Rationale for the change (if applicable)
Waste water released back to the aquatic environment	millions	238 m³	229 m³	**236 m³**	3.2% increase	increase in waste water mainly due to higher contact water use
Waste water from third parties treated in our wastewater treatment plants	millions	38 m³	36 m³	**37 m³**	1.9% increase	our mill in Ružomberok (Slovakia) increased the amount of community waste water treated in its wastewater treatment plant.
Specific COD after waste water treatment (per tonne of saleable production)		7.31 kg*	7.95 kg	**7.89 kg**	0.8% decrease	decrease due the new wastewater treatment plant at our Syktyvkar mill and the shut of a paper machine at our Merebank mill (South Africa)
Total Chlorinated Organics (AOX) discharged	tonnes	147	150	**153**	1.9% increase	increase mainly due to increases at Syktyvkar (Russia) and Štětí (Czech Republic).

Constrained resources and environmental impacts

We focus on reducing air emissions as air quality has an impact on human health and certain odorous air emissions can cause nuisance for local communities. See the table below for details on our air emissions.

Air emissions

|	2018	2019	% change 2018–2019	Notes
TRS emissions and malodorous gases	55 tonnes	**44 tonnes**	19.7% decrease	The 19.7% reduction of TRS emissions has been achieved mainly through modernisation projects at our mills, such as the Ecoflex project at Štětí (Czech Republic) and Syktyvkar (Russia) (see Mondi SD Report 2018)
SO₂ emissions	1,567 tonnes	**1,276 tonnes**	18.6% decrease	In 2019, our SO_2 emissions represented a 77.2% reduction against 2015 levels. In 2019, we removed further SO_2 emissions through boiler investments at our mill in Štětí (Czech Republic)
Specific NOx emissions	1.71 kg	**1.79 kg**	4.8% increase	Our commitment is to reduce specific NOx emissions by 7.5% by 2020 against a 2015 baseline. In 2019, our specific NOx emissions were down 12.6% against 2015 levels. This improvement is due to the investments in recovery and biomass energy boilers
Fine dust emissions	1,023 tonnes	**928 tonnes**	9.2% decrease	We have reduced dust emissions by 38.1% since 2015. In 2019, improvements were mainly due to boiler investments at our mill in Štětí and the closure of a paper machine at Merebank (South Africa)
Ozone depleting substances (ODS)	11 tonnes	**16 tonnes**	50.9% increase	In 2019, we reported a significant increase in emissions of HFC/HCFC[16] substances due to substituting refrigerant R22 with alternative substances (such as R134a and R410a) that contain no chlorine and hence no ozone depletion potential

16   hydrofluorocarbon/hydrochlorofluorocarbon
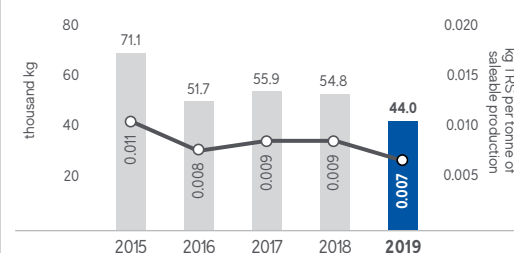
Recovery boilers at Mondi Syktyvkar

SO₂ emissions from processes
thousand tonnes

— specific kg SO_2 per tonne of saleable production
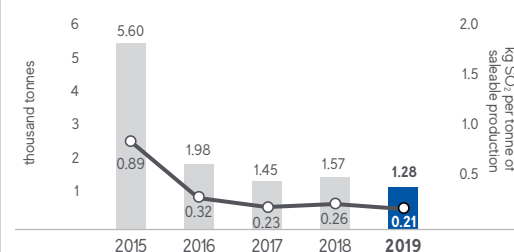
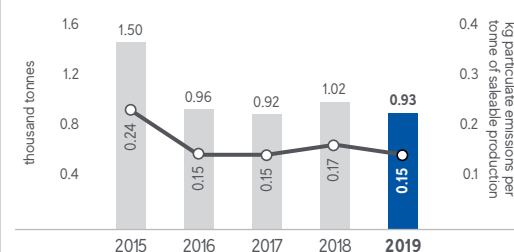## Reduced sulphides (TRS) from processes
thousand kg
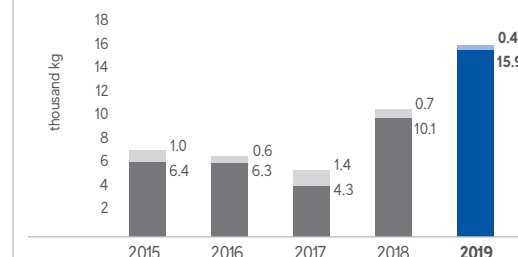
— specific kg TRS per tonne of saleable production

Particulate emissions from processes
thousand tonnes

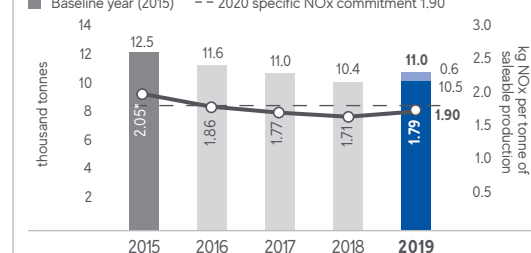— specific kg particulate emissions per tonne of saleable production

Loss of ozone depleting substances
thousand kg

■ HFC   ■ HCFC

NOx emissions from processes
thousand tonnes

■ Powerflute[1]   ■ Other[2]   — specific kg NOx per tonne of saleable production
■ Baseline year (2015)   -- 2020 specific NOx commitment 1.90

*   The 2015 baseline of 2.05 excludes divested mills
1   Newly acquired operations (Powerflute)
2   Existing operations

77%
reduction of SO₂ emissions through our investments in new energy boilers

Constrained resources and environmental impacts

Reducing waste and promoting the circular economy

We work closely with partners such as the World Business Council for Sustainable Development (WBCSD), WWF, the New Plastics Economy initiative and The Confederation of European Paper Industries (CEPI) to support the transition to a circular economy. Our goal is zero waste to landfill and we focus on developing initiatives to enable our business and the Packaging and Paper sector as a whole to achieve greater resource efficiency.

We strongly support CEPI's call for the EU to place the cascading use of wood principle (see) at the core of its climate and energy policy to ensure the most efficient use of biomass resources. We also work with CEPI to lobby for European waste policies that promote paper recovery and improve the flow of recycled fibre into the supply chain. Progress requires improvements in the recyclability and the de-inkability of paper-based products, reduced bureaucracy and the removal of cost barriers to recycling.

Managing waste

Mondi uses the waste hierarchy to avoid waste and recycle and reuse as much as possible. We see landfilling as wasted raw material and we aim to avert unavoidable waste being landfilled where possible and feasible. We monitor the volume of operational waste (by waste type and waste routes) across all sites.

Hazardous waste poses a direct threat to the environment and can create future liabilities, particularly when deposited in landfills. Non-hazardous waste can also have a detrimental environmental impact and may give rise to significant costs for treatment and disposal. Waste is lost value, and we consider it to be a cost factor.

Zero Waste ambition

We are constantly looking for ways to avoid, reuse and recycle our remaining waste streams as we pursue a goal of zero waste to landfill. We work with industry partners to investigate opportunities for them to use our waste as secondary raw material in production processes. For example, some of our ashes are used as a secondary raw material to produce cement or bricks.

Where it is not possible to reuse or recycle a waste stream, we dispose of it responsibly using options including: treatment, such as drying and filtration to change its physical status and/or chemical composition; treatment to change hazardous waste into non-hazardous waste; combustion in incineration facilities, preferably in combination with energy recovery; and, as the last resort, disposal to landfill. Waste is either disposed of directly by Mondi according to our waste permits or by waste disposal contractors who provide information on the waste disposal method.

17 kg waste per tonne saleable production
18 https://www.lead2030.com/challenges/goal-12/mondi
19 http://ecoblocksandtiles.co.ke

|	2015 baseline	2018	2019	% change 2018-2019	Reasons/rationale
Specific waste sent to landfill (waste to landfill per tonne of saleable production)	38.28 kg*	38.22 kg	37.14 kg	2.8% decrease	Our South African mills reduced waste to landfill through recycling programmes for effluent fibre and boiler ash, and also due to the shutdown of a paper machine at our Merebank mill.

* The 2015 baseline of 38.28 kg/t excludes divested mills: Pine Bluff and Raubling

We have committed to reduce the waste we send to landfill by 7.5%[17] by 2020, against a 2015 baseline. In 2019, we saw a 3.0% decrease against the baseline, this is behind our expectations due to a slight delay of a recultivation project at our Syktyvkar mill (Russia), which will start in early 2020.

Waste to landfill
thousand tonnes
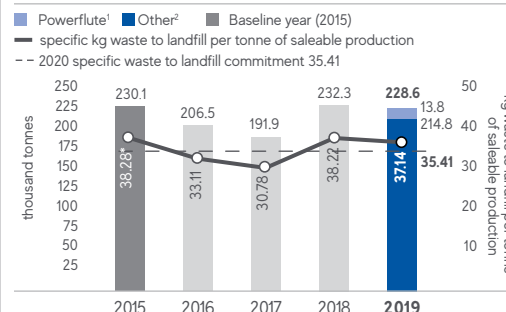
* The 2015 baseline of 38.28 excludes divested mills
1 Newly acquired operations (Powerflute)
2 Existing operations
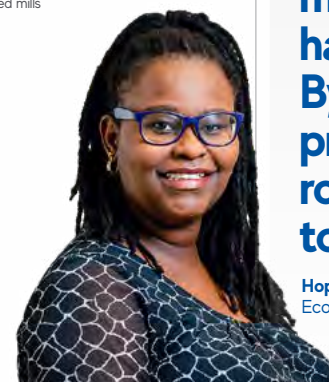
Lead2030 initiative

One Young World is a global forum for young leaders. Its LEAD2030[18] initiative aims to drive progress among young leaders in delivering the UN Sustainable Development Goals (SDGs). Mondi committed to invest $50,000 in the youth-led Kenyan 'Eco Blocks & Tiles' project,[19] which recycles plastic waste into sustainable roofing tiles. It has created 15 jobs through the manufacturing process and supports the livelihoods of 50 informal waste pickers. Mondi is mentoring the project team to accelerate its growth and establish a successful business and marketing strategy. We have committed to support the LEAD2030 initiative again in 2020 by asking participants to submit proposals that answer the question: "How can we turn waste from the packaging industry into raw materials of inherent value?"

Read more about Mondi's involvement in Lead2030

"Mondi's business mentoring and support has been invaluable. By 2025, we aim to produce one million roof tiles, recycling 750 tonnes of plastic waste."

Hope Wakio Mwanake
Eco Blocks & Tiles co-founder, Kenya

Constrained resources and environmental impacts

Managing our impacts

With our considerable environmental footprint, we strive to be a responsible neighbour and to minimise and eliminate potential negative impacts on local communities and the environment before harm can occur. When an impact is identified, we set appropriate measures to reduce it. We also ensure every complaint is thoroughly investigated.

100%

of our pulp and paper mills and forestry operations are certified to ISO 14001

Management systems and certification

We apply a precautionary approach[20] to our decision-making. We strive to comply with all applicable environmental regulations and permits and to minimise or eliminate negative impacts on the environment. To manage our impacts and improve environmental performance, our operations, our mills and converting operations are governed by our Sustainable Development Management System (SDMS). This includes policies, standards and requirements for all aspects of sustainable development.

100% of our pulp and paper mills and forestry operations (2018: 100%) and 62% of our converting operations (2018: 59%) are certified to the international environmental management system standard, ISO 14001.

Environmental incidents

Safety and environmental incidents, and failure to comply with legal requirements, pose a risk to people and the environment. They can also result in direct consequences for our business such as fines, damage to our reputation and demotivation of our workforce. In some circumstances, non-compliance can result in costly clean-up obligations and other environmental liabilities.

We are committed to meeting all the requirements and standards set out in our policies and SDMS. We require our operations to comply fully with local and regional environmental laws, regulations, and other standards such as site permits.

WASTEWATER TREATMENT PLANTS at every mill

Environmental incidents mainly arise from the unexpected release of chemicals or loss of primary containment in our operations. We have well-established management systems and procedures in place to avoid such incidents. Nearly all major environmental incidents are captured through secondary containment and cause no harm to the environment. When a major incident does occur due to unforeseen circumstances or gaps in our internal systems, we monitor and thoroughly investigate it and take corrective action to avoid reoccurrence.[21] Lessons learned are communicated to avoid similar incidents occurring in the future.

	2018	2019	% change 2018–2019
Reports of minor non-compliances	1,414	**278**	80% decrease
Major environmental incidents[22]	4	**7**	75% increase

📖 **See details on major environmental incidents**
Page 65

Compliance

Strong regulatory compliance across our operations reflects the ability of management to ensure operating sites conform to strict performance parameters. We closely monitor occurrences of non-compliance, including those resulting in monetary penalties and violations of the environmental requirements set out in our SDMS. Incidents of non-compliance are reported following due legal processes.

In 2019, Mondi reported 278 non-monetary sanctions for non-compliance with environmental laws and regulations. We paid fines totalling approximately €39,786 involving 10 cases.

20 Introducing the precautionary approach, Principle 15 of the 1992 Rio Declaration states that 'where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation'

21 All environmental incidents are recorded, categorised and classified according to our 'Guide to Major Incident Cause Evaluation (MICE)'

22 A major environmental incident, previously called a Level II environmental incident, is any occurrence that has actually resulted in the loss of primary containment of at least 1 kg GHS hazard category 1 substance or > 10 kg of all other GHS classified substances. GHS is the 'Globally Harmonized System of Classification and Labelling of Chemicals' used to categorise chemicals by their hazardous characteristics. GHS is an internationally agreed upon system, created by the United Nations

Constrained resources and environmental impacts

Major environmental incidents with impacts outside our boundaries:

| Date	Location	Details of major environmental incidents with impacts outside our boundaries
17 January 2019	Richards Bay (South Africa)	During start up after a plant shut, the weak white liquor tank overflowed into the drain, resulting in a release of waste water to sea due to a non-functioning emergency pond.
03 June 2019	Štětí (Czech Republic)	During pumping of weak black liquor, a broken gasket at a valve caused the release of weak black liquor onto the roof of the evaporator building and consequently to ground. The valve was repaired and the contaminated soil excavated and disposed of.
19 July 2019	Štětí (Czech Republic)	The water management task force and authorities were informed about 50 litres of oil slick on the Labe river. A safety boom was installed on the effluent discharge point. Currently, the mill is investigating the installation of an oil-water separation device in the wastewater treatment plant in 2020.
19 July 2019	Dynäs (Sweden)	Waste flocculent reacted with NaOH in an intermediate bulk container. 500 litres of the mixture was released from the damaged tank onto the surrounding soil and some hundred litres entered the nearby river. The contaminated soil was removed and disposed of and employees were reinstructed to store hazardous chemicals only on paved ground with secondary containment.
27 September 2019	Richards Bay (South Africa)	A visible pollution plume in the ocean off the Richards Bay coast was observed as a result of damage to the local utilities effluent pipeline. At the same time, an electricity supply interruption caused an overflow of effluent from the mill's holding ponds into this effluent pipeline. It is likely that Mondi's effluent, in combination with effluent from other sources, formed part of the plume.
07 November 2019	Richards Bay (South Africa)	During maintenance work, soil contamination was noticed around the sulphuric acid tanks. The incident was investigated as a historical incident, most likely the result of loss of the chemical barrier at the sump base.
16 December 2019	Dynäs (Sweden)	Process interruptions in the evaporation plant caused an overflow of more than 5 tonnes of black liquor from the spill tank. Some of the black liquor ran out of the pump building. Most of the black liquor could be held back by the bark embankment, but some black liquor reached the river. The working procedure and the alarm level system will be revised, and staff retrained.

Listening to stakeholder concerns and complaints

Our production processes have the potential to give rise to concerns or grievances from local communities, NGOs and other stakeholders. Complaints arise primarily due to odour or noise or, in some cases, as a result of an environmental incident.

In addition to our formal Speakout mechanism, some operations provide the community with dedicated telephone lines that connect the complainant directly to the relevant person at the operation. Emission monitoring stations are also provided at a number of our pulp and paper mills.

All complaints are investigated, reported and corrective actions are defined. The success of the corrective action is verified and where appropriate the complainant is contacted for follow-up.

	2018	2019	% change 2018-2019
Total complaints	520	305	41.3% decrease
Odour complaints	457	225	50.8% decrease
Noise complaints	41	68	65.9% increase
Other complaints	22	12	45.5% decrease

MANAGING OUR IMPACTS

BIODIVERSITY AND ECOSYSTEMS

7
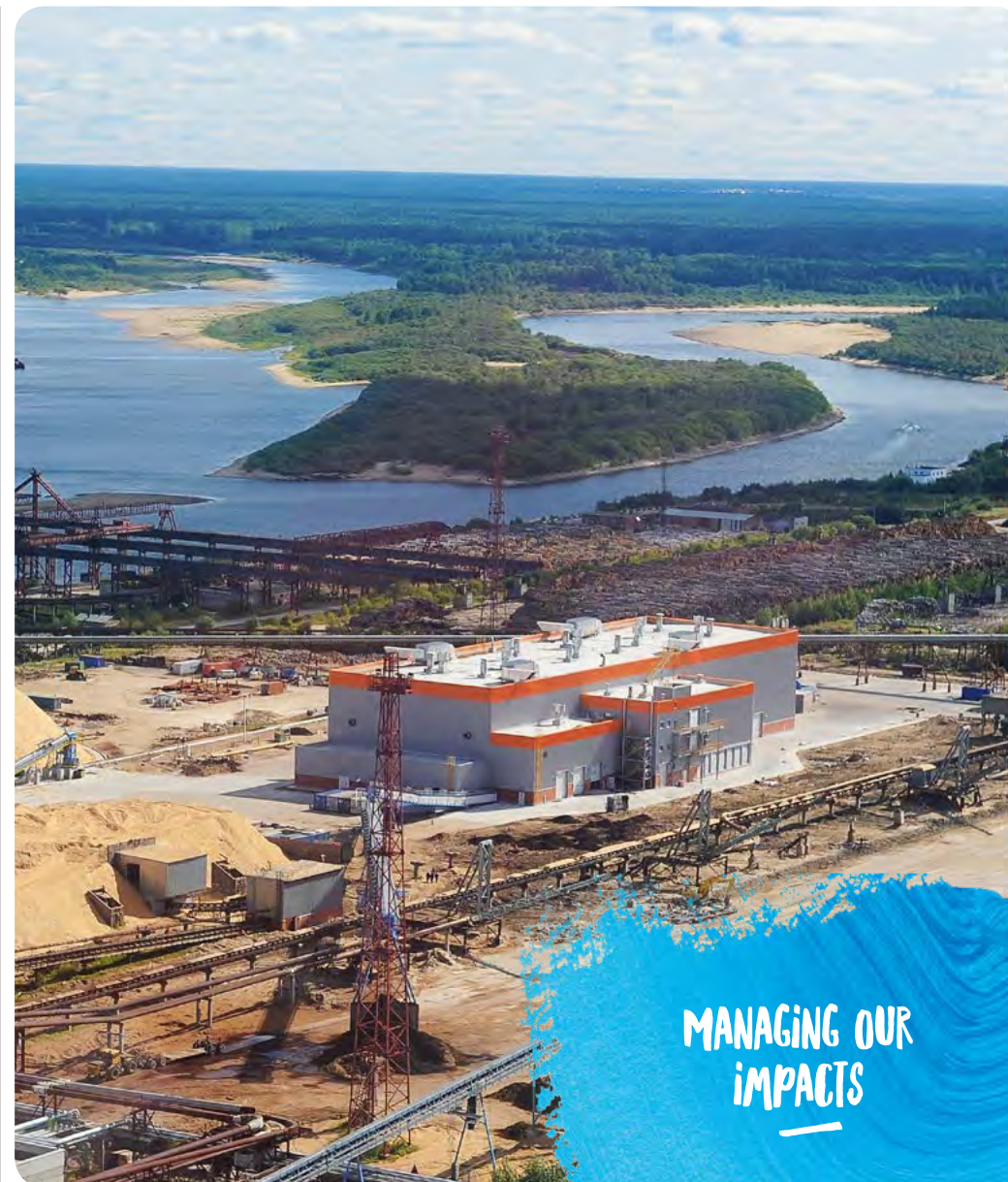
Biodiversity is a crucial component of healthy functioning forests and other important ecosystems.[1] We focus on implementing best available practices for managing conservation areas and maintaining natural capital in our operations. We aim to go beyond our forestry lands to promote and catalyse ecosystem stewardship by working in partnership across broad landscapes and product value chains.

1 https://www.worldwildlife.org/publications/below-the-canopy
2 http://www.fao.org/forestry/communication-toolkit/93682/en/
3 https://ipbes.net/global-assessment
4 http://www.fao.org/forestry/communication-toolkit/93682/en/

Why is this important to our stakeholders?

→ Forests are home to up to 80% of the world's land-based animal and plant species and provide valuable ecosystem services[2]
→ Nature is declining at unprecedented rates, adversely impacting ecosystems upon which we and all other species depend for our livelihoods, food security, health and quality of life worldwide[3]
→ Reduced biodiversity in forests and other important ecosystems means lost opportunities for medicines, food, raw materials and employment[4]

Why is this important to Mondi?

→ Wood fibre is one of our primary raw materials and access to sustainable and responsible sources is essential to our business
→ We manage around 2.1 million hectares of natural forestry lands in Russia and 254,000 hectares of plantation forestry lands in South Africa
→ To secure the long-term productivity and resilience of our production landscapes with thriving ecosystem services, we must maintain biodiversity, freshwater ecosystems and natural capital

Our commitment to 2020	2019 performance in brief	Status
Promote ecosystem stewardship in the landscapes where we operate through continued multi-stakeholder collaboration	We continued active support and collaboration with a number of organisations. We took steps to extend management of the biodiversity impacts of our operations	🟢

Discover how we are...

→ Identifying and managing biodiversity impacts and dependencies across our value chain
→ Promoting ecosystem stewardship through voluntary forest management certification and use of the Sustainable Working Forest model
→ Promoting a landscape approach and natural capital thinking through multi-stakeholder engagement and collaboration

What's next?

→ Further develop biodiversity management measures in our forestry and manufacturing operations and biodiversity metrics across the value chain
→ Continue to collaborate with partners to address key environmental challenges and ensure ecosystem resilience across the landscapes where we operate

Our strategic SDGs and targets

SDG 6 Clean water and sanitation
→ Target 6.5 By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate
→ Target 6.6 By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes

SDG 8 Decent work and economic growth
→ Target 8.4 Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead

SDG 12 Responsible consumption and production
→ Target 12.2 By 2030, achieve the sustainable management and efficient use of natural resources

SDG 15 Life on land
→ Target 15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements
→ Target 15.2 By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally
→ Target 15.5 Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species
→ Target 15.8 By 2020, introduce measures to prevent the introduction and significantly reduce the impact of invasive alien species on land and water ecosystems and control or eradicate the priority species
→ Target 15.9 By 2020, integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts

For links to all other SDGs, see the full SDG index

Biodiversity and ecosystems

Our biodiversity impacts and dependencies

Our most significant biodiversity impacts and dependencies occur in our forestry operations due to their large scale and landscape-wide impacts. Biodiversity is also relevant to our manufacturing operations through the local impacts of our mills.

For our externally procured wood fibre, we rely on chain-of-custody certification, but continue to explore new methods in our own forestry operations beyond certification to develop and refine our sustainable forestry practices and minimise our biodiversity impacts.

To assess our biodiversity impacts and dependencies, we consider the entire forest products value chain, from forest growth and processing to use and end of life. The purpose of our management approach is to reduce any negative impacts and enhance our positive impact on biodiversity and ecosystems. Therefore, we focus our efforts upstream in the value chain, where biodiversity issues are material – in forestry and manufacturing.

Protecting and enhancing biodiversity in forests

We have forestry operations in Russia and South Africa. We manage around 2.1 million hectares of slow-growing natural boreal forests in Russia and 254,000 hectares of fast-growing forest plantations in South Africa, with an average of 24% of our total landholdings set aside for conservation and protection of biodiversity and ecosystem services.

Forestry operations, if poorly managed, can have a significant direct impact on biodiversity via unsustainable land management practices. However, at Mondi, we have robust land management systems in place through which we aim to manage and mitigate these impacts from our own operations and from any other relevant external pressures. We are also committed to protecting or managing forests and other natural ecosystems to allow biodiversity and key ecosystem services to be sustained. Our managed forests are not associated with any form of deforestation or illegal logging. We do not undertake forestry in the tropics and we do not use tropical species or those listed by the CITES. We also do not use wood fibre from genetically modified trees.

24%

of forestry landholdings are set aside for conservation and protection of biodiversity and ecosystem services

Our forestry land management objectives aim to maintain the integrity of natural ecosystems by managing ecological networks (ENs) on a local and landscape level and minimising negative impacts from adjacent production sites and infrastructure. Well-designed and managed ENs is an essential part of our Sustainable Working Forest model ().

The measures we apply to manage our impacts on natural ecosystems vary significantly by region:

→ Our Russian forestry lands are large-scale and play an important role in the boreal zone. Russia still has vast areas of Intact Forest Landscapes (IFLs) that have not been significantly altered by human development. They provide a unique opportunity in the world for large-scale conservation and as carbon sinks.[5]
Mondi has worked actively in Russia to protect IFLs and Intact Forest Areas. We protect High Conservation Value areas, preserving them in their natural state, imitating natural dynamics in forestry and protecting watercourses and soils.

→ Our South African forestry plantation landholdings are comparatively small but contain significant biodiversity in the ENs, which we maintain. Mondi recognises the value of well-designed and managed ENs to protect and enhance biodiversity, and to increase ecosystems resilience to the adverse effects of severe weather events and the climate crisis. Management of ENs, with grasslands and wetlands as the dominant ecosystems, includes the control of invasive alien plants and fire management.

Protecting the most valuable landscapes and species in Russia

Mondi's Uncoated Fine Paper business and its office paper brand Snegurochka has launched a partnership with WWF Russia,[6] to support a recovery programme for the reindeer population in Komi Republic and Kamchatka peninsula. The wild reindeer is one of the most significant rare, threatened and endangered species at regional and national levels and it has been included in the Red Book of Russia since 2019.

The programme involves research and mapping of wild reindeer migration routes over the course of a year ultimately aiming to protect the species from poaching and other disturbances.

Wild reindeer also depend on the boreal IFLs, which Mondi has worked to protect, together with WWF Russia and Silver Taiga Foundation, for more than a decade. In December 2019, we achieved establishment of the Koigorodsky National Park in the core of the last remaining IFL at the southern edge of the taiga forests. We continue work to ensure firm protection status for the remaining IFLs in the northern part of Komi Republic.

Learn how we support another critical species – the Atlantic salmon – via Model River Mezen project
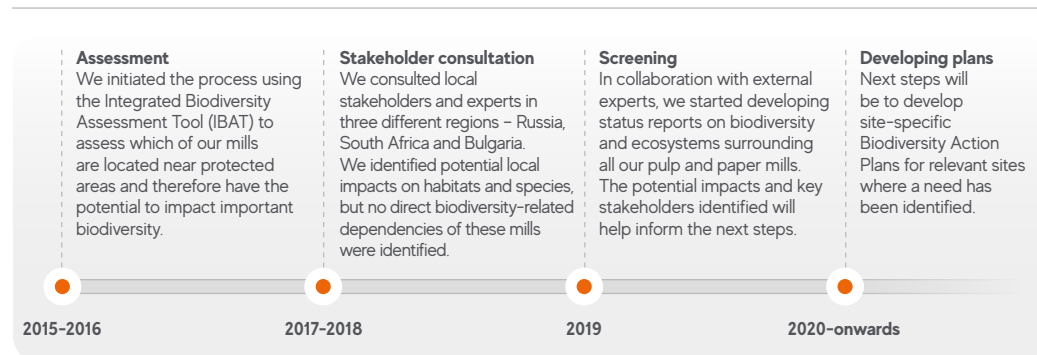
5   https://wwf.panda.org/?326513/Precedent-settingmoratorium-helping-protect-over-a-million-hectares-ofintact-boreal-forest

6   https://snegurochka-paper.ru/en/wwf

Biodiversity and ecosystems

Working towards site-specific Biodiversity Action Plans for our manufacturing operations

As part of our work on ecosystems, we have been exploring potential impacts and dependencies of our pulp and paper mills on biodiversity since 2015.

Timeline for developing Biodiversity Action Plans

Assessment
We initiated the process using the Integrated Biodiversity Assessment Tool (IBAT) to assess which of our mills are located near protected areas and therefore have the potential to impact important biodiversity.

Stakeholder consultation
We consulted local stakeholders and experts in three different regions – Russia, South Africa and Bulgaria. We identified potential local impacts on habitats and species, but no direct biodiversity-related dependencies of these mills were identified.

Screening
In collaboration with external experts, we started developing status reports on biodiversity and ecosystems surrounding all our pulp and paper mills. The potential impacts and key stakeholders identified will help inform the next steps.

Developing plans
Next steps will be to develop site-specific Biodiversity Action Plans for relevant sites where a need has been identified.

2015-2016   2017-2018   2019   2020-onwards

Restoring a natural riparian forest near our mill in Bulgaria

In 2019, WWF Bulgaria and Mondi restored a natural riparian forest on degraded land near the Mondi Stambolijski mill.[7] This is the third site that we have restored through the WWF–Mondi Global Partnership within the Maritsa water catchment, where our Stambolijski mill is located.

It is an example of the work we do with WWF to protect areas of HCV by applying a landscape approach to secure biodiversity and ecosystem services in the areas where we source our wood, particularly in areas close to our manufacturing operations.

7   https://wwf.panda.org/our_work/forests/?356076/WWF-Bulgaria-afforestation-mondi

How do we measure biodiversity impacts?

Measuring our biodiversity impacts and dependencies, and monitoring changes in the state of biodiversity, is complex. We continue to improve existing metrics and are developing new ones to aid measurement across the value chain.

→ For forests, we focus on locally relevant, specific metrics to enable an effective, targeted management response to biodiversity conservation within forest management plans.

→ For products, we are developing general biodiversity metrics that will allow comparison across different commodities and product types.

Monitoring biodiversity in our forests

We take an ecosystem approach to conserving biodiversity in the ecological networks in our forestry operations, focusing on areas set aside or managed for conservation purposes. We monitor both quantitative and qualitative impacts of our nature conservation networks.

See our case study for more details

In Russia and South Africa, we set aside around on average 24% of our owned and leased landholdings for conservation. The proportion of land managed for conservation purposes varies across different types of ecosystems. Our minimum threshold is defined by the Aichi Biodiversity Target No.11, which requires at least 17% of terrestrial ecosystems and inland water ecosystems to be conserved by 2020.[8]

We work to provide a well-functioning conservation network as part of a healthy ecosystem:

→ In Russia, we set aside High Conservation Value (HCV) areas in their natural state at the landscape level, and small patches of habitats within logging sites at the local level. We monitor their physical consistency, integrity and representativeness annually via earth observation data and GIS, supported by targeted field surveys to explore disturbances.

→ In South Africa, we implement monitoring processes to assess the effective management of invasive alien plants, fire and livestock to determine if we are maintaining or enhancing the functionality of our ecological networks. This process is supported by ecosystem assessments, such as wetlands monitoring.

8   https://www.cbd.int/sp/targets/

Biodiversity and ecosystems
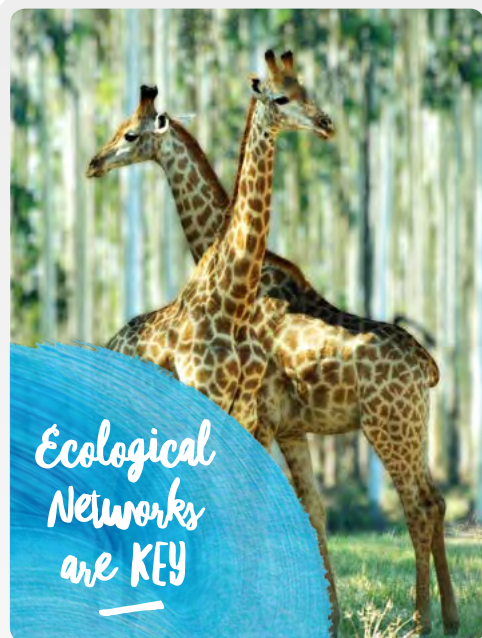
Monitoring functionality of our ENs in South Africa

In 2019, we reviewed the findings of a decade of a research collaboration partnership between Mondi and the University of Stellenbosch – the Mondi Ecological Networks Programme (MENP). With the support of external experts, we defined a number of key principles of effective ecological networks (ENs). These principles will be used to conduct a gap analysis to determine how Mondi's forestry lands in South Africa conform with the design and management principles for ecological networks. In 2018 and 2019, the MENP also developed and tested a MATCH tool for assessing management effectiveness of plantation forestry management systems, focusing on the most significant environmental pressures.

🖥 **Learn more about our other ecosystems monitoring programmes in South Africa**

Exploring impacts of our products

Developing biodiversity metrics to assess the impacts of products is challenging. Our products are produced using wood fibre sourced from a wide range of geographies and forest types, making it difficult to develop a generic approach. Typically, life cycle assessments assess the impacts of land use change, as the extent and type of land use change directly impacts wildlife habitat and other biodiversity. For example, deforestation is one of the greatest causes of losses of forest-related species.

However, we do not consider wood fibre sourced from sustainable logging operations as resulting in deforestation, as there is no change of land use from forest to non-forest. We continue to refine the approach together with external partners.

The World Economic Forum's Global Risk Report 2020 places biodiversity loss in the top five global risks for the first time. To date, different initiatives have developed a series of metrics related to natural capital and biodiversity. CISL's Natural Capital Impact Group (NCIG) identified a need for an easy-to-use impact metric that could help inform corporate decision-making. In close consultation with companies and experts, the NCIG developed a Biodiversity Impact Metric that can inform corporate response strategies. As the only forestry company in the NCIG, we are exploring the applicability of the metric to the working forests.

> "Businesses require credible, but simple, metrics to identify biodiversity impacts, highlight risks and to guide evidence-based strategies and actions. We are delighted by Mondi's support in development of the Biodiversity Impact Metric."

Dr Gemma Cranston
Director, Business & Nature
Cambridge Institute for
Sustainability Leadership

Ensuring effective ecosystem stewardship

We use our forestry operations to test and share best-practice solutions for sustainable ecosystem stewardship. We ensure best-practice implementation through forest certification, the Sustainable Working Forest model, natural capital thinking and a landscape approach.

Forest management certification

Credible third-party certification is an essential part of our management approach. It assures compliance with globally recognised standards for responsible forest management. We apply a complementary combination of recognised certification schemes to our forestry operations:

→ both our Russian and South African forestry operations have reconfirmed compliance of their environmental management systems with the ISO 14001 (2015) certification standard;

→ our South African forestry operations successfully passed an audit against the new FSC National Forest Management Standard for South Africa; and

→ our Russian forestry operations reconfirmed compliance with the national FSC and PEFC forest management standards.

Biodiversity and ecosystems

Mondi is actively involved in the work of FSC's national offices in Russia and South Africa, aimed at ensuring best adaptation of the international standards to the national context. We also work to make certification more effective and accessible to small and medium forestry growers and forest enterprises.

📖 **Read more about how we ensure all our wood fibre comes from responsible sources**
Page 46

Sustainable Working Forest model and landscape approach

Our Sustainable Working Forest model represents a resilient production landscape, which maximises wood production while seeking to maintain biodiversity and ecosystem services. A Sustainable Working Forest promotes effective integration of productive forest areas within a robust nature conservation network.

We go beyond the boundaries of our forestry operations and proactively promote landscape stewardship practices by engaging other land tenants and stakeholders via our landscape-level initiatives.

🖥 **Find out more about the Sustainable Working Forest model**

A-

In 2019, we were awarded an A- rating in the CDP Forests global disclosure system, which puts us in the leadership band and confirms we are implementing best practice[9]

Natural capital thinking

The WBCSD Forest Solutions Group (FSG), of which Mondi is a member, articulated an approach to natural capital thinking in the forest sector in its Forest Sector Guide to Natural Capital Protocol, with our active support.[10]

The long-term productivity of forests depends on minimising losses of natural capital caused by natural or human forest disturbances.

The three main natural capitals, which define the overall resilience of working forests are trees, water and soil. Negative impacts may include increased frequency and intensity of pests and diseases, droughts, floods, winds, forest fires and degradation of soil and water. We have aligned all our local partnerships and projects to focus on protecting and enhancing these three natural capitals.

Enhancing ecosystem stewardship together with local partners

Our long-term partnerships in Russia and South Africa deliver best-practice examples of conservation of biodiversity and natural capitals. We develop these through cooperation with certification schemes, local stakeholders and experts.

🖥 **Read the full case study online to learn more about our regional ecosystem stewardship initiatives**

Scaling up positive impact through global collaboration

To have a meaningful positive global impact, we contribute to international dialogues and processes and actively engage with multi-stakeholder platforms and organisations.

Developing common approaches across forestry and other land uses enables consistent measurement of environmental impacts and dependencies and effective monitoring to inform decision-making and target setting.

We share best practice and local experience through regional and global platforms designed to catalyse action on a wider scale.

We work closely with WWF, both through our global partnership and regionally through the WWF Boreal Forest Platform (BFP) in Russia and New Generation Plantations platform (NGP) in South Africa.

Other key partnerships include the WBCSD Forest Solutions Group (FSG), the Natural Capital Impact Group (NCIG) at the Cambridge Institute for Sustainability Leadership (CISL), the HCV Resource Network (HCVRN) and the International Union of Forest Research Organisations (IUFRO).

📖 **Learn more about how we are engaging with our stakeholders to scale-up our positive impact**
Page 102

Thinking globally ACTING LOCALLY

©Cristine Tugora

9   https://www.cdp.net
10   https://naturalcapitalcoalition.org/natural-capital-protocol/forest-products/

SUPPLIER CONDUCT AND RESPONSIBLE PROCUREMENT

8

In today's globally connected economy, supply chain transparency has become a priority for stakeholders worldwide. It is a complex challenge that requires cooperation across the value chain. We are improving transparency and managing our impacts by partnering with suppliers to build a responsible and inclusive supply chain.

Why is this important to our stakeholders?

→ Our business impacts occur both upstream and downstream of our operations
→ Stakeholders expect businesses to manage their adverse impacts and bring about positive change through their supply chains, including tackling issues such as labour and human rights
→ Our customers require increasingly detailed information about how we manage our supply chain to address their own risks and responsibilities

Why is this important to Mondi?

→ A responsible supply chain is crucial to sustainable business growth; it delivers far reaching benefits such as mitigating risks and engaging with suppliers who have a similar mind-set
→ Working collaboratively enables us to support meaningful change across issues like labour rights, carbon emissions and water stewardship, and to manage our reputational risk
→ As suppliers shift production to emerging markets, it is crucial we manage our risks in countries that have potentially weaker governance

Our commitment to 2020	2019 performance in brief	Status
Encourage supply chain transparency and promote fair and sustainable working conditions with our key suppliers	Further rolled out the responsible procurement process and screened 1,000 suppliers Improved our latest Modern Slavery statement by using best-practice reporting guidance	🟢

Discover how we are...

→ Engaging key suppliers and partners to identify and mitigate risks
→ Working with high-risk suppliers to improve performance and mitigate their risks
→ Rolling out our updated Code of Conduct for Suppliers

What's next?

→ Continue rolling out our responsible procurement process at Group level and apply learnings to refine our approach
→ Extend our engagement with high-risk suppliers to share best-practice and mitigate risks
→ Collaborate with new and existing suppliers to develop innovative, sustainable solutions for a circular economy

Our strategic SDGs and targets

SDG 8 Decent work and economic growth
→ Target 8.7 Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms

For links to all other SDGs, see the full SDG index

Supplier conduct and responsible procurement

Our global supply chain

Our global supply chain spans more than 14,000 tier one suppliers[1] in 66 countries around the world, of which 2,000 are key suppliers.[2] Our focus on responsible sourcing helps to ensure there are no human rights violations and improves our understanding of the climate – and water-related risks in our supply chain.

We manage the sourcing of products and services by defining specific procurement categories. Each category presents a unique set of sustainability-related risks, determined by the nature of the product or service and the locations of suppliers.

We focus on identifying sustainability risks and assessing supplier performance to improve transparency, minimise risk to the business and meet stakeholder expectations (see page 74). This supports our response to the UK Modern Slavery Act and modern slavery legal requirements in other jurisdictions.

Products and services purchased locally[3] represented 55% of our overall spend in 2019.

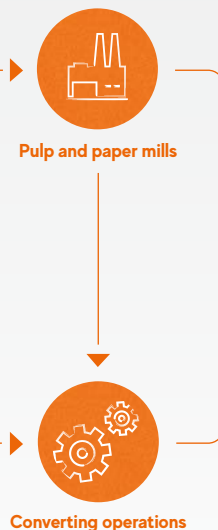We participated in CDP's Supplier Engagement Rating in 2019 and expect to receive our rating in 2020.

Read more
www.cdp.net

1   Direct suppliers that were active in 2019 with at least one purchase order
2   Key suppliers are categorised as high spend suppliers delivering their goods and services to more than one Mondi site and classified within our supplier relationship management (SRM) with the biggest share of strategic and captive suppliers
3   Local suppliers of products and services are defined as suppliers that are located close to our significant operations (all Mondi production sites such as mills and converting plants) within the same country

Energy and materials flow 2019

Key inputs

Non-renewable

Chemicals, starch and fillers
1.1 million tonnes

Aluminium
11,600 tonnes

Polymers and films
0.3 million tonnes

Renewable

Energy
156 million GJ

Water
306 million m^3

Wood
17.6 million m^3

External pulp
0.3 million tonnes

Paper for recycling
1.3 million tonnes

Virgin containerboard and kraft paper
0.3 million tonnes
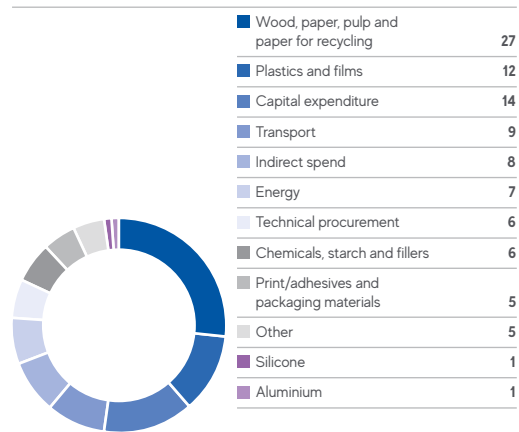
Recycled containerboard
0.4 million tonnes

Pulp and paper mills

Converting operations

Key outputs

▶ **Production statistics**

Containerboard
2.5 million tonnes

Kraft paper
1.2 million tonnes

Uncoated fine paper
1.5 million tonnes

Newsprint
0.2 million tonnes

Market pulp
0.5 million tonnes

Corrugated solutions
1.7 billion m^2

Paper bags
5.2 billion units

Consumer flexibles
2.5 billion m^2

Engineered materials
5.5 billion m^2

▶ **Waste**
Recycled/reused
747,950 tonnes

Sent for treatment
18,623 tonnes

Incinerated
65,926 tonnes

Landfilled
228,585 tonnes

▶ **Energy sold**
9.8 million GJ

▶ **Total water output**
325 million m^3

▶ **Emissions to water**
48,549 tonnes COD
153 tonnes AOX

▶ **Emissions to air**
4.7 million tonnes CO_2e
44 tonnes TRS
11,031 tonnes NOx
1,276 tonnes SO_2
928 tonnes particulates
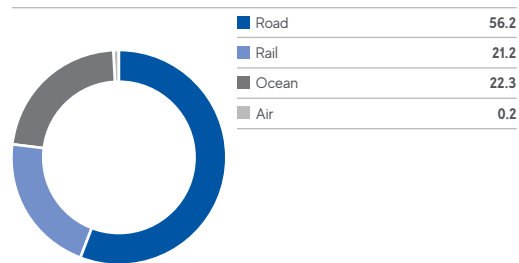
Supplier conduct and responsible procurement

Breakdown of supply spend
%

Wood, paper, pulp and paper for recycling	27
Plastics and films	12
Capital expenditure	14
Transport	9
Indirect spend	8
Energy	7
Technical procurement	6
Chemicals, starch and fillers	6
Print/adhesives and packaging materials	5
Other	5
Silicone	1
Aluminium	1

Modes of transport
%

Road	56.2
Rail	21.2
Ocean	22.3
Air	0.2

Our key areas of spend and major procurement categories

Mondi uses renewable and non-renewable materials in our products. Based on revenue, about 80% of our business is fibre-based. Mondi recognises its dependency on natural resources such as land, air, water and ecosystems. Our focus is to mitigate our negative impacts and enhance positive impacts in relation to the sourcing and use of materials.

Around

80%

of our business is fibre-based (based on revenue)

Our global supply chain spans 66 countries

Our key areas of spend and major procurement

Wood, pulp and paper	Wood fibre is one of our primary raw materials. We procure wood fibre from sustainable sources through a transparent supply chain that is assured by forest and Chain-of-Custody (CoC) certification, Controlled Wood and our Due Diligence Management System (DDMS). In the long term, we aim to increase the proportion of our wood fibre that comes from credibly certified sources. To enable this, we support efforts to increase its long-term availability in the supply chain (see page 49).
Plastic	Plastic includes different types of polymers, films and fabrics. Our Group procurement team is responsible for strategic sourcing projects and negotiations with Group plastic suppliers. We focus on responsible sourcing and quality requirements and conduct regular audits of our plastic suppliers. We also purchase plastic suitable for downgauging, lightweighting, compostability, and recycling – such as mono-material solutions that can be managed through existing recycling streams, renewable resources for the food industry, and laminates made from recycled content raw material.
Chemicals, starch and fillers	We use starch, fillers and chemicals in combination with other input materials to manufacture high performance paper and packaging products. We source chemicals and polymers through a number of large companies as well as through local suppliers close to our operations. The majority of these suppliers are based in Europe with subsidiaries in Asia, Middle East and the US. Audits of key suppliers ensure they meet our commercial, quality and sustainability standards.
Transport and logistics	We use rail, combined rail-road, road and sea freight solutions to ship our supplies and products to our customers. We monitor indirect CO_2 emissions (Scope 3 emissions) arising from our supply chain, of which transport emissions – from both upstream and downstream activities – is a significant contributor).

Supplier conduct and responsible procurement

Managing risks and increasing transparency

We continued the roll out of our responsible procurement process to key suppliers across specific procurement categories in 2019. Training was provided to procurement teams and we engaged with suppliers on the approach, principles and goals.

We take a targeted, risk-based approach to focus on relevant parts of our supply chain. When assessing supplier risk, we consider geography, product type, the significance of a raw material or service to Mondi, as well as the spend involved.

"Our responsible procurement process ensures continuity in the way we communicate our values of environmental and social responsibility to our key suppliers worldwide."

Beatrix Praeceptor
Chief Procurement Officer

Sourcing from countries of weaker governance can mean an increased risk of labour and human rights violations, weaker regulation of environmental practices and waste disposal, and controversial sourcing of raw materials. Other risks may be inherent in the nature and production of a product or service, for example the risk of illegal logging and deforestation in wood fibre supply chains. We consider these issues when we determine the overall risk for each category.

We use credible third-party risk ranking data such as the Corruption Perception Index, Global Slavery Index, the World Bank's Worldwide Governance Indicators and other public sources.

We have defined four key risk areas: labour rights; climate change; water; and biodiversity. Our responsible procurement process addresses these risks by identifying high-risk suppliers with whom we will work to resolve or effectively mitigate risks. Wood fibre is not part of the responsible procurement process, but is risk-assessed through our DDMS (see page 47). We conduct regular assessments of key suppliers of wood, fibre and other raw materials, involving local procurement teams and members of our wood procurement network. This allows us to evaluate the reliability of supply, quality of service and environmental and social practices of suppliers.

Responsible procurement process

Gather baseline data
1,000 of 2,000 key suppliers were part of the responsible procurement process in 2019. We will continue the process in 2020.

Risk screening
1,000 key suppliers (50% of all key suppliers) located across 2,000 different sites and no new suppliers have been screened in 2019.*

Supplier questionnaire
5% of supplier sites were assessed as high-risk and requested to fill in a supplier questionnaire.

Evaluation and follow-up
Based on the results of the questionnaire, 0.3% of key supplier sites remained at high-risk[4], 4% of key supplier sites were de-escalated and 2% were non-responsive. We continue to engage with the respective suppliers to understand their responses to the supplier questionnaire and to obtain further relevant information related to the area of risk identified.

Tracking and monitoring
For non-responsive and other high-risk suppliers, we have identified escalation steps. They include supplier meetings, audits, third-party ESG reports and, if required, termination of the supplier relationship.

Due diligence for fibre-based products

Mondi's DDMS for fibre-based products, including pulp, ensures that both we and our customers can be confident that our fibre is sustainably harvested or purchased from sustainable sources (see page 47).

In 2019, we rolled out an improved DDMS, which is more practical and easier to apply. It includes a methodology to evaluate country risks more clearly and incorporates learnings from the initial pilot phase.

Code of Conduct for Suppliers

We expect every company in our supply chain to adhere to our Code of Conduct for Suppliers, which covers social, environmental, governance, legal and ethical issues. We updated the Code in 2018 and rolled it out in 2019 through our responsible procurement process.

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* This was due to the finalisation of our Responsible Procurement Process. This is now in place and will be used to screen new suppliers in 2020.

4 Identified as being high-risk in one or more of the sustainability risk areas: labour rights, climate change, water and biodiversity

Supplier conduct and responsible procurement

Mitigating risks through RESPONSIBLE PROCUREMENT

In procurement, the focus is normally on cost, quality, orders and delivery times, and not necessarily environmental and social risks. Having a close relationship with our suppliers gives us a good understanding of their reliability and overall performance, but do we know whether they provide their employees and contractors with a secure, safe and healthy working environment? And can we be confident that our suppliers minimise their impacts on water, land, air and biodiversity? For this reason, we have developed a multi-stage responsible procurement process to identify those suppliers with a high risk (see).

We are committed to working closely with all suppliers and to supporting them to address their sustainability risks. We begin by sharing our sustainability policies and engaging with suppliers on specific topics of relevance. When suppliers are unresponsive, we seek to understand the reasons why and find solutions together.

"We are on a learning journey with our suppliers. As we develop a better understanding of sustainability risks, we are building partnerships with suppliers who share our values."

Tatiana Proshutinskaya
Manager Supplier Quality, Mondi Group

Human rights in the supply chain

Our human rights risks are not limited to our own operations, they can exist at any point along the value chain through our business impacts, relationships and suppliers. Understanding and managing human rights risks impacts enables us to reduce risks to our business and our customers, anticipate consumer demand, secure access to resources, and strengthen our supply chains.[5]

Impacts on people and their human rights can occur in many ways, including but not limited to: worker safety and health; recruitment and employment practices; product safety; air or water pollution; contamination of ecosystems; inequitable use of natural resources; use of forced or child labour; discrimination; misuse of private employee and customer data; use of force by security personnel; disregard for land tenure and indigenous rights; adverse effects on the living conditions of communities; and depletion of resources that communities rely on. If left unmanaged, human rights issues can pose critical reputational risk to our business.

We're strengthening the monitoring and reporting of potential issues in our operations and supply chain, including by integrating labour and human rights risks into our responsible procurement process.

UK Modern Slavery Act

We comply with the UK Modern Slavery Act, a transparency requirement which addresses the crimes of holding another person in slavery, servitude, forced or compulsory labour, or trafficking a person.

Our latest statement, published in 2019, details progress made in 2018 in identifying and managing potential human rights risks, including modern slavery and human trafficking. For this statement, we used the best-practice reporting guidance on the FTSE 100 Modern Slavery statement and reporting practices,[6] produced by the Business and Human Rights Resource Centre, to improve the structure, content, accessibility, clarity and completeness.

We continue to make progress in our response to the Modern Slavery transparency and performance requirements. Our employee database and reporting platform will provide metrics related to human rights aspects in our operations to help shed light on gaps and risks, ultimately helping us to manage and improve performance.

Through our responsible procurement approach, we are taking steps to identify and address suppliers with high labour risk exposure or potential non-compliance with our Code of Conduct on labour issues. We have started working with the Danish Institute for Human Rights (DIHR) to strengthen our human rights due diligence, impact assessment, and governance (read more on).

5   WBCSD, https://www.wbcsd.org/Programs/Redefining-Value/External-Disclosure/Reporting-matters/Resources/Reporting-matters-human-rights
6   https://www.business-humanrights.org/sites/default/files/documents/FTSE%20100%20Modern%20Slavery%20Act.pdf

RELATIONSHIPS WITH COMMUNITIES

9

As a global company employing around 26,000 people, we play an important role in local communities – creating employment and business opportunities and investing in local infrastructure. We're developing our approach to measure the social value we create through our investments in communities around the world.

Mondi Ružomberok (Slovakia) – Project Regiochem – visit to the Science Centre in Brno

Why is this important to our stakeholders?

→ Mondi is a major employer and people rely on us for their livelihoods, both directly and through our supply chain
→ We use natural resources and local infrastructure and we have an impact on the environment
→ In remote areas, we supply important services like energy and wastewater treatment for local communities and we invest in infrastructure and community development

Why is this important to Mondi?

→ Our businesses are more likely to succeed when they are part of healthy, prosperous and dynamic communities
→ Local communities supply our operations with talent, skills, goods and services
→ By engaging with local people, we better understand potential conflicts and opportunities while protecting our social licence to operate
→ Working in partnership with stakeholders helps leverage our positive impact and share resources, know-how and skills

Our commitment to 2020	2019 performance in brief	Status
Enhance social value in our communities through effective stakeholder engagement and meaningful social investments	SEATs were carried out at two further sites and new investments were made in health and education We revised and improved investment guidelines, to be launched in 2020	🟢

Discover how we are...

→ Using our Socio-economic Assessment Toolbox (SEAT) to better understand stakeholder perceptions of our operations in Dynäs (Sweden) and Świecie (Poland)
→ Investing in an overseas educational programme for promising young students in Russia
→ Promoting science and chemistry education in schools in Slovakia

What's next?

→ Use SEAT at additional operations to enhance our understanding of local impacts and stakeholder needs
→ Work on our focus areas and investment categories to ensure strategic and targeted investments that contribute to the UN Sustainable Development Goals (SDGs)

Our strategic SDGs and targets

SDG 8 Decent work and economic growth
→ **Target 8.3** Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services
→ **Target 8.5** By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
→ **Target 8.6** By 2020, substantially reduce the proportion of youth not in employment, education or training

SDG 9 Industry, innovation and infrastructure
→ **Target 9.1** Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human wellbeing, with a focus on affordable and equitable access for all
→ **Target 9.3** Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets

For links to all other SDGs, see the full SDG index

Relationships with communities

Understanding local context

The social, economic and environmental health of local communities is important to our success. We work hard to support local livelihoods and businesses and to build strong, proactive and transparent relationships with local stakeholders.

Who are our local stakeholders?

We focus our community engagement, initiatives and investments on the people who live adjacent to our operations, on or around our landholdings, or within our zone of influence. The locality of communities and our zone of influence is geographically determined based on the social, economic and environmental footprint of our operations and supply chain, the social materiality of our operations and local development needs. This is decided by each operation through a consistent group-wide approach.

Our stakeholders include local residents, employees, contractors and suppliers, customers, neighbours, community members, schools and universities, trade unions, NGOs and government authorities.

Investing in COMMUNITY—BASED BUSINESSES

Our socio-economic impact

Our operations have a significant socio-economic impact on surrounding communities. Our pulp and paper mills and forestry operations[1] are generally larger and employ more people than our converting operations. Some of our mills and forestry operations[1] are in remote regions, where there may be high levels of poverty and unemployment and where access to jobs and infrastructure can be limited. Mondi is a key employer in some of these areas.

Our management approach is based on improving our understanding of our social, environmental and economic impacts on local communities – be they positive or negative, actual or potential, short- or long-term, direct or indirect, and intended or unintended.

We do this through various forms of impact assessment, monitoring and reporting.

The size and nature of our mills and forestry operations means our social and environmental footprint is relatively high. Potential negative impacts may include: spills, leaks and other environmental incidents; environmental nuisances such as odour and noise; waste and emissions; land use impacts and natural resource consumption; and job losses due to restructuring or closure of the mills. Our converting operations are smaller and involve a lower social and environmental footprint.
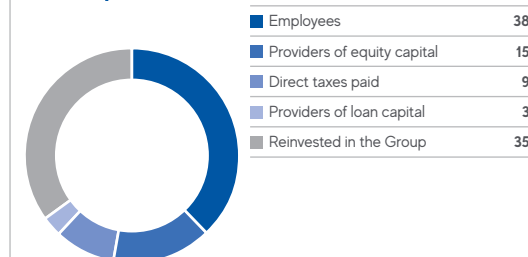
Our environmental and social management systems help us to operate legally, inclusively and responsibly, and ensure we mitigate negative impacts on local communities that may occur as a result of our operations (see page 65).

1   Located in Russia, South Africa, Poland, Czech Republic, Slovakia, Bulgaria, Turkey, Finland, Sweden and Austria

As well as providing direct employment, we support local livelihoods through indirect employment and business opportunities. We also contribute to local development by improving infrastructure, paying local and regional taxes, and through voluntary social investments that target health, education, infrastructure and enterprise (see page 80).

We aim to be an active member of the local communities in which we operate and we maintain ongoing, transparent dialogue to address challenges and understand and manage our risks, opportunities and business performance. We work with others to maximise the value we create. Wherever possible, our investments and initiatives are delivered in partnership with local stakeholders. This helps us scale-up our impact, contributes to transparency, gives more credibility to projects, leverages know-how and funds, and strengthens our relationships.

Value distribution*
%

€2,729m

Employees	38
Providers of equity capital	15
Direct taxes paid	9
Providers of loan capital	3
Reinvested in the Group	35

*   Value distribution defined as operating profit before taking into account personnel costs and depreciation, amortisation and impairments

Relationships with communities

How we assess impact

We use various impact assessment tools to understand our relationships with, and impacts on, local communities. They include our tailored SEAT and learnings from ongoing formal and informal stakeholder engagement. Immediate outputs include SEAT reports, action plans and community/stakeholder engagement plans. We use these to inform and target our community development programmes, investments and initiatives, community forums, and training of our community and human resource professionals. Committees and functions, such as works councils, safety and health committees and others, help shape our response to the findings of local impact assessments.

Stakeholder consultation using SEAT

We introduced our SEAT approach over a decade ago. It supports our pulp and paper mills and forestry operations to create open and transparent dialogue with local communities. Today, SEAT enables us to better understand where our impacts lie and what our stakeholders expect.

Facilitated by an independent third party, SEAT assessments comprise a series of focus group meetings and an opportunity for stakeholders to speak openly to a panel of Group and local management, and to the third-party facilitator. Mondi management can be excluded from meetings with certain stakeholder groups to ensure stakeholders feel able to freely give their feedback. Mondi's management response to the issues raised is presented in a SEAT report, published in English and the local language and accessible to all stakeholders. Third-party involvement, including during the reporting phase, brings neutrality, expertise, transparency and credibility to the process.

In relevant locations, SEAT assessments are used to inform Community Engagement Plans (CEPs). 12 of our 14 mills and forestry operations (86%) have completed a SEAT assessment at least once. Infrastructure projects and investments in our Russian and South African forestry operations are examples of where we have taken specific action in response to the information gathered during the SEAT process.

🖥 **View our SEAT reports**

Our Frantschach SEAT was conducted in 2018 and the report published in 2019. We conducted SEATs at two locations in 2019: our Dynäs mill (Sweden) and our Świecie mill (Poland).

Other local engagement processes include targeted stakeholder surveys, impact assessments, legally required social and environmental due diligence processes for acquisitions and investments, and regular direct engagement with local stakeholders.

86%

Mills and forestry operations that have completed a SEAT assessment at least once

SEAT at our Dynäs Mill

Founded in 1915, our integrated pulp and paper mill in Kramfors (Sweden) is one of the largest brown sack kraft and speciality kraft paper producers in the world. It employs around 300 people, making it the second largest employer in the region. We conducted the mill's first SEAT assessment in June 2019, engaging a wide range of stakeholders including employees, contractors, suppliers, union members, local and regional authorities, neighbours and communities, local media and local schools.

The process was well-received and positive reference was made to Mondi Dynäs' contribution through:

→ being a secure and stable employer that provides good benefits and opportunities for development and growth;

→ being a reliable and fair business partner to contractors, suppliers and others;

→ demonstrating leadership on safety and health standards;

→ good communication with business partners, trade unions and others; and

→ improvements in environmental emissions over the last decade.

The process uncovered useful areas and ideas for improvement, in particular:

→ enhancing a sense of empowerment among employees and improving communication;

→ deeper employee engagement and communication on safety guidelines, especially when introducing new guidelines;

→ more thorough engagement of contractors on various aspects; and

→ need for enhanced communication with local communities, media, neighbours and other local stakeholders about the mill, its social and environmental impacts and performance.

The mill management responded to the issues raised and is now defining an action plan to address specific issues. The report will be published in 2020 in Swedish and English on our website and in print.

Relationships with communities

Monitoring, measurement and reporting

To improve our performance, we report on our approach, stakeholder needs, investments, initiatives and community grievances, and measure, where possible, the inputs, outputs and impacts of our investments.

Community Engagement Plans (CEPs)

CEPs are annual plans of engagement with local stakeholders. They set out specific topics, stakeholders and engagement activities to be undertaken by our pulp and paper mills and forestry operations. Due to potential inconsistencies in the approach across our operations, we do not report the percentage of our operations that have a CEP in place.

Feedback and grievance mechanisms

Formal grievance mechanisms are available to employees and the general public across all our operations to ensure we are made aware of and can respond to issues promptly and effectively.

SEAT at ŚWIECIE MILL

Mondi Świecie S.A. is a leading European containerboard producer, founded in the 1960s. The mill is a major regional employer, providing employment to more than 1,200 people and indirectly supporting the livelihoods of many more local suppliers and contractors. The mill underwent its second SEAT assessment in September 2019. Stakeholders interviewed included: employees and management; suppliers and contractors; contractor employees; trade unions; local authorities; neighbours and communities; media; educational institutions; NGOs and charity organisations.

The process was well-received by stakeholders, with positive reference made to:
→ Mondi as a secure, safe and stable place to work;
→ high safety standards and awareness, robust safety systems and improving contractor safety;
→ good communication, acknowledged by communities, authorities, trade unions, media, contractors and suppliers;
→ environmental emissions (including odour) have improved since Mondi took over the site; and
→ Mondi's social investments and initiatives were highly praised, especially in support of education.

Opportunities for development included:
→ improving work-life balance, especially for shift workers, and retirement- and succession planning;
→ improved recognition, reward and development planning for managers;
→ improved communication with employees, including deeper communication, engagement and transition on new safety requirements; and
→ more active and faster communication of environmental performance and social initiatives to communities, the media, etc.

They include local hotlines and our group-wide anonymous whistleblowing system, Speakout (see).

The SEAT process at our mills and forestry operations and impact assessments provide a further opportunity for local stakeholders to provide feedback and inform us of potential grievances, along with community open-door days, community liaison forums and other meetings. These initiatives allow us to receive direct feedback, understand community and environmental concerns, and initiate a formal and appropriate response.

Respecting indigenous rights

The cultural heritage of indigenous communities is an important consideration, particularly in our forestry areas. We respect the rights of indigenous people and, where relevant, cooperate with stakeholders to address historical injustices that pre-date our involvement in an area. We had no reports of any violation by our operations of the rights of indigenous people in 2019.

Supporting indigenous people in Russia

Respecting the rights of indigenous communities in the Komi Republic (Russia) living on our leased forestry land is important to us and is embedded in our forest management practices and certification standards. We support social and cultural movements in Komi that aim to preserve and promote the culture, language and traditions of local people. This includes our support of 'Komi Voytyr', the interregional public movement of the indigenous people in Komi. In line with our forest certification standards, we set aside and preserve areas of our leased forestry land that are important to indigenous communities' traditional way of life.

Land reform in South Africa

Portions of our landholdings in South Africa are subject to community land claims under the Restitution of Land Rights Act. We cooperate with government around the settlement of legitimate land claims affecting our land. Following a successful land claim model and process, communities gain ownership of the land and can derive a sustainable income from it.

We support land claim beneficiaries post-settlement so that they gain meaningful, sustainable benefits. We also work with them to ensure the fibre they produce continues to be assured and sustainably managed to retain credible certification.

Our baseline for reporting progress in settling these claims is 67 claims covering 126,947 hectares of our owned land. This baseline relates to claims received during the first window of opportunity opened by the government in 1998 to lodge claims.

By the end of 2019, we had settled 21 out of 67 claims, covering approximately 37,000 hectares. We continue to work with stakeholders to settle the remaining claims.[2]

2019 status
→ 29% of land settled to date[3]
→ Number of additional claims published in the South African government gazette during 2019: 1[4]
→ 48% of our owned land under claims to date[5]

2 As new claims may be added, or existing claims de-gazetted, or due to land acquisitions and disposals, this figure may change in future
3 Based on settled land (in hectares) out of a total of gazetted, pre-gazette and settled land
4 One new claim published in the government gazette, one claim's area has increased by 343 ha due to a new acquisition
5 Based on the total of pre-gazette and gazetted land out of current owned land holdings

Relationships with communities

Investing in communities

We base our community investment decisions on the principles of sustainable development, the needs of the community, our business objectives and the potential effectiveness of projects. The majority of our initiatives promote education, health, employment and enterprise support, or support local infrastructure and community development.

We have invested €45.5 million in local community initiatives over the past five years, including employee time and gifts in kind. The primary reason for the significant increase in our 2019 investment figure compared to the previous year is the more accurate categorisation and reporting of our infrastructure investments in Russia.

In 2019, our activities supported a wide range of outcomes including: building healthier communities and improving their future prospects; securing our supply chain; strengthening local relationships; engaging employees; and building trust in the Mondi brand.

Our voluntary investments go beyond monetary contributions; we create social value through Mondi employees giving their time and expertise and by sharing our core skills, networks and influence.

Community and social investments
*('000 €†)

	2015	2016	2017	2018	2019
Health and wellbeing	172	653	1,959	2,079	984
Education	1,775	565	731	724	838
Infrastructure and development	5,044	6,425	6,509	4,697	10,721
Enterprise and employment support		254	432	431	548
Total‡	**6,991**	**7,897**	**9,631**	**7,931**	**13,090**

*   In 2016, we revised our investment categories. Our 'Health and wellbeing' and 'Education' categories correspond to equivalent previous categories and therefore their historic data were not restated. 'Infrastructure and development' combines the previous categories 'Environment', 'Community development', 'Arts, culture and heritage', 'Housing' and 'Other'. 'Enterprise and employment support' does not include any historic data prior to 2016. Investments in support of employment and enterprise were part of the scope in past years but it was not formally reflected as an individual category prior to 2016

†   The figures reported represent financial, in-kind and staff time contributions, converted to euros

‡   Changes in investment levels over the years do not necessarily represent a change in investment strategy. They 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

Development focus areas

Our commitment to empowering communities is brought to life through practical support and assistance focused on the areas where we believe we can make the greatest difference.

Education

We support educational programmes with a focus on science, technology, engineering and maths (STEM) education. This helps to secure talent and skills for our future business by addressing the need for technical knowledge in the areas where we operate.

Attracting new employees can be a particular challenge in rural locations and competition for talent and skills is high. Our mills engage and collaborate with schools and educational institutions to create a healthy flow of future talent.

The programmes we support aim to develop the skills of young people, reduce unemployment, provide a pathway to high-quality jobs and careers and incentivise students to opt for technical studies.

Our mill in Ružomberok (Slovakia) launched 'Project Regiochem' in 2019. It promotes science and chemistry education with a link to paper-making for primary school pupils aged 6 to 15. The project involves an annual competition involving 15 schools and 100 students, which aims to inspire pupils to go on to study science and work in technical fields in future.

In Poland, Mondi Świecie has been supporting educational institutes with a focus on STEM since many years. The mill works in partnership with local technical schools, and contributes both through funding labs and educational aid, and by providing teachers.

In South Africa, Mondi has partnered with Ligbron Academy of Technology to address STEM educational gaps in rural communities through e-learning. This includes providing e-learning facilities in four high schools to remotely connect students with training centres and teachers. The aim is to improve the quality and accessibility of teaching, especially in STEM topics, to bridge the digital divide between rural and urban schools, and prepare students for high-quality jobs.

Developing young talent in Russia

In Russia, Mondi Syktyvkar has invested in an overseas educational programme for promising young students called 'Be successful with Mondi'. Talented students are selected through open competition and Mondi Syktyvkar sponsors their living and education costs at recognised technical schools abroad and hires them upon the completion of their studies. The first student supported is Alexandra Shmeleva. After completing her bachelor's degree in ecology at the Syktyvkar Forestry Institute, Alexandra worked in the mill's production laboratory for a year, after which she entered into the competition and won.

"I'm happy to be a pioneer in this project. It's really a great opportunity for talented young students to build a career in an international company."

Alexandra Shmeleva
Student

Relationships with communities

all about early DEVELOPMENT

Health

Public health provision can be a challenge in remote communities and improving the health of our workforce and local communities is an important element of our community strategy. We actively promote the health and wellbeing of our people through initiatives[6] including:

→ an on-site medical facility at our Stambolijski mill (Bulgaria) which is accessible to both employees and the local community;

→ 'Mondi for Life' project at Štětí mill (Czech Republic) which now supports 432 members from the workforce and the community to promote a healthy work-life balance and a healthy and active lifestyle;

→ health programmes at our Syktyvkar mill (Russia) including a medical treatment facility and family care programmes; and

Expanding our successful mobile toy libraries

Our toy library project in South Africa is delivered in partnership with government and NGO partners. Using the existing infrastructure of our Mobile Clinics, the project brings early childhood development services and support sessions for parents to 35 remote villages. We recently collaborated with the Department of Health, Cotlands and eDumbe Municipality – through its Sukuma Sakhe initiative – to launch another mobile toy library in eDumbe, Zululand district. This brings the number of mobile toy libraries supported to five. The eDumbe arm of the project is expected to reach some 207 children under the age of five at 27 sites in remote areas.

The project is aligned with the National Early Childhood Development Policy (2015) and the National Development Plan 2030, which recognise that all young children in South Africa have a right to receive early ECD services to ensure their optimal development. In addition, it contributes to the UN SDGs 3 and 4: Good Health and Wellbeing and Quality Education.

→ our Austria-wide health management programme in collaboration with Fonds Gesundes Österreich (Fund for a Healthy Austria), which focuses on safe and healthy working conditions and sustainable health management for employees.

In South Africa, we operate nine mobile clinics in partnership with local NGOs and the Department of Health. They provide comprehensive health care for forestry contractor employees and remote communities that do not have access to health care services. Since 2018, the mobiles have also provided early childhood development (ECD) services through a toy library attached to five of the mobile vehicles. ECD specialists accompany the health care professionals on their community visits to play with and teach children.

Infrastructure and community development

We invest in improving infrastructure and development in the communities where we operate. High-quality infrastructure promotes access to important services, empowers enterprise, facilitates improved levels of health and education and supports our efficient business operations.

In some cases, impact assessments (for example through SEAT) highlight the need to support improvement of local infrastructure. Examples include:[6]

→ in Russia, we build or maintain more than 100 km of forest roads annually;

→ some of our mills, such as at Syktyvkar (Russia) and Ružomberok (Slovakia), treat community wastewater in their wastewater treatment facilities at no cost to the municipality or the communities; and

→ some mills provide electricity generated by the plant to the municipality and the community. At Ružomberok, we provide this energy to the community at prices lower than the market.

Investment in agri-villages in South Africa

In South Africa, we invest in agri-villages. These are sustainable rural developments that promote agriculture-based livelihoods to improve living conditions for people in isolated villages on our land and find sustainable solutions to alleviate poverty.

The Jabulani agri-village is now well-established and seven other agri-villages are in progress. The villages provide permanent residence to 1,550 households in sustainable human settlements with secure tenure.

Employment and enterprise support

Our support for local enterprise creates wealth and employment, strengthens the local supply chain and builds more independent, resilient communities.

Jobs for 1000 young people

Mondi Zimele

In South Africa, our main channel for supporting enterprise is Mondi Zimele,[7] a Mondi-owned subsidiary which aims to accelerate community empowerment in the forestry value chain and support small businesses around Mondi's operations. Mondi Zimele supported 21 businesses and provided discounted loan funding of €1.4 million in 2019, amounting to a total of €12 million since 2012, supporting over 230 local businesses, and contributing to creating over 3,500 jobs.

The small-scale timber grower programme has benefited over 3,200 growers through Mondi Zimele supporting and sourcing timber from 1-2 hectare households in rural communities. It has helped generate direct revenues of €6.75 million to date. As part of the programme, Mondi Zimele has distributed 2.1 million seedlings to eligible small growers, and provided training, mill visits and knowledge-sharing field days.

Addressing youth unemployment in South Africa has always been central to Zimele's objectives. In 2019, Mondi Zimele partnered with Harambee, a social enterprise organisation focusing on accelerating youth employment. The initiative provided 1,000 youth around Mondi's operations with functional, behavioural and social skills necessary for entry into employment, through experiential simulation. 39 of these youth were employed by our contractors during our annual maintenance shut.

6   These are existing or long-standing initiatives. In those instances where an initiative was launched in 2019, it's mentioned as such

7   http://www.mondizimele.co.za

SOLUTIONS THAT CREATE VALUE FOR OUR CUSTOMERS

10

With demand for responsibly produced products growing, sustainable packaging – and plastic waste in particular – has become a hot topic. It is an opportunity to grow our business by engaging partners to unlock innovative, fit-for-purpose, flexible plastic- and paper-based solutions that support a circular economy.

Why is this important to our stakeholders?

→ Today's consumer considers sustainability and transparency an imperative, rather than an optional benefit
→ Stakeholders expect businesses to focus on product innovation and redesign to minimise negative environmental impacts, including at end-of-life
→ Our customers look to us to help deliver their own sustainability commitments by reducing the impacts of their packaging and paper products and tackling food waste

Why is this important to Mondi?

→ We are uniquely positioned to develop the next generation of innovative, sustainable products through collaboration between our fibre-based and plastic businesses and our customers and partners
→ By developing sustainable products, we enable society to address its challenges while managing our risks and ensuring our long-term success
→ Companies that respond fast and effectively to environmentally- and socially-conscious consumers can unlock new opportunities for brand growth

Our commitments to 2020	2019 performance in brief	Status
Encourage sustainable responsibly produced products	Introduced EcoSolutions, our customer-centric approach Joined CEPI's '4evergreen' initiative	🟢
Additional commitment added in 2018: Ensure 100% of plastic packaging is reusable, recyclable, or compostable by 2025	The first Progress Report on the Global Commitment was published Completed Project Proof, a pre-competitive project to design a prototype plastic-based flexible packaging solution that can be recycled at scale	🟡

Discover how we are...

→ Applying our Sustainable Products criteria to drive the design of new product solutions
→ Supporting the New Plastics Economy Global Commitment to increase reusable, recyclable and compostable packaging

What's next?

→ Continue to promote and expand our customer-centric approach to support customers' sustainability targets
→ Promote the role of paper-based packaging in a more circular and sustainable economy through strong collaboration with stakeholders across the value chain
→ Grow our Sustainable Products portfolio with more solutions containing renewable and recycled content

Our strategic SDGs and targets

9 INDUSTRY INNOVATION AND INFRASTRUCTURE

SDG 9 **Industry, innovation and infrastructure**
→ **Target 9.4** By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities
→ **Target 9.5** Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

SDG 12 **Responsible consumption and production**
→ **Target 12.2** By 2030, achieve the sustainable management and efficient use of natural resources
→ **Target 12.3** By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses
→ **Target 12.5** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

For links to all other SDGs, see the full SDG index

Solutions that create value for our customers

Packaging and paper that is sustainable by design

Innovative, responsibly produced packaging and paper products play a crucial role in tackling issues such as the climate crisis, resource scarcity, food waste and leakage of plastic into the environment.
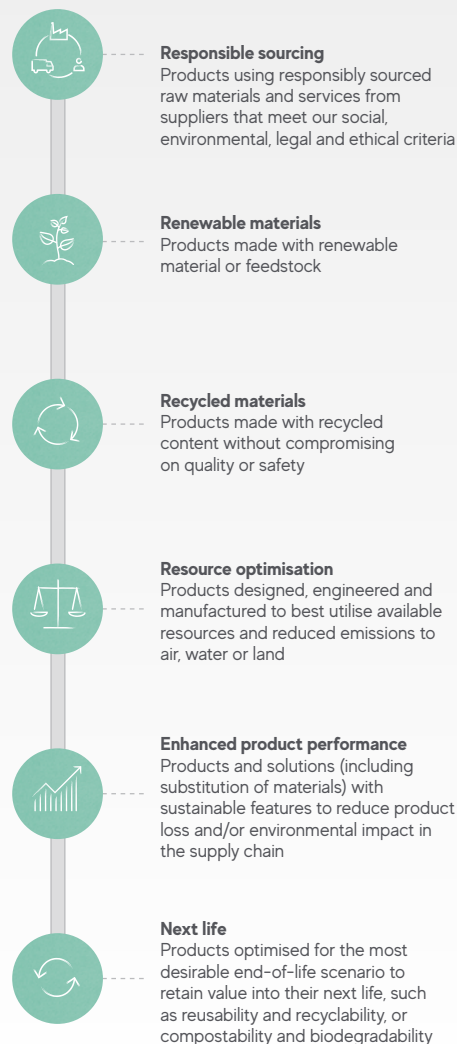
We've been making sustainable packaging products for our customers for over 50 years. Today, we are shaping the future of sustainable packaging.

The European Union Green Deal[1] provides a roadmap to increase the efficient use of resources by moving to a circular economy and to stop climate change, revert biodiversity loss and cut pollution. While the circular economy action plan will guide the transition of all sectors, there is a strong focus on certain sectors such as plastic. The Commission will develop requirements to ensure that all packaging in the EU market is reusable or recyclable in an economically viable manner by 2030. It will develop a regulatory framework for biodegradable and bio-based plastic and will implement measures on single use plastic.[2]

Mondi is uniquely positioned in offering a range of high-performance paper-based, flexible plastic and hybrid packaging products. Our sustainable solutions are designed to offer functionality, maximise recyclability and minimise waste.

Our Sustainable Products criteria reflect all stages of the value chain.

Our six criteria are:

Responsible sourcing
Products using responsibly sourced raw materials and services from suppliers that meet our social, environmental, legal and ethical criteria

Renewable materials
Products made with renewable material or feedstock

Recycled materials
Products made with recycled content without compromising on quality or safety

Resource optimisation
Products designed, engineered and manufactured to best utilise available resources and reduced emissions to air, water or land

Enhanced product performance
Products and solutions (including substitution of materials) with sustainable features to reduce product loss and/or environmental impact in the supply chain

Next life
Products optimised for the most desirable end-of-life scenario to retain value into their next life, such as reusability and recyclability, or compostability and biodegradability

Sustainable Products criteria

Our benchmark for sustainable products is that they must meet at least two of our Sustainable Products criteria, one of which must be responsible sourcing.

In 2019, our businesses finalised business-specific criteria and they now track progress in developing sustainable products. This will increase the transparency of our sustainable products portfolio for our business, customers and partners.

For Uncoated Fine Paper (UFP), our Green Range labelling system has been in place since 2006. See page 85 for more information about the Green Range.

EcoSolutions

There is no single route towards sustainability – it is about finding the best solutions for our customers, their products and the planet. As a leader in packaging and paper, we are uniquely positioned to offer paper where possible, plastic when useful.
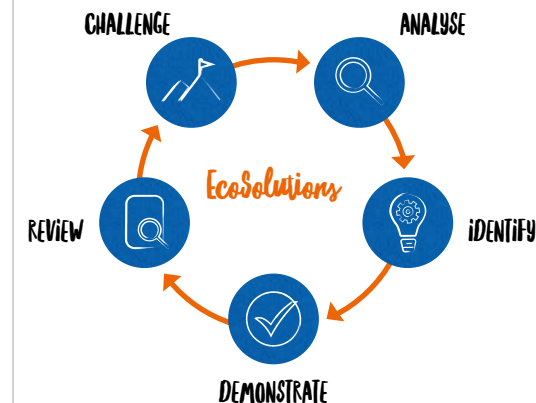
To ensure packaging is fit for purpose and supports customers to achieve their sustainability goals, we have introduced our customer-centric approach, EcoSolutions. We aim to enable our customers to make a conscious decision about packaging that is sustainable by design.

Replace - Reduce - Recycle

All our activities can be described by three actions:

REPLACE
Less sustainable products with solutions that help our customers fulfil their commitments, following our principle of paper where possible, plastic when useful.

REDUCE
Volume of raw material used through design, operational efficiency and raw material choices, including recycled plastic and fibre.

RECYCLE
By developing fit-for-purpose paper and plastic solutions that are designed for recycling.

Our customer-centric approach

We work with our customers through the five stages of our customer-centric approach to find the most sustainable and suitable solution for their products and the planet.

1. **Challenge.** To start the journey, you need to know where you want to go. Our customers have different objectives – from making packaging recyclable, compostable or biodegradable to improving its carbon footprint.

2. **Analyse.** It is important to consider the full life cycle of packaging products as well as the current and future regulatory requirements.

3. **Identify.** We can now suggest the best packaging solution to our customers. This may be an existing product.

4. **Demonstrate.** Just having a good idea is not enough. We collaborate with internal and external application centres and certification bodies to verify the sustainability benefits.

5. **Review.** We continuously review our solutions to create packaging that is sustainable by design, today and tomorrow.

1   European Commission (2019), https://ec.europa.eu/info/sites/info/files/european-green-deal-communication-annex-roadmap_en.pdf
2   European Commission (2019), https://ec.europa.eu/info/sites/info/files/european-green-deal-communication_en.pdf

Solutions that create value for our customers

For many applications, paper packaging can be the best choice. Paper is a renewable resource that is fully recyclable, biodegradable and part of a circular approach when sourced from responsibly managed forests.

However, there are applications where plastic solutions provide essential functionality that is difficult to replicate using other packaging material – such as barrier properties for food or product preservation. We use comparative life cycle and environmental impact approaches to assess the benefits of paper- and plastic-based products, depending on the application. Lightweight packaging, whether paper- or plastic-based, saves on transport costs and emissions and has a reduced environmental impact as a result. Whatever the chosen solution, the end of life impacts must also be considered.

We can assess the carbon footprint of our paper-based products using our Product Carbon Footprint (PCF) Calculator, developed with Climate Partner Austria and in accordance with the CEPI Framework for Carbon Footprints for paper and board products.[3] We also offer Paper Profiles, a unified environmental product declaration for relevant pulp and paper products. Last year, we introduced a new process to report on the recycled content of our final products.

Business	% of recycled content in total product portfolio based on revenues
Corrugated Packaging	47.6%
Flexible Packaging	0%
Engineered Materials	0%
Uncoated Fine Paper (excl. newsprint)	2.1%

Learn more about our sustainable packaging EcoSolutions here

3   CEPI (2017), http://www.cepi.org/publication/framework-carbon-footprints-paper-and-board-products

ECOSOLUTIONS HIGHLIGHTS

REWE replaced 70% of plastic in packaging
PerFORMing

Plastic food trays are standard packaging in supermarkets around the world, but recycling of PET/PE trays to enable resources to re-enter the circular economy is considered difficult at best. REWE Austria successfully replaced plastic trays for sliced cheese with a certified recyclable paper-based solution, resulting in 70% less plastic in comparison to the previous tray and a 70% reduction in its carbon footprint.

Organic pet food brands Yarrah and DANO choose a recyclable and resealable pouch
BarrierPack Recyclable

The lack of recyclability of single-use, multi-material pouches is one of the most significant issues that the pet food industry faces today. Our solution, BarrierPack Recyclable, is a flexible, high barrier mono-material pouch which is resealable and 100% recyclable.

Fiorini replaced its plastic packaging for pasta with a paper solution
Advantage Smooth White Strong

Pasta bag producer, Fiorini, envisioned a paper-based alternative to plastic packaging. Advantage Smooth White Strong is a speciality kraft paper that is ideal for pasta, sugar and flour bag applications. Together we developed a stand-up paper bag with a window made of paper, making the entire packaging suitable for waste paper recycling streams.

Reducing e-retail packaging waste
MailerBAG

As online shopping rates continue to grow, so does packaging waste. Consumers are a driving factor in sustainability and they are actively demanding more sustainable packaging alternatives. Our patented paper-based mailer bags represent a value-adding and fully recyclable alternative to plastic shipping bags.

Achieving material and volume reduction for heavy-duty packaging
easy-pak

As global supply chains expand, there is an increasing need for bulk and large-item shipping systems. The design of easy-pak enables customers to use less material for large-sized, heavy-duty boxes, resulting in less total weight. This paper-based solution also requires less space during transport, reducing carbon emissions.

Solutions that create value for our customers

Green Range

Green Range is Mondi's trademark for sustainable uncoated fine paper solutions. The Green Range trademark meets many of our Sustainable Products criteria, namely:

Responsible sourcing: Green Range products are produced with FSC[4] or PEFC[5] Chain-of-Custody (CoC) certified wood fibre, ensuring full transparency.

Recycled materials: The paper is made with 100% recycled content from post-consumer waste.

Resource optimisation: It is produced TCF, reducing associated water emissions.

Some Green Range products meet additional criteria, such as renewable materials and next life, but these are not market-relevant differentiating criteria for UFP.

We increased the share of the sales volume of Green Range products by 1.8% in 2019, with 96 products in our Green Range.

€25m

invested in R&D in 2019

NAUTILUS® SuperWhite: the natural choice for a global manufacturer's electric car catalogue

Mondi's 100% recycled paper, NAUTILUS® was the logical choice for the product catalogue of a renowned global automobile manufacturer's electric car model. It exemplifies its commitment to give people the choice to live a more sustainable life without compromising on quality. NAUTILUS® SuperWhite is made from 100% post-consumer waste and certified FSC Recycled and EU-Ecolabel.

> **"There were two reasons they decided to use NAUTILUS® SuperWhite by Mondi: The paper quality, with whiteness that rivals virgin-fibre paper, and Mondi's sustainability performance."**

Udo Hintze
Key Account Manager and
Product Manager, graphical papers,
2H GmbH and Co.KG, Igepa group

Developing the circular economy

We are committed to supporting the transition to a circular economy. Our approach is characterised by collaboration with customers and partners who share our commitments. We are keen to show how plastic, when used for the right purpose, can play a meaningful role in a sustainable, circular economy that supports modern lifestyles.

We believe businesses, partners and governments must work together to find solutions to plastic waste that drive innovation and broad systemic change throughout the value chain. That is why we have committed to work with others to achieve 100% reusable, recyclable or compostable plastic packaging by 2025.[6]

Innovation. Sustainable by Design.

Our Research & Development (R&D) approach underlines our commitment to strengthening competencies and sharing insights and expertise both internally and externally.

In 2019, we formed a strategic partnership with the Graz University of Technology to advance research and education through an endowment of two professorships, one in Pulping and Paper Technology and one in Food Contact Materials.

For Mondi, innovation spans the entire value chain – from sourcing and product design to production, product use and end-of-life. The manufacturing footprint of our packaging products is only one part of their total environmental footprint. Through a life cycle approach, we aim to improve the sustainability performance and impact of our products throughout the value chain.

Mondi's research centres drive innovation and collaboration across all Mondi businesses. They include the UFP Product and Process Development Centre at Hausmening (Austria), the R&D Innovation Centre and Bag Application Centre at Frantschach (Austria) and the Consumer Flexibles R&D Centre at Gronau (Germany).

We also collaborate with external partners to develop ideas, designs, technologies, procedures, markets and, ultimately, products and solutions that enable our customers to succeed. Connecting with waste sorters and recyclers improves collaboration across industries to jointly find solutions for a circular economy.

In 2019, we invested €25 million in R&D (2018: €22 million). We aim to increase investment in R&D to drive deeper collaboration throughout our supply chain as we move away from non-renewable and non-recyclable plastic.

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4   Forest Stewardship Council
5   Programme for the Endorsement of Forest Certification
6   https://www.mondigroup.com/en/newsroom/media-centre/press-releases/2019/mondi-confirms-its-commitments-in-first-new-plastics-economy-global-commitment-report/

Solutions that create value for our customers

Through our R&D, we have analysed factors to improve the sustainability performance of products, including design for recycling, use of recycled materials, renewable resources, and compostable or biodegradable resources in our products. We are using this information to empower our teams to be sustainability champions in their own fields and we continue to provide internal training and engagement on this topic.

Collaboration across the value chain

We are helping to lead the transformation towards circular thinking through our collaboration with customers and multi-stakeholder initiatives such as CEFLEX[7] and the Ellen MacArthur Foundation's New Plastics Economy initiative.[8]

We signed up to the New Plastics Economy Global Commitment made by leading brand owners, retailers and packaging companies in 2018.

The 2019 Progress Report is available here

As a proportion of total plastic packaging volume, the current use of post-consumer recycled content is not yet significant. It will increase in the future through better quality and quantity of material and commitments from fast-moving consumer goods (FMCG) companies and retailers to include recycled content in their products.

Project Proof: Flexible plastic packaging for the circular economy

Plastic waste poses an undisputable risk to the environment and to society. We support the New Plastics Economy Global Commitment, which calls for a circular economy where plastic waste and pollution are addressed at its source.

One of the foremost challenges facing the Global Commitment on recyclable packaging lies in balancing market expectations around price and functional performance with recycling requirements and compatibility with waste collection technology and infrastructure in the markets where products are sold.

As part of our involvement in the New Plastics Economy initiative, we led a pre-competitive partnership project to design and prototype a plastic-based flexible packaging solution that is scalable and commercially viable and can be processed in sorting and recycling facilities.

One application targeted was packaging for household detergent in the form of a large-format form-fill-seal pouch. The project successfully developed a solution that replaces PET/PE multilayer laminates with a mono-material and includes a minimum 20% post-consumer recycled (PCR) plastic content. The use of PCR increases circularity by providing an end-use for material being recycled in the marketplace.

The project was facilitated by the Ellen MacArthur Foundation and delivered in collaboration with customers, competitors, resin producers, recycling companies and other stakeholders.[9]

Partners worked together with open communication and equal opportunity to contribute to and influence the outcome of the project.

This type of open collaboration is key to developing a circular economy. Sharing knowledge and expectations across the value chain will accelerate progress towards more sustainable packaging solutions at scale – be they design for recycling or flexible packaging made with recycled content.

Read more about Project Proof on our website

4evergreen: Boosting the role of fibre-based packaging in a circular economy

We have joined the new '4evergreen' initiative launched by CEPI. Its aim is to boost the role of fibre-based packaging in a circular and sustainable economy. The alliance will increase awareness of the benefits of fibre-based packaging materials, advocate for EU legislation to support product design for recyclability and call for the development of optimised collection systems and appropriate recycling infrastructures.

Single-use Plastics Directive

The EU Strategy for Plastics in the Circular Economy[10] includes the Single-use Plastics Directive, which mandates a ban on selected single-use plastic products.

While Mondi does not produce any of the banned products listed by the Directive, we are focused on offering flexible plastic products with an improved environmental footprint compared to rigid packaging as part of our 'paper where possible, plastic when useful' principle.

Together with our partners, we are investigating the implications of the new Directive for paper-based products that contain plastic layers such as laminates and coatings, as well as functional barrier paper.

7   https://ceflex.eu
8   https://www.ellenmacarthurfoundation.org/our-work/activities/new-plastics-economy

9   The project group consisted of representatives from APK, BASF, Borealis, CEFLEX, Constantia Flexibles, Danone, GreenCycle, Henkel, Huhtamaki, L'Oréal, LWARB, Nestlé, PepsiCo, RPC-BPI, Sloop, SUEZ, Target, Tomra and Werner-Mertz
10   http://ec.europa.eu/environment/circular-economy/pdf/plastics-strategy-brochure.pdf

Solutions that create value for our customers

Transparency and engagement

In January 2019, we conducted a customer satisfaction survey covering all our businesses. It included questions on the certification of sustainable products and other sustainability-related topics related to the priorities of each business.

More than half of Uncoated Fine Paper customers who responded cited specific certification schemes in their procurement strategy. Of these, preference was given to FSC over PEFC. Close to half of respondents include the carbon footprint of paper in their purchasing criteria. For corrugated packaging customers, the sustainability of products (including reduction of emissions and waste management) is seen as an important criteria, alongside quality. Sustainability of products is important to most Flexible Packaging customers, who indicated a likelihood of investing in products responsibly sourced; designed for recycling or reuse; or containing recycled contents.

We also measure our performance by participating in a wide range of external benchmarking initiatives to increase transparency. This includes the bi-annual WWF's Environmental Paper Company Index (EPCI)[11] and CDP, among others.

Compliance: our minimum requirement

As part of our commitment to product quality, we maintain relevant and credible certification at our operations to meet the requirements of different sectors and applications.

Ensuring our products and operations meet all relevant safety, health and hygiene standards and other regulations is a basic requirement of our operations worldwide to ensure we provide compliant and value-added packaging to our customers. Our customers also rely on us to keep their data safe; any breach of customer privacy or security has the potential to impact on Mondi both reputationally and financially.

Failure to comply with marketing, advertising, promotion and sponsorship regulations and voluntary codes also has the potential to damage Mondi's reputation and could result in financial penalties. Where applicable, we communicate sourcing standards, production and product certification, through our own and external product labelling schemes.

Food hygiene standards and product safety

Our products are subject to voluntary and compulsory testing to maintain a high level of safety and quality standards. We communicate production processes and product characteristics clearly to our stakeholders along the value chain.

The Mondi Group Food Safety Laboratory in Graz and Frantschach supports the business in developing smart, customised packaging solutions optimised for food contact. Given the increasingly stringent regulatory requirements, our expertise in sourcing safe and sustainable raw materials for innovative products creates significant value for our customers.

We assess more than 10,000 chemical parameters every year. A key focus is on the interaction of packaging and the packaged goods, depending on the intended application (dry, wet, fatty or frozen foodstuffs, or foods handled at ambient conditions or microwave heated).

The Mondi Group Food Safety Laboratory is an accredited testing laboratory for the detection of mineral oil-based hydrocarbons in recovered paper and paper-based packaging.

It supports our operations by providing central databases and knowledge sharing and developing and maintaining good manufacturing practice systems.

The Mondi Group Food Contact database contains internal and external data on products and raw materials, suppliers and regulatory requirements to ensure compliance of Mondi's products.

We must meet many product safety laws to ensure compliance. Third-party hygiene audits are conducted regularly for all operations that hold a hygiene management certificate as part of their certification requirements.

All Mondi food contact packaging sites need to fulfil the given good manufacturing practices guidance (GMP). Of the 71 sites in 2019, 83% were certified to a recognised food hygiene standard (2018: 78%).[12] All product categories, including products for the food industry, have also been assessed for safety and health.

12 The food hygiene standards that Mondi's operations are certified against include: ISO 22000, EN 15593, BRC, HACCP and AIB

Compliance across our portfolios

Where applicable, we communicate sourcing standards and production and product certification through our own and external product labelling schemes.

In 2019, we were not made aware of any of the following: complaints about breaches of customer privacy and losses of customer data; non-compliance with marketing, advertising, promotion and sponsorship regulations and voluntary codes; fines for non-compliance in the provision and use of our products; incidents of non-compliance with the product information and labelling regulations and voluntary codes to which we subscribe or incidents of non-compliance with regulations and voluntary codes on customer safety and health.

The following types of information are covered by our procedures for product information and labelling, as legally required:

→ The sourcing of components of the product
→ Content, particularly with regard to substances that might produce an environmental impact
→ Safe use of the product
→ Disposal of the product and environmental impacts

100% of our significant product categories are covered by and assessed for compliance with such procedures.

11 WWF Environmental Paper Company Index, https://epci.panda.org/results/mondi

PERFORMANCE

Our 2020 commitments

Figures reported in 'specific' terms are normalised: specific CO_2e emissions are reported in tonnes per tonne of saleable production or per MWh; specific contact water in m^3 per tonne of saleable production; and specific waste to landfill, specific COD and specific NOx all in kg per tonne of saleable production.

🔴 performance worse than or the same as the base year

🟡 achievement of the commitment behind target

🟢 achievement of the commitment on track

Action Area
Employee and contractor safety and health

Our commitments to 2020	What we did in 2019	2019 performance in brief	Status	2016	2017	2018	2019	2020
Avoid work-related employee and contractor fatalities	There were two fatalities in 2019, one at our Mondi Ružomberok mill (Slovakia) and one in our Russian logging operations, and in January 2020 a third fatality in our Skytyvkar mill (Russia).	There were two fatalities		🟢	🔴	🔴	🔴	
Prevent life-altering employee and contractor injuries	There were two life-altering injuries in 2019, down from five in 2018. One occurred at Dynäs (Sweden) and one at our Ružomberok mill (Slovakia).	There were two life-altering injuries		🟢	🔴	🔴	🔴	
Reduce total recordable case rate (TRCR) by 5% compared to 2015 baseline, including new acquisitions	We ended the year with a TRCR of 0.59. This compares with a TRCR of 0.76 in 2015 (excluding new acquisitions) and represents a 22% reduction.	TRCR was down 22% on 2015		🟢	🟢	🟡	🟢	

Action Area
A skilled and committed workforce

Our commitments to 2020	What we did in 2019	2019 performance in brief	Status	2016	2017	2018	2019	2020
Engage with our people to create a better workplace	Key actions were taken across the Group in response to the previous employee survey, carried out in 2018 (see page 37). The Employee Assistance Programme was extended to cover 20,000 employees in 14 countries; We enhanced learning, in particular digital skills, through the Mondi Academy to support career development; and We took steps to more systematically provide recognition and feedback to employees. Our most recent employee survey took place in March 2020, with outcomes and actions to be included in our next report.	Action was taken across the Group in response to the 2018 employee survey. A new employee survey was conducted in March 2020		🟢	🟢	🟢	🟢	

Our 2020 commitments

Action Area
Fairness and diversity in the workplace

Our commitments to 2020	What we did in 2019	2019 performance in brief	Status	2016	2017	2018	2019	2020
Promote fair working conditions and diversity in the workplace	The Diversity and Inclusion (D&I) taskforce, launched in 2018, made good progress. (see page 45). Actions included piloting 'Conscious Inclusion' training with the Group Executive and Operational Committees, to be rolled out globally in 2020. We launched reverse mentoring (see page 40) and improved communication and good practice sharing, for example use of gender-inclusive language. Work was initiated to develop smart targets and strengthen measurement and monitoring of D&I. Mondi joined other businesses in publicly demonstrating its commitment to advancing gender equality in the workplace and signed the UN Women's Empowerment Principles.	The group-wide D&I taskforce made good progress in 2019 Mondi joined the UN Women's Empowerment Principles – We Mean Business initiative		🟡	🟢	🟢	🟢	

Action Area
Sustainable fibre

Our commitments to 2020	What we did in 2019	2019 performance in brief	Status	2016	2017	2018	2019	2020
Procure at least 70% of our wood from FSC™– or PEFC™-certified sources with the balance meeting our company minimum wood standard that complies with FSC's requirements for Controlled Wood	We pilot-tested a refined Due Diligence Management System (DDMS) with a risk-based approach to ensure legal compliance and address economic, social and environmental issues across the wood supply chain. We actively worked with the forest certification schemes to ensure credibility and accessibility of certified and controlled wood sources	72% of wood and 99% of pulp sourced from certified sources All Chain of Custody (CoC) certifications with Controlled Wood (CW) requirements were maintained		🟡	🟢	🟢	🟢	
Maintain FSC certification for 100% of our owned and leased forest lands in South Africa and Russia and promote sustainable forest management	Both our Russian and South African forestry operations have reconfirmed compliance of their environmental management systems with the ISO 14001 (2015) certification standard. Our South African forestry operations successfully passed an audit against the new FSC National Forest Management Standard for South Africa. Our Russian forestry operations reconfirmed compliance with the national FSC and PEFC forest management standards.	100% of owned and leased forest lands maintained as certified		🟢	🟢	🟢	🟢	

Our 2020 commitments

Action Area
Climate change

Our commitments to 2025 and 2050	What we did in 2019	2019 performance in brief	Status	2016	2017	2018	2019	2020
Reduce Scope 1 and 2 GHG emissions 34% per tonne of saleable production by 2025 and 72% per tonne of saleable production by 2050, from a 2014 base year	We achieved our former 2030 target against the 2014 baseline in 2019. We committed to new science-based Scope 1 and 2 GHG emissions targets, which were approved by Science Based Targets initiative (SBTi) in 2019. Improvements were mainly achieved through investments in biomass boilers at Syktyvkar mill (Russia) and Świecie (Poland), recovery boilers at Ružomberok (Slovakia), Frantschach (Austria), Świecie (Poland) and Štětí (Czech Republic), and the upgrade of an energy plant at Syktyvkar.	15.5% reduction of specific Scope 1 and 2 CO_2e emissions against the 2014 baseline		🟢	🟢	🟢	🟢	
Reduce Scope 2 GHG emissions 39% per MWh by 2025 and 86% per MWh by 2050, from a 2014 base year	We reduced our specific Scope 2 GHG emissions per MWh by 6.1% against the 2014 baseline, mainly due to the increased proportion of renewables in the electricity we purchased.	6.1% reduction of specific scope 2 CO_2e emissions per MWh against the 2014 baseline		🟡	🟢	🟡	🟢	

Action Area
Constrained resources and environmental impacts

Our commitments to 2020	What we did in 2019	2019 performance in brief	Status	2016	2017	2018	2019	2020
Reduce specific contact water consumption from our pulp and paper mills by 5% compared to a 2015 baseline	We achieved a 1.9% reduction against the 2015 baseline, reducing specific contact water to 33.0m³ per tonne of saleable production, compared to the 2015 baseline (33.6 m³/t). The decrease was a result of modernising our plants and closing water loops. We developed new guidance to ensure our operations consistently calculate their recycled water (see page 61).	1.9% reduction of specific contact water consumption against the 2015 baseline		🔴	🟢	🟡	🟡	
Reduce specific waste to landfill by 7.5% compared to a 2015 baseline	We decreased specific waste to landfill to 37.14 kg per tonne of saleable production, down 3.0% against the 2015 baseline. This was achieved through recycling programmes for effluent fibre and boiler ash at our South African mills, and aided by the shutdown of a paper machine at our Merebank mill (South Africa).	3.0% decrease of specific waste to landfill against the 2015 baseline		🔴	🟢	🟡	🟡	
Reduce specific NOx emissions from our pulp and paper mills by 7.5% compared to a 2015 baseline	Specific NOx emissions amounted to 1.79 kg per tonne of saleable production, a 12.6% decrease against the 2015 levels (2.05 kg/t). The improvement was delivered through investments in recovery and biomass energy boilers.	12.6% reduction of specific NOx emissions against the 2015 baseline		🟢	🟢	🟢	🟢	

Our 2020 commitments

Action Area
Constrained resources and environmental impacts

Our commitments to 2020	What we did in 2019	2019 performance in brief	Status	2016	2017	2018	2019	2020
Reduce specific effluent load to the environment (measure COD) by 5% compared to a 2015 baseline	We released 236 million m³ of treated waste water back into the aquatic environment. Specific COD after waste water treatment was 7.9 kg per tonne of saleable production, a 7.9% increase against 2015 (7.3 kg/t). The increase was mostly due to process instabilities at our Richard Bay mill (South Africa), which generated increasing COD loads to be treated at the local wastewater treatment plant.	7.9% increase of specific effluent load against the 2015 baseline		🟢	🟢	🔴	🔴	

Action Area
Biodiversity and ecosystems

Our commitments to 2020	What we did in 2019	2019 performance in brief	Status	2016	2017	2018	2019	2020
Promote ecosystem stewardship in the landscapes where we operate through continued multi-stakeholder collaboration	We continued with our long-term local partnerships in Russia and South Africa with a focus on biodiversity and water in the landscapes where we operate. We summarised with Silver Taiga Foundation and Mondi Ecological Networks Programme key principles on design of effective nature conservation networks. We continued scaling up ecosystem stewardship to a landscape level in Russia and South Africa within the WWF-Mondi partnership and actively engaged in a wide range of multi-stakeholder platforms (see page 70). We made progress on managing biodiversity impacts by developing status reports on the biodiversity and surrounding ecosystems for our pulp and paper mills to inform the development of targeted action plans.	We continued active support and collaboration with a number of organisations. We took steps to extend the management of the biodiversity impacts of our operations		🟢	🟢	🟢	🟢	

Action Area
Supplier conduct and responsible procurement

Our commitments to 2020	What we did in 2019	2019 performance in brief	Status	2016	2017	2018	2019	2020
Encourage supply chain transparency and promote fair and sustainable working conditions with our key suppliers	We continued to roll out our responsible procurement process and screened 1,000 suppliers across 2,600 sites. Those identified as high-risk were sent a questionnaire, based on the risk areas identified (labour rights, climate change, water, biodiversity), and action was taken in response to the outcome (see page 74). We rolled out an updated Code of Conduct for Suppliers in six languages. We made progress in developing our response to Modern Slavery transparency and performance requirements. Our employee database and reporting platform will provide metrics related to human rights aspects in our operations to help shed light on gaps and risks (see page 75).	Further rolled out the responsible procurement process and screened 1,000 suppliers. Improved our latest Modern Slavery statement by using best-practice reporting guidance		🔴	🟡	🟢	🟢	

Our 2020 commitments

Action Area
Relationships with communities

Our commitments to 2020	What we did in 2019	2019 performance in brief	Status	2016	2017	2018	2019	2020
Enhance social value in our communities through effective stakeholder engagement and meaningful social investments	We continued to work with internal and external networks and to use impact assessment tools, such as the Socio-economic Assessment Toolbox (SEAT), to understand our impacts and target meaningful investments in the communities we operate in. SEAT assessments were carried out at our Dynäs mill (Sweden) and Świecie mill (Poland). New investments focused on education – such as 'Be Successful with Mondi' (Russia) and 'Project Regiochem' (Slovakia), and e-learning for rural communities (South Africa) – and health, including the expansion of Mobile Clinics and Toy Libraries (South Africa). We worked with internal stakeholders and used external best practice to revise and strengthen guidelines for engagement and investment in communities. They will be used to assess impacts of investments across the Group.	SEATs were carried out at two further sites and new investments were made in health and education We revised and improved investment guidelines, to be launched in 2020		🟢	🟢	🟢	🟢	

Action Area
Solutions that create value for our customers

Our commitments to 2020 and 2025	What we did in 2019	2019 performance in brief	Status	2016	2017	2018	2019	2020
Encourage sustainable, responsibly produced products	We introduced a customer-centric approach, EcoSolutions, to support our customers to make conscious decisions about packaging that is sustainable by design (see page 83). The share of the sales volume of Green Range products grew by 1.8%, with 96 products now in our Green Range (see page 85). We joined the new '4evergreen' initiative launched by CEPI to promote fibre-based product solutions. (see page 86).	Introduced EcoSolutions, our customer-centric approach Joined CEPI's '4evergreen' initiative		🟢	🟢	🟢	🟢	
Additional commitment added in 2018: Ensure 100% of plastic packaging is reusable, recyclable, or compostable by 2025	The first Progress Report of the New Plastics Economy Global Commitment was published (available here). As a proportion of the total plastic packaging volume produced, current use of post-consumer recycled content in our flexible packaging is not yet significant. This will increase as better quality and quantity of material becomes available. We completed Project Proof, a pre-competitive partnership project as part of the New Plastics Economy initiative to design and prototype a plastic-based flexible packaging solution that can be recycled at scale (see page 86).	The first Progress Report on the Global Commitment was published Completed Project Proof, a pre-competitive project to design a prototype plastic-based flexible packaging solution that can be recycled at scale				🔴	🟡	

SDG index

In this index, we have mapped the SDGs and their respective targets against this report, and provided references to where supporting information on our contribution to each target may be found. Those SDGs and targets that fall under our six strategically important SDGs are highlighted in orange. See page 21 for our thinking on strategically important contributions to SDGs.

Goals		Targets		Relevant section within the reporting suite	Relevant sub-section within this report
Goal 1 **End poverty in all its forms everywhere**		1.4	By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance	Relationships with communities	Mondi Zimele page 81
					Investments in agri-villages in South Africa page 81
					Land reform in South Africa page 79
		1.5	By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters	Climate change	Working with WWF's Climate Savers to set science-based targets page 54
				Climate change	Avoided emissions page 57
				Climate article	Tackling the climate crisis page 4
				Climate article	Forests key to managing climate change and water page 5
		1.a	Ensure significant mobilisation of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programmes and policies to end poverty in all its dimensions	Constrained resources	Resource efficiency page 59
					Reducing waste and promoting the circular economy page 63
Goal 2 **End hunger, achieve food security and improved nutrition and promote sustainable agriculture**		2.a	Increase investment, including through enhanced international cooperation, in rural infrastructure, agricultural research and extension services, technology development and plant and livestock gene banks in order to enhance agricultural productive capacity in developing countries, in particular least developed countries	Relationships with communities	Investments in agri-villages in South Africa page 81
Goal 3 **Ensure healthy lives and promote wellbeing for all at all ages**		3.3	By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases	Relationships with communities	Health – Mobile Clinics and Toy Libraries page 81
				Employee and contractor safety and health	Health and wellbeing page 35
		3.8	Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all	Relationships with communities	Health page 81
Goal 4 **Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all**		4.2	By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education	Relationships with communities	Health – Mobile Clinics and Toy Libraries page 81
					Case study: A springboard for early childhood learning page 81
					Case study: Expanding our successful mobile toy libraries page 81
		4.4	By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship	Relationships with communities	Education page 80
					Case study: Developing young talent in Russia page 80
				A skilled and committed workforce	Training and development page 39

SDG index

Goals		Targets		Relevant section within the reporting suite	Relevant sub-section within this report
Goal 4 **Continued**		4.b	By 2020, substantially expand globally the number of scholarships available to developing countries, in particular least developed countries, small island developing States and African countries, for enrolment in higher education, including vocational training and information and communications technology, technical, engineering and scientific programmes, in developed countries and other developing countries	Relationships with communities	Education page 80 Case study: Developing young talent in Russia page 80
Goal 5 **Achieve gender equality and empower all women and girls**		5.5	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	Fairness and diversity	Diversity and equal opportunities page 44 Case study: Embedding D&I in our businesses page 45
Goal 6 **Ensure availability and sustainable management of water and sanitation for all**		6.2	By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations	Constrained resources	Effluent and waste water quality page 61 Reducing water use page 60 Water page 59
		6.3	By 2030, improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials, halving the proportion of untreated waste water and substantially increasing recycling and safe reuse globally	Constrained resources	Effluent and waste water quality page 61
		6.4	By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of fresh water to address water scarcity and substantially reduce the number of people suffering from water scarcity	Constrained resources	Reducing water use page 60 Water recycling page 61
		6.5	By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate	Constrained resources	Developing a Group water stewardship assessment methodology page 60
				Biodiversity and ecosystems	Ensuring effective ecosystem stewardship page 69 Enhancing ecosystem stewardship together with local partners page 70

SDG index

Goals		Targets		Relevant section within the reporting suite	Relevant sub-section within this report
	Goal 6 **Continued**	6.6	By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes	Constrained resources	Developing a Group water stewardship assessment methodology page 60
				Biodiversity and ecosystems	Case study: Learn how we support another critical species – the Atlantic salmon – via the Model River Mezen project page 67
					Case study: Restoring natural riparian forest near our mill in Bulgaria page 68
					Case study: Monitoring functionality of our ecological networks in South Africa page 69
		6.b	Support and strengthen the participation of local communities in improving water and sanitation management	Constrained resources	Developing a Group water stewardship assessment methodology page 60
					Effluent and waste water quality page 61
	Goal 7 **Ensure access to affordable, reliable, sustainable and modern energy for all**	7.1	By 2030, ensure universal access to affordable, reliable and modern energy services	Climate change	Energy consumption and energy intensity page 55
		7.2	By 2030, increase substantially the share of renewable energy in the global energy mix	Climate change	Increasing energy efficiency and reducing carbon emissions page 54
		7.3	By 2030, double the global rate of improvement in energy efficiency	Climate change	Increasing energy efficiency and reducing carbon emissions page 54
		7.a	By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology	Climate change	Working with WWF's Climate Savers to set science-based targets page 54
	Goal 8 **Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all**	8.2	Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value-added and labour-intensive sectors	Constrained resources	Resource efficiency page 59
				Climate change	Delivering on our GHG commitments page 55
		8.3	Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services	Relationships with communities	Mondi Zimele page 81
		8.4	Improve progressively, through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-Year Framework of Programmes on Sustainable Consumption and Production, with developed countries taking the lead	Constrained resources	Resource efficiency page 59
				Climate change	Increasing energy efficiency and reducing carbon emissions page 54
				Biodiversity and ecosystems	Ensuring effective ecosystem stewardship page 69
		8.5	By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	Fairness and diversity	Employment and human rights page 42
				Relationships with communities	Employment and enterprise support page 81

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Goals		Targets		Relevant section within the reporting suite	Relevant sub-section within this report
Goal 8 **Continued**		8.6	By 2020, substantially reduce the proportion of youth not in employment, education or training	Relationships with communities	Education page 80
					Case study: Developing young talent in Russia page 80
				A skilled and committed workforce	Training and development page 39
		8.7	Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms	Fairness and diversity	Employment and human rights page 42
				Supplier conduct and responsible procurement	Managing risks and increasing transparency page 74
					Human rights in the supply chain page 75
		8.8	Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	Fairness and diversity	Employment and human rights page 42
				Employee and contractor safety and health	Ensuring the safety of our people page 32
		8.b	By 2020, develop and operationalise a global strategy for youth employment and implement the Global Jobs Pact of the International Labour Organization	Constrained resources	Lead2030 initiative page 63
Goal 9 **Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation**		9.1	Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human wellbeing, with a focus on affordable and equitable access for all	Relationships with communities	Infrastructure and community development page 81
				Constrained resources	Lead2030 initiative page 63
		9.2	Promote inclusive and sustainable industrialisation and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries	Integrated report and financial statements 2019 and Sustainable development report 2019	Entire reports
				Fairness and diversity	Diversity and equal opportunities page 44
					Case study: Embedding D&I in our businesses page 45
				A skilled and committed workforce	Entire chapter
		9.3	Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets	Relationships with communities	Employment and enterprise support page 81
		9.4	By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	Constrained resources	Lead2030 initiative page 63
				Solutions that create value for our customers	Innovation. Sustainable by Design page 85
		9.5	Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030, encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending	Solutions that create value for our customers	Innovation. Sustainable by Design page 85
				Stakeholder engagement matrix	Research institutions and academia page 104

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Goals		Targets		Relevant section within the reporting suite	Relevant sub-section within this report
Goal 11 **Make cities and human settlements inclusive, safe, resilient and sustainable**		11.1	By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums	Relationships with communities	Investments in agri-villages in South Africa page 81
		11.4	Strengthen efforts to protect and safeguard the world's cultural and natural heritage	Biodiversity and ecosystems	Case study: Protecting the most valuable landscapes and species in Russia. page 67
				Sustainable fibre	page 46
				Stakeholder engagement matrix	Collaboration with WWF partnership, Silver Taiga Foundation, HCVRN page 107, 110, 111
		11.6	By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management	Constrained resources	Managing our impacts page 64
				Constrained resources	Resource efficiency page 59
				Climate change	Increasing energy efficiency and reducing carbon emissions page 54
Goal 12 **Ensure sustainable consumption and production patterns**		12.2	By 2030, achieve the sustainable management and efficient use of natural resources	Constrained resources	Resource efficiency page 59
				Solutions that create value for our customers	Our customer-centric approach page 83
				Biodiversity and ecosystems	page 66
				Sustainable fibre	Responsible sourcing is our priority page 48
					Effective use of wood fibre in the forest products value chain page 50
		12.3	By 2030, halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses	Solutions that create value for our customers	Packaging and paper that is sustainable by design page 83
		12.4	By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment	Constrained resources	Resource efficiency page 59
					Reducing waste and promoting the circular economy page 63
					Managing our impacts page 64
		12.5	By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	Constrained resources	Reducing waste and promoting the circular economy page 63
				Solutions that create value for our customers	Replace-Reduce-Recycle page 83

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Goals		Targets		Relevant section within the reporting suite	Relevant sub-section within this report
Goal 12 **Continued**		12.6	Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	Supplier conduct and responsible procurement	Case study: Mitigating risks through responsible procurement page 75
				Integrated report and financial statements 2019 and Sustainable Development report 2019	Both reports
		12.8	By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature	Constrained resources	Developing a Group water stewardship assessment methodology page 60
		12.a	Support developing countries to strengthen their scientific and technological capacity to move towards more sustainable patterns of consumption and production	Constrained resources	Lead2030 initiative page 63
Goal 13 **Take urgent action to combat climate change and its impacts**		13.1	Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	Climate change	What the climate crisis means for our business page 52
				Climate article	Tackling the climate crisis page 4
					Managing risks across our operations and supply chain page 6
		13.2	Integrate climate change measures into national policies, strategies and planning	Climate change	Transparency and benchmarking page 57
		13.3	Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	Climate change	Transparency and benchmarking page 57
					What the climate crisis means for our business page 52
				Sustainable fibre	Driving sustainability across the forest products value chain through collaboration page 50
Goal 14 **Conserve and sustainably use the oceans, seas and marine resources for sustainable development**		14.1	By 2025, prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution	Constrained resources	Resource efficiency page 59
					Reducing waste and promoting the circular economy page 63
Goal 15 **Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss**		15.1	By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements	Constrained resources	Resource efficiency page 59
				Biodiversity and ecosystems	Entire chapter page 66
		15.2	By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally	Biodiversity and ecosystems	Entire chapter page 66
				Sustainable fibre	Supporting fit-for-purpose certification page 49
					Driving sustainability across the forest products value chain through collaboration page 50

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Goals		Targets		Relevant section within the reporting suite	Relevant sub-section within this report
Goal 15 Continued		15.3	By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world	Constrained resources	Resource efficiency page 59
					Developing a Group water stewardship assessment methodology page 60
		15.5	Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species	Biodiversity and ecosystems	page 66
					Case study: Protecting the most valuable landscapes and species in Russia page 67
					Case study: Monitoring functionality of our ecological networks in South Africa page 69
		15.8	By 2020, introduce measures to prevent the introduction and significantly reduce the impact of invasive alien species on land and water ecosystems and control or eradicate the priority species	Biodiversity and ecosystems	How do we measure biodiversity impacts? page 68
					Case study: Monitoring functionality of our ecological networks in South Africa page 69
		15.9	By 2020, integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts	Biodiversity and ecosystems	Monitoring biodiversity in our forests page 68
					Ensuring effective ecosystem stewardship page 69
Goal 17 **Strengthen the means of implementation and revitalise the Global Partnership for sustainable development**		17.6	Enhance North-South, South-South and triangular regional and international cooperation on and access to science, technology and innovation and enhance knowledge-sharing on mutually agreed terms, including through improved coordination among existing mechanisms, in particular at the United Nations level, and through a global technology facilitation mechanism	Constrained resources	Lead2030 initiative page 63
				Stakeholder engagement matrix	WWF's New Generation Plantations platform page 107

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Goals		Targets		Relevant section within the reporting suite	Relevant sub-section within this report
Goal 17 Continued		17.16	Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilise and share knowledge, expertise, technology and financial resources, to support the achievement of the Sustainable Development Goals in all countries, in particular developing countries	Stakeholder engagement matrix	WWF partnership page 107
					New Plastics Economy initiative of the Ellen MacArthur Foundation pages 86 and 105
				Biodiversity and ecosystems	Case study: Enhancing ecosystem stewardship together with local partners page 70
				Sustainable fibre	Driving sustainability across the forest products value chain through collaboration page 50
				Stakeholder engagement matrix	WBCSD page 105
		17.17	Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships	Relationships with communities	Health – Mobile Clinics and Toy Libraries page 81
					Case study: A springboard for early childhood learning page 81
					Case study: Expanding our successful mobile toy libraries page 81
				Biodiversity and ecosystems	Scaling up positive impact through global collaboration page 70
				Sustainable fibre	Driving sustainability across the forest products value chain through collaboration page 50
				Stakeholder engagement matrix	Industry associations and NGOs page 104
					Industry associations and NGOs page 104

Stakeholder engagement matrix
Key stakeholders in 2019

Stakeholder group	Why we engage	Topics important to stakeholder group	How we engage
Our employees	Our people make Mondi. By engaging with our employees, we shape our culture and live our values. Open dialogue provides an opportunity to identify and resolve challenges together, as well as identify and support development initiatives. This promotes shared success through an engaged workforce and performance-driven approach across the business. We aim to achieve a global culture and values through our 'Inspire' programme, which guides the way we engage and motivate our employees. Informal channels of communication and formal surveys give employees a voice and help us to understand their concerns and improve our performance, particularly around working conditions. We also want to be an employer of choice so that we can attract and retain the necessary skills.	→ Fair working conditions (such as wages, working hours, freedom of association, etc.) → Safety and health → Diversity, inclusion & respect for human rights → Recognition, fair assessment and feedback, and succession planning → Development and training opportunities → Open and honest dialogue and communication → Effective grievance mechanisms → Fair process for restructuring and closure → Strong sustainability culture and performance	→ Biennial group-wide employee survey page 37 → Other surveys such as integration surveys for new acquisitions and onboarding surveys for new employees page 38 → Annual 'Making a Difference Day' (MADD) page 38 → Regular local briefing sessions by managers → Group-wide intranet (planetmondi) and other electronic communication and publications → Virtual leadership and employee meetings → Day-to-day team interaction → Performance and Development Reviews and 360° feedback page 38 → Internal conferences and leadership forums such as the European Communication Forum → Employee training programmes and workshops, including Mondi Academy and health & safety programmes pages 34 and 39 → Mentoring programmes page 40 → Independent, confidential and anonymous hotline, Speakout page 29 → Other formal grievance mechanisms at our operations page 43 **Read more about how we engaged in 2019** → Employee and contractor safety and health page 31 → A skilled and committed workforce page 36 → Fairness and diversity in the workplace page 41
Our customers	Evolving consumer preferences and increasing demands on our products require close cooperation with our customers to understand their needs and anticipate market trends. This collaboration is important to our long-term success and our customers' by providing an opportunity to develop innovative, sustainable packaging solutions that support the transition to a circular economy, improve our customer service and enhance product quality.	→ Sustainable packaging and paper products and solutions → Product innovation → Quality and service → Circular economy → Responsible sourcing → Reliable partner, reduced reputation risk and increased transparency → Product safety → Sustainable and low-carbon based production	→ Key account manager relationships → Regular customer satisfaction surveys page 87 → Digital customer interfaces → Collaboration on product innovation page 83 → Customer and industry events and exhibitions → Participation in supplier sustainability rating platforms, e.g. Ecovadis and Sedex page 1 → Customer questionnaires and surveys → Participation in benchmarking and transparency initiatives e.g. CDP, Paper Profile, and WWF's biennial Check Your Paper and Environmental Paper Company Index (EPCI) page 57 → Ongoing conversations **Read more about how we engaged in 2019** → Sustainable fibre page 46 → Climate change page 51 → Biodiversity and ecosystems page 66 → Supplier conduct and responsible procurement page 71 → Solutions that create value for our customers page 82

Stakeholder engagement matrix
Key stakeholders in 2019

Stakeholder group	Why we engage	Topics important to stakeholder group	How we engage
Our suppliers and contractors	We operate a central procurement function for a number of key spend categories and manage the remainder either regionally or locally. The reporting, evaluation and monitoring of the sustainability performance of our supply chains are of increasing interest to customers and investors. Collaboration with suppliers and contractors is essential to help find solutions to the social and environmental challenges we collectively face across the value chain, encourage supply chain transparency and promote fair working conditions for a responsible, inclusive and sustainable supply chain. We work closely with our contractors to mitigate risks and improve practices, ensuring they follow Mondi protocols in areas such as safety, transparency and business ethics.	→ Local procurement → Secure, long-term contracts → Capacity building and resource support → Safety and health (contractors) → Sustainability along the supply chain → Human rights in the supply chain	→ Supplier collaborations and partnerships to develop strategic, long-term relationships → Supplier assessments and audits page 74 → Regular compliance assessments of key fibre and non-fibre suppliers page 74 → Discussions on credible certification systems to secure sustainable fibre → Meetings and workshops → Engage with certification systems such as FSC and PEFC to improve forest certification systems for small and medium growers page 49 → Contract managers to facilitate liaison between contracting companies and Mondi SHE professionals page 34 → Independent, confidential and anonymous hotline, Speakout page 29 **Read more about how we engaged in 2019** → Employee and contractor safety and health page 31 → Fairness and diversity in the workplace page 41 → Sustainable fibre page 46 → Supplier conduct and responsible procurement page 71
Our communities	The social, economic and environmental health of local communities is important to our success and we work hard to maintain positive and open relationships. Ongoing and transparent dialogue with local communities enables us to collaboratively address challenges, understand and manage risks, generate employment and business opportunities, improve performance and build trust. We invest directly in the communities where we operate, supporting health, education, local enterprise and infrastructure.	→ Employment and enterprise support → Community health and negative impacts from our production sites or from activities related to our production (e.g. logistics) → Investment in local infrastructure, such as education, roads, healthcare services, energy provision, etc. → Prioritising local suppliers → Supporting small and medium enterprises	→ Socio-economic Assessment Toolbox (SEAT) process page 78 → Community Engagement Plans (CEPs) page 79 → Open days and visits to our sites (Integrated report 2019, page 74) → Partnering with communities and other stakeholders on development initiatives page 77 → Independent, confidential and anonymous hotline, Speakout page 79 → Dedicated telephone lines at large operations → Various feedback mechanisms, such as company newsletters and community forums, to discuss current and future operational issues and performance **Read more about how we engaged in 2019** → Relationships with communities page 76
Our investors	Our relationship with debt investors and banks as key providers of capital to the Group, together with credit rating agencies, ensures we have access to funding for investment opportunities through the business cycle. Active dialogue with our shareholder and investor community helps us understand their expectations and explain our strategy. Financial and non-financial performance indices help investors assess companies across sectors, and provide us with benchmarks against which we can measure our sustainability performance. This feedback also informs our management and reporting practices.	→ Strategy, financial performance and market dynamics → Governance and remuneration → Transparent communication of our ESG performance, for e.g. disclosure of the financial impact of climate related risks and opportunities in accordance with the TCFD recommendations → Anti-corruption and ethical business conduct → Increasing focus on climate change, sustainable packaging, human rights, the supply chain and impact valuation	→ Integrated and Sustainable Development reports → Annual General Meetings → Direct emails, telephone calls and meetings → Events, including results presentations, trading update calls, site visits and capital markets days (Integrated report 2019 page 101) → Roadshows (Integrated report page 100) → Questionnaires and ad hoc questions and requests → Independent disclosure platforms such as CDP and the UN Global Compact pages 105-106 → Investor perception studies **Read more in our Integrated report and financial statements 2019 about how we engaged this year** → Sustainability performance page 34 → Our strategic performance page 24 → Financial performance page 62 → Business reviews page 66

Stakeholder engagement matrix
Key stakeholders in 2019

Stakeholder group	Why we engage	Topics important to stakeholder group	How we engage
National and local governments and regulators	Non-compliance with legal and governance requirements and globally established responsible business conduct in any of the jurisdictions in which we operate could expose us to significant risk. We are also required to comply with permit requirements and to meet local, national and international laws. We engage with national and local governments and regulators to share our intentions, understand their concerns and priorities, and find mutually beneficial solutions.	→ Compliance with permits and regulations → Payments to governments such as taxes → Infrastructure and local development → Local employment → Consideration of a business/industry perspective when developing new regulations → Adoption of the best sustainability practices across the forest sector	→ Engagement through industry associations, such as CEPI and WBCSD, as well as other regional and national associations page 105 → Participation in consultation processes of new laws and regulations → Ongoing monitoring and reporting of legal non-compliances page 29 → Agreements with regulators and government authorities to set commitments to meet common goals e.g. the Social Partnership Agreement in Komi page 79 → Global and local (multi-stakeholder) partnerships and agreements to address community concerns and initiatives, such as the Agri-villages project and the Mobile Health Clinics in South Africa page 81 → Work with the South African government to settle land claims page 79 **Read more about how we engaged in 2019** → Climate change page 51 → Constrained resources and environmental impacts page 58 → Relationships with communities page 76 → Solutions that create value for our customers page 82
Industry associations and NGOs	We are a member of a number of industry associations and we work with local and global NGOs in multi-stakeholder collaborations that seek sustainable solutions along the entire value chain. We are involved in developing industry practices related to climate change, the circular economy, sustainable forestry, human rights and business ethics. Our investments and initiatives are almost always delivered in partnership with local stakeholders, charitable institutions, NGOs, government institutes and municipalities, universities and other stakeholders.	→ Climate change → Deforestation and sustainable forestry → Water stewardship, biodiversity and ecosystems → Diversity and inclusion → Resource efficiency → Circular economy and bio-economy → Responsible sourcing (and human rights) → Rights of communities and indigenous people → Support for research programmes	→ Meetings, conferences and forums → Panel discussions and dialogues → Multi-stakeholder collaborative platforms, e.g. WBCSD, WWF's BFP and NGP page 70 → Global and local (multi-stakeholder) partnerships and agreements page 18 → Memberships, such as CEPI, New Plastics Economy Initiative, FSC and PEFC page 105 → Independent, confidential and anonymous hotline, Speakout page 29 **Read more about how we engaged in 2019** → Sustainable fibre page 46 → Climate change page 51 → Constrained resources and environmental impacts page 58 → Biodiversity and ecosystems page 66 → Relationships with communities page 76 → Solutions that create value for our customers page 82
Research institutions and academia	Science plays an essential role in informing our management practices and establishing the value of our work on the ground. To see the impact of our activities and to improve our effectiveness, we depend on robust evidence provided by scientific research.	→ Ongoing funding and support for research programmes → Promoting the value of science to help develop sustainable business solutions (practical solutions)	→ Forums, roundtables, dialogues and panel discussions → Working with local science and research institutions on research projects page 112 → Memberships, such as our IUFRO membership page 112 → Working groups, such as CISL NCIG and NGP-IUFRO page 112 → Research funding and partnership agreements page 112 → Working with local science and research institutions page 112 **Read more about how we engaged in 2019** → Sustainable fibre page 46 → Biodiversity and ecosystems page 66

Stakeholder engagement matrix
Collaborative platforms and initiatives

Collaborative platforms and initiatives	Why we engage	How we engaged in 2019	What's next?
United Nations Global Compact (UNGC)	A voluntary initiative to encourage businesses worldwide to reinforce socially responsible business practices and demonstrate commitment to universal principles in the areas of human rights, employment, environment and anti-corruption.	In 2019, our Communication on Progress (CoP) met the requirements for an Advanced Level of reporting. We continue to support the UNGC's CEO Water Mandate. The CoP reporting requirements are incorporated into our annual Sustainable Development report.	We will continue to submit a CoP to the UNGC, which includes the requirements of the UNGC CEO Water Mandate.
World Business Council for Sustainable Development (WBCSD)	The WBCSD is a global, CEO-led organisation that works to deliver high-impact business solutions to the most challenging sustainability issues. Mondi is a member, alongside 200 other global companies, including many of our key customers.	Mondi is a member of WBCSD's Forest Solutions Group (FSG), comprising two areas of focus: Sustainable Working Forests; and Sustainable Bio-Economy. As part of the FSG, we continue to promote dialogue on the complementary nature of virgin and recycled fibre. Our Sustainable Working Forest model has been embedded into the FSG's strategy, increasing its outreach in promoting a landscape approach to forestry. In 2019, WBCSD's FSG developed The Forest Sector SDG Roadmap,[1] which provides guidelines for forest sector companies to ensure meaningful contribution to the SDGs. Mondi provided a case study for this publication, demonstrating the importance of water stewardship on a landscape level to drive positive change.	We will continue to actively work with WBCSD as a member of the FSG, providing input into its key focus areas. This will include our active participation in the Food, Agriculture and Forest Products TCFD Preparer Forum and the development of the GHG Protocol – Carbon removals, Land sector and Bioenergy Guidance.
Confederation of European Paper Industries (CEPI)	Mondi is a member of CEPI, a Brussels-based organisation that champions the pulp and paper industry and the benefits of its products. CEPI speaks on behalf of 500 companies operating 895 European pulp and paper mills.	Mondi is part of the CEPI Environmental Footprint and Certification Network teams. A number of Mondi personnel participate in other CEPI committees. We continue to support CEPI's call for the EU to place the 'cascading use of wood' principle at the core of its climate and energy policy to promote the most efficient use of the available biomass resource. We also work with CEPI to develop initiatives that will enable our business and the packaging and paper sector to achieve greater resource efficiency and to lobby for European waste policies that promote paper recovery to improve the flow of recycled fibre into the supply chain. Progress requires improvements in the recyclability and the de-inkability of paper-based products, reduced bureaucracy and the removal of cost barriers to recycling. We have joined the new '4evergreen' platform launched by CEPI. Its aim is to boost the role of fibre-based packaging in a circular and sustainable economy. The alliance will increase awareness of the benefits of fibre-based packaging materials, advocate for EU legislation to support product design for recyclability and call for the development of optimised collection systems and appropriate recycling infrastructures.	We will continue to work with CEPI to address industry-related issues. We will continue to participate in and support the 4evergreen platform in 2020.
The Ellen MacArthur Foundation	The Ellen MacArthur Foundation works with business, government and academia to accelerate the transition to the circular economy. Since its creation, the charity has emerged as a global thought leader, establishing the circular economy on the agenda of decision-makers globally.	Mondi is a member of the Ellen MacArthur Foundation's New Plastics Economy initiative, which brings together leading businesses and experts to rethink and redesign the future of plastics, starting with packaging. In October 2018, we signed up to the Foundation's Global Commitment, made by leading brand owners, retailers and packaging, to work towards a 100% reusable, recyclable or compostable packaging target by 2025. In 2019, as part of our involvement in the New Plastics Economy initiative, we led a pre-competitive partnership project to design and prototype a plastic-based flexible packaging solution that is scalable and commercially viable and can be processed in sorting and recycling facilities. Read more about Project Proof on page 86.	Mondi will continue to engage with the New Plastics Economy initiative to support the transition to a circular economy for plastic packaging. As signatories to the commitment, we will collaborate to increase reuse, recycling and/or composting rates for plastic and report on progress towards meeting these commitments.
Flexible Packaging Europe (FPE)	Flexible Packaging Europe's (FPE) core activity is representing the European flexible packaging industry on the international stage. FPE deals with a wide range of issues relevant to the flexible packaging industry, most notably food contact, sustainability and environmental issues.	Mondi has been a member of Flexible Packaging Europe's (FPE) Sustainability Committee since 2004. FPE has commissioned several scientific studies on the sustainability of flexible packaging that clearly demonstrate the resource efficiency of flexible packaging versus other packaging formats.	FPE will continue to commission the development of product category rules for the life cycle assessment of flexible packaging. Enhancing the circularity of flexible packaging will continue to be a point of discussion with FPE.

1   https://www.wbcsd.org/Sector-Projects/Forest-Solutions-Group/Forest-Sector-SDG-Roadmap/

Stakeholder engagement matrix
Collaborative platforms and initiatives

Collaborative platforms and initiatives	Why we engage	How we engaged in 2019	What's next?
CEFLEX	A Europe-wide, multi-stakeholder consortium, which aims to enhance the performance of flexible packaging in the circular economy, from packaging design to waste sorting and infrastructure reprocessing.	As a project stakeholder, we participate in and contribute to three of the seven work streams: Design Guidelines; Sustainable End Markets; and Facilitating Technologies.	We will continue our participation in these three work streams in 2020.
SAVE FOOD	SAVE FOOD is a campaign supported by the UN Food and Agriculture Organization, the UN Environment Programme, Messe Düsseldorf (a global export platform) and Interpack (a leading trade fair for process and packaging). It aims to encourage dialogue on food waste across industry, academia, politics and civil society.	Mondi became a member of SAVE FOOD in 2014. We are helping to develop a wide range of innovative solutions to food packaging challenges, including re-closable bags, single-serve pouches, extrusion-coated barrier material and water-resistant containerboard. See page 84 of this report for further examples.	We will continue to contribute further to SAVE FOOD's work, addressing food waste with our customers and supply chain partners.
CDP	CDP is a corporate transparency initiative. It plays an important role in disclosing high-quality, comparable data on company environmental performance to investors. The data covers climate change, water security, forests and supply chain (climate change and forests).	In 2019, we disclosed on all metrics – climate change, water security, forests and supply chain (climate change and forests). We scored an A in the CDP water security disclosure, and an A- in the climate change and forests disclosures.	We will continue to disclose information to CDP. We will continue our work to assess and report on the financial impact of our climate-related risks and opportunities within our internal cross-functional team (including financial controlling specialists, risk specialists, technical experts and sustainability specialists).
Paper Profile	Paper Profile is a global, voluntary declaration scheme for presenting uniform environmental product information related to pulp and paper production. It enables the professional paper buyer to make well-informed product choices.	Mondi's Group environmental manager is a member of the Paper Profile steering committee. Mondi is also a member of the technical working group, which is helping to generate and improve a standardised description of paper product characteristics.	We will continue to actively support the Paper Profile steering committee and working group meetings.

Stakeholder engagement matrix
Collaborative platforms and initiatives

Collaborative platforms and initiatives	Why we engage	How we engaged in 2019	What's next?
WWF	Our Global Partnership with WWF allows us to share perspectives and experiences and leverage skills and influence from both networks.	Our Global Partnership with WWF, comprises three workstreams: manufacturing stewardship; ecosystem stewardship; and products stewardship. These workstreams continue to focus on the stewardship of climate and energy, fresh water and forests – both within our own operations and across sectors through engaging others. In the manufacturing stewardship workstream, we: → worked to set science-based GHG reduction targets for our operations, which were approved by SBTi in October 2019. See page 54 → worked with WWF and the Alliance for Water Stewardship (AWS) to develop a new water stewardship assessment methodology for conducting water stewardship assessments across our mills at the water catchment level. We have assessed the physical, regulatory and reputational risks for each mill, along with the potential risks they pose to the surrounding water basin and have defined three categories of water stewardship, based on the AWS Standard V2.0. See page 60. In the ecosystem stewardship workstream, we: → continued our work with the WWF-Mondi Water Stewardship Partnership, which focuses on catchment-based water stewardship in South Africa → continued to work with WWF Russia to secure protection status of the last remaining intact forest landscapes in north west Russia → together with WWF Bulgaria, restored a natural riparian forest on degraded land near our Stambolijski mill. This is the third site that we have restored through the WWF-Mondi Global Partnership within the Maritsa water catchment, where our Stambolijski mill is located. In the sustainable products workstream, we: → continued to work with WWF to develop country-risk approaches and due diligence tools for environmental and social aspects and legal assurance. We also partner with WWF at a local level. In 2019, Mondi's Uncoated Fine Paper business launched a partnership with WWF Russia and its office paper brand, Snegurochka, to support a recovery programme for the reindeer population in Komi Republic and the Kamchatka peninsula. The programme involves research and mapping of wild reindeer migration routes over the course of a year, which aims to ultimately protect the species from poaching and other disturbances. To scale up our impacts, we also share best practice and local experience through regional and global platforms, designed to catalyse action on a wider scale. These platforms include the WWF's Russian Boreal Forest Platform (BFP) and New Generation Plantations platform (NGP).	We will continue with our existing work streams. We will continue our work to improve the quality of our Scope 3 calculations. We will continue to develop landscape level approaches for ecosystem stewardship. We will continue to explore the links between potential water basin and production-related water risk and the need to undertake further water stewardship assessments. In terms of wood sourcing, we will continue to address the issues related to high-risk countries and appropriate risk mitigation measures.
WWF's New Generation Plantations (NGP) platform	The NGP platform was established in 2007 as a partnership between WWF and the main companies working in plantation forestry, including Mondi. It aspires to an ideal form of plantations that contribute positively to both people and nature. It promotes well-managed, inclusive and profitable plantations by sharing knowledge and experience. This helps to maintain global credibility for plantations.	The NGP platform currently comprises 13 members. Mondi is an active member of the advisory group. We have worked closely with WWF and other NGP platform participants to help promote the NGP concept to wider audiences and expand the use of the concept to other forest types and agriculture. We remain committed to the NGP platform, which continues to make good progress in promoting and seeking solutions for small and medium enterprises (SMEs) and communities. Mondi actively participated in the NGP Annual Encounter in Mozambique in November 2019. The topic was 'Africa's social prosperity and landscape's resilience'. Mondi highlighted the South African perspective, with the message: 'Business cannot succeed in a society that fails'. NGP took active part in the XXV IUFRO World Congress in Brazil in Sep-Oct. 2019. IUFRO and WWF signed a memorandum of understanding, which acknowledges the excellent cooperation between the Task Force on planted forests and the NGP platform. This includes the collaborative research program between IUFRO Planted Forest Task Force and NGP currently supporting the review on biodiversity conservation in plantation forestry.	Mondi and WWF will continue to explore how the NGP concept and principles might be applied to include other forest types and agriculture. We will continue to participate in and support the NGP platform and to promote biodiversity and ecosystem stewardship through a landscape approach. The NGP platform will be exploring the latest technology to support SMEs and communities with certification and best practice. Mondi will continue to actively engage in the NGP-IUFRO working group's activities, which will continue to further align research interests between forest companies and scientific institutions.

Stakeholder engagement matrix
Collaborative platforms and initiatives

Collaborative platforms and initiatives	Why we engage	How we engaged in 2019	What's next?
WWF's Russian Boreal Forest Platform (BFP)	Established in 2015 by WWF, Mondi and Silver Taiga Foundation, the BFP aims to bring stakeholders together across the boreal forest to develop a shared understanding of responsible forest management and to optimise yields from commercial forests, while conserving intact forest landscapes (IFLs) and other HCV areas.	The BFP has attracted 24 members to date, including the regional forestry and nature authorities. It is making progress on addressing IFL issues while working to increase productivity in commercial forestry areas. WWF-Russia continues to make steady progress in securing protection for IFLs in north west Russia, complementing Silver Taiga Foundation's work in Komi. The current focus is on developing a sustainable forestry model for Russia, based on best available practices used across the world's boreal forests. In 2019, the BFP celebrated its five-year anniversary. In order to improve the alignment between BFP and NGP, a joint international cross-border China-Russia seminar was held to explore opportunities for effective management of natural and planted forests under similar natural conditions.	We will continue to support the BFP and contribute to the development of the Boreal Forest Academy and best practices database.
WWF-Mondi Water Stewardship Partnership (WWF-MWSP)	South Africa is a water-stressed country and fresh water ecosystems are vital to wildlife, people and our business. The WWF-Mondi Water Stewardship Partnership (WWF-MWSP) is the next evolutional phase of the WWF Mondi Wetlands Programme (WWF-MWP), which focused on the restoration of wetlands in forest plantations. The WWF MWSP's scope extends beyond the boundaries of our own plantations to include the agricultural sector, small forest growers and other key stakeholders who have a shared interest in maintaining fresh water ecosystems and services at the landscape level. It promotes the landscape approach to water stewardship through collective action across whole water catchments.	We continued working collaboratively with farmers and government in the uMhlathuze catchment (where our Richards Bay mill is located). In 2019, we: → co-constructed the innovative concept of a single Water User Association from 5 existing ones. A project plan to strengthen irrigation governance of water resources in the catchment was developed for implementation in 2020. → completed an assessment of the impacts from livestock on grasslands and wetlands, and developed a project to improve cattle grazing on forestry land to reduce its impact on biodiversity and water resources. → facilitated the identification, scoping and planning of water stewardship projects with key stakeholders, including plantation forestry in the uMkhomazi catchment, with the aim of replicating the uMhlathuze project. → helped catalyse water stewardship collaboration and learning with the dairy industry value chain → initiated a study to develop best-practice guidelines for improved wetland and river management in the dairy industry. → documented and shared the lessons learnt from the WWF-MWSP through international and local conferences.	We will continue to enable and strengthen water stewardship practices by : → Enabling the institutionalisation of water stewardship in the agriculture and forestry sectors; → Supporting and initiating partnerships; → Supporting learning and knowledge-sharing networks; and → Engaging with mandated water governance institutions.
WWF's Climate Savers programme	WWF's Climate Savers programme is a climate leadership programme that seeks to transform businesses into leaders of the low carbon economy by inspiring a change in thinking about climate solutions, and as agents of change within their sphere of influence.	Mondi joined Climate Savers[2] in 2018. Over the past two years, we have worked to set science-based GHG reduction targets for our operations. In 2019, the Science Based Targets initiative (SBTi)[3] assessed and approved our Scope 1 and Scope 2 science-based target submissions against the Call to Action's eligibility criteria. See page 54. These will help Mondi to support the global transition to a low-carbon economy and positively influence our sector and policy makers. In December 2019, Mondi joined the Austrian Climate Group.	We will set measures to achieve our approved science-based targets with a focus on the first 2025 milestone and to improve the quality of our Scope 3 calculations. We have committed to working to further reduce GHG emissions across our entire value chain and to taking actions to positively influence the packaging and paper industry, as well as policy makers. This participation is part of our strategic global partnership with WWF.

2   https://climatesavers.org
3   https://sciencebasedtargets.org/

Stakeholder engagement matrix
Collaborative platforms and initiatives

Collaborative platforms and initiatives	Why we engage	How we engaged in 2019	What's next?
Forest Stewardship Council (FSC)	The Forest Stewardship Council is an international non-profit, multi-stakeholder organisation, established in 1993 to promote responsible management of the world's forests.	Mondi is a member of FSC. During the year, we continued to work with FSC and others to improve the FSC certification system. We have contributed to the development of FSC national standards in both South Africa and Russia to adapt FSC's international generic indicators to reflect local conditions and issues. Mondi South Africa has passed its FSC audit against the new FSC standard. In Russia, the new standard is in its final stage of refinement by the national standard development group and will be finalised in 2020. We continued to work with WWF Bulgaria to improve the availability of FSC-certified areas in Bulgaria. We worked with FSC Ukraine to improve the credibility of FSC certification in Ukraine. We also worked with FSC Russia to support the update of a strategic plan to ensure continuous development of FSC in Russia. Our efforts in high-risk countries were recognised at the FSC Europe and CIS members' meeting in Prague. We also work with FSC to make certification more effective and accessible to small and medium forestry growers. The publicly available list of Mondi's FSC certificates for all relevant Mondi operations can be found at https://info.fsc.org	In 2020, we will actively engage in the work of the FSC General Assembly, which takes place every three years. The key topics for the next General Assembly will be related to sustainable intensification. We will proactively participate in the FSC regional preparatory meetings ahead of the FSC General Assembly. We will continue to work with FSC, focusing on the development and improvement of simplified risk-based approaches and the improvement of accessibility of certification to small and medium forestry growers. We will continue to advocate the importance of Controlled Wood as a minimum standard in wood and fibre supply chains.
The Programme for the Endorsement of Forest Certification (PEFC)	The PEFC is an international non-profit, non-governmental organisation dedicated to promoting Sustainable Forest Management through independent third-party certification.	Mondi is a member of PEFC and we actively participate in their processes and improvement of governance systems and certification standards. We joined the 20th anniversary PEFC General Assembly. One of the key topics was the process of revision of the international standards, which started in 2016 and aim to incorporate new requirements, which adequately meet global challenges. In 2019, we organised a Mondi-PEFC seminar for our sales managers to review recent developments in the PEFC framework. Our managers learned how PEFC addresses sustainability challenges and how it fits into Mondi's due diligence management system, as well as exploring changes in the new international Forest Management benchmark and Chain-of-Custody standard. The publicly available list of Mondi's PEFC certificates for all relevant Mondi operations can be found at https://pefc.org	We will continue to strengthen collaborations with PEFC at national and international levels. We will be actively involved in the work relevant to PEFC's functionality in the central European countries.

Stakeholder engagement matrix
Collaborative platforms and initiatives

Collaborative platforms and initiatives	Why we engage	How we engaged in 2019	What's next?
Silver Taiga Foundation	Silver Taiga Foundation was founded in 2002 to promote sustainable management of forest landscapes and renewable natural resources in the Komi Republic and other regions of the Russian Federation. We work with Silver Taiga Foundation to develop best boreal forestry practice for Komi. We also participate in shared projects with WWF Russia.	Mondi has been a sponsor of Silver Taiga Foundation's work since 2008. Silver Taiga Foundation continually provides us, and most other forest stakeholders in Komi, with relevant environmental information and technical support. Some of our joint projects include: → Model River Mezen: A joint project to catalyse improvement in the regulatory framework regarding the management and monitoring of fish resources, including the development of fish restoration programmes. This project supports local communities to implement sustainable practices (see online case study); → High Conservation Value Forests (HCVF) project: In 2017, Mondi, WWF Russia and Silver Taiga Foundation signed the first landscape-level agreement in the history of Intact Forest Landscape (IFL) protection. In December 2019, after more than a decade of Mondi support, Silver Taiga Foundation achieved the establishment of the Koigorodsky National Park. In contrast to the IFLs located further north, the park incorporates the last remaining IFL in the southern part of the region. See page 67; → In 2019, the Mondi-WWF Partnership and Silver Taiga Foundation started to develop guidelines for biodiversity conservation in the Komi Republic, which included an overview of key biodiversity impacts and mitigation measures. These will be published in 2020. → The assessment of the long-term impacts of logging operations on soil and water resources on the upper sub-catchments of the Severnaya Dvina River, Komi Republic: Mondi and Silver Taiga Foundation were invited to share their approach to water-catchment management in forestry at the Water Management in Baltic Forests (WAMBAF) conference 'Forestry and Water in the Baltic Sea Region' in Stockholm in January 2019; → An environmental and landscape basis for sustainable and intensive forest management: Silver Taiga Foundation has developed a set of practical guidelines on how the impacts on biodiversity, water and soils can be reduced through robust planning and operational techniques from landscape to local levels. The guidelines provide a firm base for practical training for Mondi employees as well as forest contractors and suppliers across the region; and → Social projects: Silver Taiga Foundation provides support in developing approaches to implementing Free Prior and Informed Consent (FPIC) to support participatory planning with settlements where Syktyvkar has new forest sites. Mondi is one of the main supporters of the regular regional Komi Forest Dialogue.	We will continue to support and fund key Silver Taiga Foundation projects that benefit Komi and north west Russia. We will continue work on the field verification of High Conservation Values for the IFLs in the northern part of the Komi Republic Future focus areas of support include training and development, increased participation in social projects and implementation of the Natural Capital Protocol. Silver Taiga Foundation will continue to share its learnings to a wider audience, including our suppliers and contractors, administrations and authorities.
Danish Institute for Human Rights (DIHR)	The Danish Institute for Human Rights is an independent state-funded institution. Its mandate is to promote and protect human rights and equal treatment in Denmark and abroad.	In 2019, with the support of the DIHR, we started to develop a new human rights due diligence process. The initial scope of the collaboration includes conducting a human rights risk and gap analysis (including interviews with Mondi's key functions and business leaders) and reviewing Mondi's grievance mechanisms and policies. See page 42.	We will report on the outcomes and actions from this process.
One Young World	A global forum for young leaders, One Young World identifies, promotes and connects the world's most impactful young leaders to create a better world, with more responsible, more effective leadership. Its LEAD2030 initiative aims to drive progress among young leaders in delivering the UN Sustainable Development Goals.	In 2018, Mondi partnered with One Young World. Our aim is to raise awareness of 'responsible consumption and production' and drive greater innovation across both our own business and industry. In 2019, Mondi committed to invest $50,000 in a youth-led project that turns waste generated by the packaging industry into raw materials of inherent value. The chosen recipient was the Kenyan 'Eco Blocks & Tiles' project, which recycles plastic waste into sustainable building materials. Mondi is mentoring the project team to accelerate its growth and establish a successful business and marketing strategy. See page 63.	We have committed to support the LEAD2030 initiative again in 2020 by asking participants to submit proposals that answer the question: 'How can we turn waste by the packaging industry into raw materials of inherent value?'

Stakeholder engagement matrix
Collaborative platforms and initiatives

Collaborative platforms and initiatives	Why we engage	How we engaged in 2019	What's next?
We Mean Business Coalition	We Mean Business is a global non-profit coalition working with the world's most influential businesses to take action on climate change. They aim to catalyse business leadership to drive policy ambition and accelerate the transition to a low carbon economy.	Mondi is a member of the We Mean Business Coalition. We support its Responsible Corporate Engagement in Climate Policy and the Science Based Targets Initiative by setting up a process to internally audit all activities that influence climate policy, ensuring consistency of those activities and communicating on actions and outcomes via the CDP disclosure and Climate Savers partnership.	As part of our WWF-Mondi Partnership, we will continue to support the We Mean Business Coalition through activities planned together with WWF (as part of our Climate Savers partnership).
The Forests Dialogue (TFD)	TFD is a WBCSD/World Bank initiative, which provides a global multi-stakeholder process for dealing with contentious social and environmental issues in forestry. Mondi is an active participant.	We continue to contribute to TFD where relevant. Mondi values TFD and continues to contribute financially to the secretariat. TFD currently runs four initiatives – Tree Plantations in the Landscape, Land and Forest Tenure Reform, The Land Use Dialogue and Understanding Deforestation-free. The work complements our landscape work and maintains links to the TFD stakeholders.	Mondi will continue to support TFD's initiatives as relevant and appropriate.
The High Conservation Value Resource Network (HCVRN)	The HCVRN works closely with the FSC, NGOs, inter-governmental organisations (IUCN, World Bank, FAO, UNEP etc.) and companies to bring a consistent HCV approach across all land uses.	Mondi continues to participate in the HCV Resource Network. By supporting the network and scaling up the HCV approach in non-timber commodities, we contribute to solving the biggest global threat – large-scale deforestation caused by the conversion of pristine forests into agricultural land. In 2019, HCVRN launched a new guide on how to apply the HCV approach at landscape and jurisdictional levels to bring consistency to the growing use of the HCV approach at scales.[4]	Mondi will continue to support the HCVRN in promoting the HCV concept in various types of land uses and industries.

4   https://hcvnetwork.org/new-guidance-for-using-the-hcv-approach-at-landscape-and-jurisdictional-scales/

Stakeholder engagement matrix
Scientific institutes and universities

Scientific institutes and universities	Why we engage	How we engaged in 2019	What's next?
Stellenbosch University	We work with Stellenbosch University to support research, which makes a significant contribution to biodiversity and ecosystem stewardship in production landscapes.	The Mondi Ecological Network Programme (MENP) at Stellenbosch University continues to provide important supporting science and management recommendations on biodiversity conservation and planning in our landscapes. In 2019, we reviewed the findings of a decade of a research collaboration partnership between Mondi and the University of Stellenbosch – the MENP. With the support of external experts, we defined a number of key principles of effective ecological networks (ENs). These principles will be used to conduct a gap analysis to determine how Mondi's forestry lands in South Africa conform with the design and management principles for ENs. In 2018 and 2019, the MENP also developed and tested a MATCH tool for assessing management effectiveness of plantation forestry management systems, focusing on the most significant environmental pressures.	We will continue to support and promote the MENP initiative and expand the scope to include biodiversity aspects of freshwater ecosystems and soil in production landscapes. We will continue to focus on communicating the value of ENs to a wider audience. We will also continue to support new research on the value of soil biota in maintaining crop productivity.
Natural Capital Impact Group (NCIG) at the Cambridge Institute for Sustainability Leadership (CISL)	We joined the Natural Capital Leadership Platform in 2015, currently known as the CISL Natural Capital Impact Group (CISL NCIG). It is a global network of companies working collaboratively to determine how business can sustain the natural world and its resources through its strategies and operating practices.	The NCIG launched the Healthy Ecosystem Metric Framework in 2018, which aims to ensure a consistent approach to measuring and conserving natural capital value of biodiversity, water and soil across different land uses and industrial sectors. In 2019, CISL NCIG published its report 'Measuring business impacts on nature'.[5] Mondi, as the only forestry company in NCIG, is pilot testing the applicability of biodiversity metrics for forestry.	We will continue to support the work of the CISL NCIG, particularly the work on developing healthy ecosystem metrics, focused on biodiversity.
International Union of Forest Research Organizations (IUFRO)	IUFRO is a non-profit, non governmental international network of forest scientists, which promotes global cooperation in forest-related research and enhances the understanding of the ecological, economic and social aspects of forests and trees. It unites more than 15,000 scientists in almost 700 member organisations in over 125 countries.	In 2019, Mondi became a member of the International Union of Forest Research Organizations (IUFRO) to gain access to the latest available scientific knowledge on forestry-related issues. The establishment of the collaborative research program between IUFRO Planted Forest Task Force and WWF's New Generation Plantations platform was announced at the XXV IUFRO World Congress 2019 in Brazil in 2019.[6] Mondi is a part of this joint working group and currently supports the review of approaches to biodiversity conservation in plantation forestry. This is critical when considering the increasing role of forest plantations in the bio-economy of the future. In 2019, together with IUFRO, International Institute for Applied Systems Analysis (IIASA) and Integrated Sustainability Solutions (ISS), we arranged a Think Tank meeting on 'Climate change and sustainable supply of softwood - A future outlook for the 21st century'. Our aim is to develop a roadmap for collaboration to ensure improved resilience of European forests to climate change.	We will continue to explore and align research interests between scientific organisations and forest companies, with a focus on global issues.
University of Pretoria	We work with the University of Pretoria to stay informed of the most recent scientific trends and developments related to tree breeding and control of pests and diseases.	The prevailing dry conditions in South Africa have increased stress on our trees and exacerbated pest and disease risks in our plantation forests. We are continuing with our tree protection partnership with the University of Pretoria through sponsorship of the Mondi Chair for Plant Pathology. Our ongoing participation in the Tree Protection Co-operative Programme (TPCP) at the University of Pretoria has greatly assisted us in developing practical measures to manage the Sirex and Chalcid wasps, which damage pine and eucalyptus respectively. This work also feeds into our tree improvement programme and enables selection of more resistant trees for our plantation forests.	We will continue to partner with the University of Pretoria's Forestry and Agricultural Biotechnology Institute and in particular with the TPCP. Focus remains on keeping our trees healthy and productive.

5   https://www.cisl.cam.ac.uk/resources/working-papers-folder/healthy-ecosystem-metric-framework
6   https://app.oxfordabstracts.com/events/691/program-app/submission/95529

Stakeholder engagement matrix
Scientific institutes and universities

Scientific institutes and universities	Why we engage	How we engaged in 2019	What's next?
University of KwaZulu-Natal (UKZN)	We work with UKZN on the Two Streams catchment project located on our land and sponsor part of the long-term research.	The Two Streams catchment research project focuses on the impact of plantation trees on the hydrological cycle of the site and has reached the closing stage of the acacia tree-planting phase. We partner with the South African Environmental Observation Network (SAEON) to ensure regular maintenance of the long-term monitoring equipment, and the download and storage of the monitoring data. Mondi also funds research conducted at the Institute of Commercial Forestry Research (ICFR), a formal association of the UKZN. The institute conducts applied research for the forest sector in South Africa.	We're committed to the next phase of the Two Streams catchment research, which will compare water use of eucalyptus, Mondi's main commercial species for its plantations, with previous results on acacia. We will continue to support the ICFR.
Institute of Biology of the Komi Science Centre	We engage with Komi scientists who conduct research to understand the long-term impacts of our operations on the environment.	In 2019, we continued our engagement with the Institute of Biology within two research projects. One project is focused on researching the impacts of the Syktyvkar mill on terrestrial and aquatic ecosystems. Another project is focused on researching the long-term impacts of logging operations on soils and reforestation. In 2019, the Komi Science Centre for research published an updated list of red-listed species in the Red Book of Komi Republic. Mondi Syktyvkar provided financial support for this project.	We will develop field monitoring plots within both projects to enable regular monitoring of the comprehensive set of parameters on the ecosystems changes. This will contribute to the development of our ecosystems management plans and monitoring programmes.

Consolidated performance data

Financial performance

€ millions unless otherwise stated	2015	2016	2017	2018	2019
Group revenue	6,819	6,662	7,096	7,481	7,268
Underlying EBITDA	1,325	1,366	1,482	1,764	1,658
Underlying operating profit	957	981	1,029	1,318	1,223
Operating profit	900	943	968	1,192	1,221
Basic underlying earnings per share (EPS) (euro cents)	133.7	137.8	148.9	189.1	171.1
Basic EPS (euro cents)	124.0	131.8	137.9	170.1	167.6
Capital expenditure cash outflows	(595)	(465)	(611)	(709)	(757)
Net debt	1,498	1,383	1,532	2,220	2,207
ROCE (%)	20.5	20.3	19.3	23.6	19.8

Diversity

Gender diversity 2019	Male	%	Female	%
Directors	6	75	2	25
Senior managers	186	87	29	13
Employees*	20,267	79	5,379	21

*   As at 31 December 2019

Management by origin 2019	number
Hungary	1
France	2
United Kingdom	5
Czech Republic	5
Slovakia	6
Russia	15
Italy	16
Turkey	19
Poland	31
South Africa	56
Austria	59
Other nationalities	149

Consolidated performance data

Training

	2015	2016	2017	2018	2019
Employee and contractor training hours	827,000	790,000	829,900	819,200	801,900

Coverage of safety in training hours in 2019					%
Safety-focused training					47
Other training					53

Safety

Number of work-related fatalities	2015	2016	2017	2018	2019
Employees	1	0	2[1]	0	0
Contractors	0	0	1	1	2

TRCR (per 200,000 hours worked)[2]	2015	2016	2017	2018	2019
	0.76	0.69	0.68	0.68	0.59

1 2017 figure restated to include a confirmed fatality of a missing person in Syktyvkar
2 2015–2017 restated to include acquisitions, and 2017 includes a confirmed fatality of a missing person in Syktyvkar

Communities

Community and social investments[3] ('000 €)	2015	2016	2017	2018	2019
Health and wellbeing	172	653	1,959	2,079	984
Education	1,775	565	731	724	838
Infrastructure and development	5,044	6,425	6,509	4,697	10,721
Enterprise and employment support		254	432	431	548
Total[4]	6,991	7,897	9,631	7,931	13,090

3 In 2016, we restructured and revised our investment categories. Our new 'Health and wellbeing' and 'Education' categories correspond to equivalent previous categories and therefore their historic data were not restated. Our new 'Infrastructure and development' combines the previous categories 'Environment', 'Community development', 'Arts, culture and heritage', 'Housing' and 'Other', and will be a wider, more comprehensive category going forward. Our new 'Enterprise and employment support' category will not include any historic data, but investments in support of employment and enterprise have effectively been part of the scope in past years, even if it is not formally reflected as an individual category
4 Changes in investment levels over the years do not necessarily represent a change in investment strategy. They 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

Consolidated performance data

Forests and fibre procurement

Forestry data 2019	Russia	South Africa	Total
Total area of land (ha)	2,056,641	253,680	**2,310,321**
Proportion of land set aside for conservation (%)	24	28	**24**
Number of seedlings planted	3,184,000	18,858,809	**22,042,809**
Wood self-sufficiency potential (%)			**46.0**

Fibre use	2015	2016	2017	2018	2019
Wood (internal and external) (million m³)	16.4	16.6	16.9	17.4	**17.6**
Pulp (externally procured) (million tonnes)	0.3	0.4	0.3	0.3	**0.3**
Paper for recycling (million tonnes)	1.4	1.3	1.3	1.3	**1.3**

Fibre procured from FSC- or PEFC-certified sources 2019 (%)	FSC	PEFC	Total
Wood	46	26	**72**
Pulp (procured externally)	93	6	**99**

Certified wood procured (%)	2015	2016	2017	2018	2019
FSC	45	46	50	49	**46**
PEFC	21	21	21	22	**26**
Total	**66**	**67**	**71**	**71**	**72**

Consolidated performance data

Energy and climate

CO₂e emissions from our pulp and paper mills (tonnes)	Scope 1	Scope 2	Total CO₂e
2015	4,477,666	777,329	5,254,995
2016	4,067,788	671,247	4,739,035
2017	3,777,282	691,649	4,468,931
2018	3,805,696	583,031	4,388,727
2019	**3,908,247**	**456,323**	**4,364,570**
CO₂e emissions from Powerflute	109,769	17,759	127,528

Specific CO₂e emissions from our pulp and paper mills (tonnes per tonne of saleable production)	Scope 1	Scope 2	Specific total (Scope 1 and 2)[5] CO₂e
2015	0.71	0.12	0.83
2016	0.65	0.11	0.76
2017	0.61	0.11	0.72
2018	0.63	0.10	0.72
2019	**0.64**	**0.07**	**0.71**

5   Progress against 2025 commitments is calculated based on excluding Raubling and Pine Bluff mills from 2014 as per 0.839 (2014)

GHG emissions from our pulp and paper mills, by country 2019 (tonnes)	Tonnes
Austria	162,815
Bulgaria	75,750
Czech Republic	448,552
Finland	127,528
Poland	239,224
Russia	2,028,531
Slovakia	147,575
South Africa	1,013,323
Sweden	63,556
Turkey	57,716
Pulp and paper mills total	**4,364,570**

Consolidated performance data

GHG emissions from our pulp and paper mills 2019 (tonnes)	Tonnes
Frantschach (Austria)	46,143
Świecie (Poland)	239,224
Dynäs (Sweden)	63,556
Štětí (Czech Republic)	448,552
Stambolijski (Bulgaria)	75,750
Powerflute (Finland)	127,528
Kematen (Austria)	32,944
Ružomberok (Slovakia)	147,575
Syktyvkar (Russia)	2,028,531
Tire Paper (Turkey)	57,716
Hausmening (Austria)	83,729
Richards Bay (South Africa)	638,620
Merebank (South Africa)	374,702

Electricity self-sufficiency of our pulp and paper mills (%)	2015	2016	2017	2018	2019
Own electricity produced	100.9	97.9	95.6	100.2	**102.1**
Electricity purchased	27.9	25.2	20.9	17.5	**14.9**
Electricity sold	28.7	23.1	16.5	17.7	**17.0**

Fuel consumption of our pulp and paper mills (million GJ)	2015	2016	2017	2018	2019
Produced from our own biomass	83.3	87.2	87.8	84.3	**86.4**
Purchased fuel	75.6	71.2	68.6	70.3	**71.3**

Consolidated performance data

Total fuel consumption from non-renewable sources[6] (GJ)	2015	2016	2017	2018	2019
Black coal	13,157,102	11,657,239	9,066,155	7,044,927	**6,923,940**
Brown coal	2,875,746	2,776,219	2,653,284	2,836,275	**3,254,698**
Heavy fuel oil	1,069,471	902,649	729,227	863,764	**1,209,792**
Natural gas	49,490,369	44,777,286	44,025,729	46,785,317	**46,035,922**
Other fossil fuel	792,899	671,017	700,496	748,527	**1,687,075**

Total fuel consumption from renewable sources (GJ)	2015	2016	2017	2018	2019
Biomass purchased	9,896,918	12,292,129	13,360,345	13,939,473	**14,087,189**
Black liquor/base liquor – thickened	70,306,948	73,311,150	74,032,219	71,468,423	**72,833,265**
Own biomass	10,824,111	11,021,724	10,674,486	9,872,304	**10,029,633**
Other renewable fuel	2,463,985	3,182,763	3,414,622	3,312,916	**3,858,592**

Production-related specific energy (GJ per tonne of saleable production)	2015	2016	2017	2018	2019
Total energy consumption in our pulp and paper mills	16.30	16.52	16.46	16.64	**16.25**
Electricity consumption	3.93	3.98	3.98	3.97	**3.97**
Heat consumption	12.37	12.54	12.48	12.67	**12.28**

6   Fuels are reported according to their lower heating value (LHV); the emissions factor source is taken from ÜBPV (BGBl II Nr. 339/2007)

GHG emissions (further details)[7] (tonnes)	2015	2016	2017	2018	2019
Scope 1 GHG emissions CO_2 emissions from C[8]	4,341,481	3,898,490	3,582,148	3,578,512	**3,690,021**
Scope 1 GHG emissions CO_2 emissions from CH_4[8]	11,452	12,036	12,155	12,046	**12,190**
Scope 1 GHG emissions CO_2 emissions from N_2O	86,763	91,332	91,366	88,932	**89,746**
Scope 1 GHG emissions CO_2 emissions from ozone depleting substances	Not available	12,167	8,117	19,655	**32,290**
Scope 2 market-based	777,329	671,247	691,649	583,031	**456,323**
Scope 2 location-based	1,195,572	1,083,687	806,945	570,382	**441,333**
Biogenic GHG emissions	11,985,743	12,752,816	12,954,968	12,571,767	**12,812,150**

7   Market-based method: A method to quantify Scope 2 GHG emissions, based on GHG emissions emitted by the generators from which the reporter contractually purchases electricity bundled with instruments, or unbundled instruments on their own (CDP, 'Accounting of Scope 2 emissions', V3, 2016). Location-based method: A method to quantify Scope 2 GHG emissions based on average energy generation emission factors for defined locations, including local, sub-national, or national boundaries (CDP, 'Accounting of Scope 2 emissions', V3, 2016).
8   Scope 1 GHG emissions included relate to those from fuel combustion and mobile transportation. Additional Scope 1 GHG emissions in 2019 derive from the operation of landfills and wastewater treatment plants (72,693 tonnes) and the use of carbonates (11,307 tonnes)

Consolidated performance data

Energy use from our pulp and paper mills (GJ)	2015	2016	2017	2018	2019
Electricity purchased	6,930,935	6,277,050	5,217,232	4,250,850	3,623,860
Own biomass	83,286,981	87,193,849	87,791,377	84,334,769	86,413,615
Purchased biomass	10,204,981	12,613,917	13,690,293	14,258,347	14,393,349
Fossil fuels consumed	65,348,140	58,616,253	54,887,101	55,999,985	56,902,394
Heat purchased	63,558	16,206	63,996	83,545	73,088
Energy sales	13,143,550	11,609,519	10,081,724	10,198,309	9,835,515
Total energy use	152,691,044	153,107,757	151,568,275	148,729,187	151,570,791
Powerflute electricity purchased				277,981	61,307
Powerflute biomass consumed				1,756,942	1,877,883
Powerflute fossil fuels consumed				990,110	1,052,787
Powerflute energy sales				1,256	19,778

Energy use from our converting operations (GJ)	2015	2016	2017	2018	2019
Electricity purchased	1,786,181	1,881,472	1,965,292	1,948,379	1,866,083
Fossil fuels consumed	2,037,447	2,168,157	2,287,791	2,278,825	2,209,033
Heat purchased	183,093	187,220	174,977	182,561	195,472
Total energy use	**4,006,722**	**4,236,850**	**4,428,060**	**4,409,764**	**4,270,588**

Scope 3 emissions (tonnes)	2015	2016	2017	2018	2019
Fuel and energy-related activities (not included in Scope 1 or 2)	439,291	399,966	385,613	589,834	628,002
Purchased goods and services	1,663,253	1,826,793	1,867,405	1,853,798	1,840,745
Employee commuting	47,177	48,514	49,469	49,851	48,984
Upstream transportation and distribution	471,914	435,692	447,613	483,037	465,425
Downstream transportation and distribution	260,980	260,035	259,998	253,453	256,647
Business travel	4,134	4,303	3,904	11,007	11,850
Total	**2,886,749**	**2,975,303**	**3,014,002**	**3,240,979**	**3,251,652**

Consolidated performance data

Water, air and waste

Water

Water input (m³)	2015	2016	2017	2018	2019
Total water input (m³)	308,530,242	309,031,879	307,071,545	303,459,107	306,299,800
Potable water input	25,997,450	23,315,191	22,620,731	24,332,544	27,180,356
Non-potable water	282,532,792	285,716,688	284,450,814	279,126,563	279,119,444
Second-class water	10,534,946	11,217,052	11,928,377	9,290,059	8,218,302
Surface water	246,398,245	249,275,693	246,973,299	247,081,374	252,751,131
Ground water	25,599,600	25,223,943	25,549,137	22,755,130	18,150,011
Waste water from third parties and other Mondi operations	38,249,896	38,229,853	38,669,589	36,288,548	36,972,077
Powerflute total water input				10,770,785	11,792,951

Total water input (%)	2015	2016	2017	2018	2019
Non-potable water	92	92	93	92	91
Potable water	8	8	7	8	9

Emissions to water (tonnes)	2015	2016	2017	2018	2019
Emissions to water, COD (tonnes)	46,043	43,879	42,711	48,349	48,549
Emissions to water, AOX (tonnes)	147	155	170	150	153
Emissions to water, TSS (tonnes)	9,450	9,503	7,259	11,417	9,307
Powerflute emissions to water, COD (tonnes)				1,771	1,873
Powerflute emissions to water, AOX (tonnes)				0	0
Powerflute emissions to water, TSS (tonnes)				66	53

Consolidated performance data

Effluent (water discharges) (m³)	2015	2016	2017	2018	2019
Water discharge via on-site or off-site treatment	238,401,299	235,945,906	231,652,362	228,523,805	**235,836,629**
Effluent direct to surface water without treatment	77,880,033	83,381,085	88,590,582	85,031,235	**87,798,958**
Effluent to irrigate land	52,236	51,367	50,645	54,660	**50,474**
Effluent sent to third-parties for recycling or reuse of water	0	738,358	7,747,028	1,634,045	**1,200,584**
Total water output	**316,333,567**	**320,116,716**	**328,040,616**	**315,243,745**	**324,886,644**
Waste water from third-parties and other Mondi operations	38,249,896	38,229,853	38,669,589	36,288,548	**36,972,077**
Total water output (excluding third parties)	**278,083,672**	**281,886,862**	**289,371,027**	**278,955,197**	**287,914,568**
Water discharged to ocean/sea	23,753,340	22,631,496	21,429,777	22,095,268	**21,243,214**
Water discharged to rivers	292,580,228	297,485,220	306,610,839	293,148,477	**303,643,430**
Powerflute total water output				10,836,950	**11,897,821**

Contact and non-contact water use (m³)	2015	2016	2017	2018	2019
Non-contact water	85,388,509	91,897,722	98,448,861	97,438,070	**99,317,853**
Contact water	209,551,234	206,763,090	205,435,261	202,783,297	**203,736,411**

Air

Air emissions (tonnes)	2015	2016	2017	2018	2019
Total NOx emissions from processes	12,468	11,591	11,048	10,398	**11,031**
TRS from processes	71	52	56	55	**44**
Total particulate emissions	1,500	963	921	1,023	**928**
Total SO_2 emissions from processes	5,604	1,985	1,447	1,567	**1,276**
Powerflute total NOx emissions from processes				515	**566**
Powerflute TRS from processes				3	**3**
Powerflute total particulate emissions				115	**77**
Powerflute total SO_2 emissions from processes				106	**155**

Consolidated performance data

Particulate emissions from processes (tonnes)	2015	2016	2017	2018	2019
Particulate emissions from drying of pulp	4	5	2	2	1
Particulate emissions from bark boiler	199	159	165	140	105
Particulate emissions from lime kiln	83	87	79	65	71
Particulate emissions auxiliary boilers	249	210	161	158	157
Particulate emissions from recovery boiler	959	500	503	655	593
Particulate emissions from other sources (allocated to paper production)	0	0	11	0	0
Particulate emissions from other sources (allocated to pulp production)	5	1	2	2	0
Total	**1500**	**963**	**921**	**1023**	**928**

Emission of ozone-depleting substances (kg)	2015	2016	2017	2018	2019
HFC	6,383	6,262	4,289	10,101	15,949
HCFC	995	628	1,420	740	413
CFC	2	0	1	0	0
Halons	0	0	0	0	0
PFC	0	0	0	0	0
Total loss of ozone-depleting substances	**7,379**	**6,890**	**5,710**	**10,841**	**16,361**

Consolidated performance data

Waste

Waste to landfill (tonnes)	2015	2016	2017	2018	2019
Non-hazardous waste landfilled	229,253	205,251	191,462	231,261	227,196
Hazardous waste landfilled	814	1,230	455	1,054	1,390
Total waste to landfill	**230,068**	**206,481**	**191,917**	**232,315**	**228,585**

Hazardous waste (tonnes)	2015	2016	2017	2018	2019
Hazardous waste treated	8,059	9,273	11,445	11,061	11,448
Hazardous waste incinerated	2,668	3,473	3,593	5,683	3,225
Hazardous waste recycled/reused	2,539	2,829	2,298	3,854	2,695
Hazardous waste landfilled	814	1,230	455	1,054	1,390
Total hazardous waste	**14,081**	**16,806**	**17,792**	**21,653**	**18,757**
Powerflute total hazardous waste				38	30

Non-hazardous waste (tonnes)	2015	2016	2017	2018	2019
Non-hazardous waste treated	1,948	2,949	7,247	7,007	7,175
Non-hazardous waste incinerated	85,039	61,346	49,400	52,447	62,702
Non-hazardous waste recycled/reused	735,083	831,846	846,862	825,364	745,255
Non-hazardous waste landfilled	229,253	205,251	191,462	231,261	227,196
Total non-hazardous waste	**1,051,323**	**1,101,392**	**1,094,972**	**1,116,080**	**1,042,327**
Powerflute total non-hazardous waste				39,424	50,901

Total debris (tonnes)	2015	2016	2017	2018	2019
Non-hazardous debris	20,488	22,102	57,911	74,928	260,571
Hazardous debris	14	0	91	153	287
Total debris	**20,503**	**22,102**	**58,002**	**75,081**	**260,858**

Total solid waste (tonnes)	2015	2016	2017	2018	2019
	1,085,907	1,140,299	1,170,765	1,212,814	**1,321,943**

About this report

About this report

This 2019 Sustainable Development report covers the financial year 1 January 2019 to 31 December 2019 and should be read in conjunction with our Integrated report and financial statements 2019. Our previous report was published in April 2019 for the financial year 1 January 2018 to 31 December 2018.

Reporting standards and format

This report provides a comprehensive view of our approach to sustainable development and our performance in 2019 with regard to environmental, social and governance issues. It has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option.

We have applied the GRI guidelines to our annual sustainable development reports since 2009 and believe that they 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, the content is defined through various internal and external processes including risk management (see Sustainability governance on page 25), materiality assessment (see page 23) and stakeholder engagement at various levels (see 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, energy and products). Throughout the report, by 'our operations' we mean our pulp and paper mills, converting operations and forestry operations, unless otherwise specified.

For better readability, we have reduced reporting of figures generally to 2 decimals and rounded performance. Nevertheless, trends to previous years have been calculated by considering the real performance figures.

In addition, we report on progress against the commitments we made for the period 2016 to 2020 against a 2015 baseline. We have already achieved our former 2015–2030 GHG reduction target and replaced it with a science-based GHG reduction target. In October 2019, the Science Based Targets initiative (SBTi) assessed and approved our new Scope 1 and Scope 2 science-based GHG targets against a 2014 baseline.

As a signatory to the United Nations Global Compact (UNGC), this report aligns with the UNGC's 10 universally accepted principles in the areas of human rights, labour, environment, and anti-corruption and highlights key actions implemented and progress made in 2019 against these principles. Our annual Communication on Progress to the UNGC can be found at www.mondigroup.com/ungc_cop.

Disclosures of management approach based on GRI Standards methodology

The action areas in this report reflect the Group's sustainable development management areas, which usually include more than one GRI material topic. For example, the 'Constrained resources and environmental impacts' action area includes information relating to the material topics water, emissions, effluents and waste; and the 'Fairness and diversity in the workplace' action area includes the material topics employment, labour/management relations, human rights assessment and diversity and equal opportunity.

Using the GRI 103 Standards: Management Approach, we have described topic-specific disclosures of the management approach in a separate table within our GRI Standards index. Some information, which applies across all material aspects, is provided here and includes our approach to policies, commitments, goals and targets, responsibilities and resources.

Statements provided in the Sustainability governance section (see page 25) on the governance and accountability of sustainability at Mondi is valid for all reported focus areas and all GRI material topics included in this report.

Our Sustainable Development Management System (SDMS), including policies, standards and performance requirements, governs our approach and we have systems in place to support the monitoring and measurement of our performance. Our group-wide reporting systems include key performance indicators across our focus areas and reported material topics, and our performance is guided by our public commitments – a set of mid- and long-term goals that shape our approach and track our progress.

Please see the GRI Standards index on page 131 for a more detailed overview of our reporting according to GRI Standards core criteria, and page 89 for a more detailed overview of performance against our 2020 commitments.

Roles and responsibilities for managing our focus areas and material aspects are described in the Sustainability governance section (see page 27) under 'Embedding sustainability'.

About this report

The resources that we use to manage our focus areas and material aspects include:

→ Our well-invested, low-cost, high-quality mills and converting operations

→ A strong financial position to fund our business and pursue relevant growth opportunities

→ Our talented and committed people

→ Access to natural resources such as fibre and water, as well as fuels and electricity

→ Strong partnerships with our suppliers and our customers

→ Our constructive working relationship with communities, governments, NGOs and other stakeholders

Please refer to our business model on and see our 10 Action Areas for a more detailed overview of how we manage each material aspect.

Reporting scope

In terms of performance data, 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. Reported data remains comparable with last year's data, unless noted otherwise.

→ No material changes to reporting scope and methodologies have been made in this report.

→ To calculate the progress of our commitments we calculated the specific figures of key performance parameters against the corrected base year (2014, 2015) by excluding divested mills (Raubling, Pine Bluff).

→ The performance of our newly acquired Powerflute mill has been included in our 2019 figures.

→ Our environmental performance covers all our manufacturing operations (including converting operations), unless stated that they are limited to 'our pulp and paper mills' or otherwise.

→ Examples include some energy and climate-related data. See for more details.

→ Greenhouse gas (GHG) emissions are reported according to the GHG Protocol, published by the WBCSD and the World Resources Institute.

→ Safety data includes all employees and contractors, but usually excludes service suppliers such as catering, office cleaning or telecommunications and management consultants (a number of our operations include service providers in their performance where relevant).

→ Financial information is reported in euros (€), for ease of reading and to allow comparisons.

→ Where we have reported wood volumes in m^3, this figure reflects solid cubic metres (SCM).

GHG emissions scope and boundaries

Transport of raw materials and products are taken into account as direct emissions (Scope 1) when carried out by Mondi itself. Mondi takes into account hydrofluorocarbon (HFC) and Hydrochlorofluorocarbons (HCFC) emissions from refrigerant leakage, as well as emissions from Sulphur hexafluoride (SF_6 leakage) from old electrical switch gears.

Our operations report all direct emissions as well as those indirect emissions attributable to imported electricity, steam, and heated or cooled water on a monthly basis.[1]

Scope 1 and Scope 2 emissions are calculated according to the GHG Protocol, published by the WBCSD and WRI, EU ETS monitoring and reporting regulations, and ISO 14064-1 based on primary data (such as energy bills, meters with defined accuracy) and are externally verified with reasonable assurance.

Scope 3 emissions are calculated and reported at Group level based on the GHG protocol's 'Corporate Value Chain (Scope 3) accounting and reporting standard' (Oct 2011). Due to lack of primary data, in many cases secondary data (such as databases like Ecoinvent) have to be used for the calculation. Scope 3 data are annually externally verified with limited assurance. Currently we are running a programme as part of our WWF Climate Savers partnership to improve the accuracy of our Scope 3 data by including primary data where feasible.

Biogenic emissions are calculated on basis of biomass input in our energy plants. This includes purchased biomass incinerated in our biomass boilers, bark and by-products from the pulp process such as black liquor, pitch fuel, tall oil, turpentine, methanol, biogas from anaerobic wastewater treatment plants and others.

Specific GHG factors used are taken from the GHG Protocol for the paper and pulp industry as well as from regulatory directives (such as EU ETS) and supplier information (e.g. Scope 2 emissions for electricity purchased).

The calculation of our Scope 1 emissions is based on the fuel consumption in our energy plants as well as in Mondi-owned vehicles. In the calculation of our Scope 2 emissions, details such as inclusion of CO_2, CH_4, N_2O, HFCs, PFCs, SF_6 are currently not reflected.

1   GHG emissions addressed:
– CO_2, CH_4 and N_2O emissions from fossil fuel-fired units, recovery furnaces, biomass-fired boilers, and lime kilns
– CO_2 emissions from make-up $CaCO_3$ or Na_2CO_3 used in the pulp mill
– CO_2, CH_4, and N_2O emissions from transportation and mobile sources
– CH_4 emissions attributable to mill wastes in landfills and anaerobic waste treatment operations
– GHG emissions from mobile sources (e.g., company-owned harvesting equipment and company-owned truck fleets)
– fossil fuel-derived CO_2 emissions exported to satellite precipitated calcium carbonate (PCC) plants imports of CO_2 (e.g. for pH neutralisation)
– GHG emissions associated with power and steam that is imported and consumed
– GHG emissions attributable to power and steam exports
– GHG emissions attributable to losses of ozone-depleting substances

About this report

Approach and methodology used in our materiality assessment

Our materiality assessment methodology was designed to combine qualitative and quantitative inputs, balance internal and external perspectives, and meet GRI guidance and best-practice standards.

The GRI definitions that informed the criteria for our materiality assessment:

Issue impact: The social and environmental effects of Mondi's activities on stakeholder groups.

Issue influence: The ability for different issues to impact the perception of different stakeholders of Mondi as a business.

Stakeholder engagement was designed to quantitatively and qualitatively capture the views of internal and external stakeholders.

Assumptions and limitations

To arrive at a consolidated perspective of our stakeholders' priorities, we applied a number of assumptions throughout the materiality process which we highlight below to show the limitations of our conclusions:

→ Small stakeholder sample size means that, on certain topics, insight and ranking was by a limited number of stakeholders, potentially shifting the ranking on those topics disproportionately.

→ Participant expertise did not cover all of Mondi's diverse areas of impact, potentially leading to certain topics being under- or over-represented.

→ Participants may have had different understandings of the meaning of certain questions, based on knowledge, background, focus area, local context or language barriers.

→ A mix of primary (interviews and surveys) and secondary data (desk research) was used in conducting the study.

→ Our short-list of material issues and the external stakeholders we engaged intentionally placed the focus on material social and environmental issues related to the sustainability of the business rather than basic commercial principles. As a result, issues such as taxation, product quality, customer data security, customer relations, IT security and employee engagement do not feature in our list of highly material issues, although they remain important to our business.

→ Our approach was aligned with GRI's guidance, which defines 'impact' as the effect that an organisation has on the economy, the environment, and society as opposed to a risk-based approach that prioritises the issues that pose the greatest risk to the business.

→ We carried out a 'sense check' review at Stage 5 of the assessment, based on our long-term understanding of stakeholder perspectives and taking into account assessment limitations. As a result, two topics highlighted as important by internal stakeholders, were added to our final list of material issues. These were 'Employee and contractor safety and health' and 'product innovation and design'.

While the limitations and assumptions stated above apply, we are comfortable that outcomes of our assessment represent the views of our stakeholders, strategic business areas and the realities of our global context, and that they will help us focus on the most important sustainability issues beyond 2020.

External assurance

External assurance plays an important part in the way we work and it provides stakeholders with assurance in respect of our performance.

Our policy and practice is to seek external assurance of our Sustainable Development report on an annual basis. The Board (through the SD committee) and the executive committee approve the approach to and scope of external assurance every year, oversee the overall reporting progress, and are informed of the assurance observations and recommendations.

Environmental Resources Management Certification and Verification Services (ERM CVS) provided limited assurance on selected KPIs that we report, on the status of compliance of this report with GRI Standards core criteria and verification of GHG data in accordance with ISO 14064 to reasonable (pulp and paper mills) and limited (converting operations) levels of assurance. PricewaterhouseCoopers, our appointed statutory auditors, provided an unqualified audit opinion on our 2018 financial statements.

Additional information

In addition to our online Sustainable Development report 2019, other information – including policies and standards, report archives, governance of sustainability, case studies library, associations we support, useful links and sustainability contacts – can be found at: www.mondigroup.com/sustainability.

Independent Assurance Statement

Independent Assurance Statement to Mondi Group

ERM Certification and Verification Services (ERM CVS) was engaged by Mondi Group ('Mondi') to provide assurance in relation to Mondi's 2019 Sustainable Development report ('the Report').

Scope of our assurance engagement:

1. Whether the Report is fairly presented in accordance with the Global Reporting Initiative (GRI) Standards Core option.

2. Whether the 2019 data for the following key performance indicators ('KPIs') are fairly presented, in all material respects, with the reporting criteria:

   → Total energy usage (GJ);

   → Total Scope 1 and Scope 2 (location-based and market-based) GHG emissions (tonnes CO_2e);

   → Total Scope 3 GHG emissions from employee commuting, downstream transportation and distribution, business travel, purchased goods and services, upstream transportation and distribution, and fuel and energy-related activities not included in Scope 1 or Scope 2 (tonnes CO_2e);

   → Total water input (pulp and paper mills) (m^3);

   → Total water output (pulp and paper mills) (m^3);

   → Total contact and non-contact water use (m^3)*;

   → Total hazardous and non-hazardous waste (tonnes)*;

   → NOx emissions (tonnes)*;

   → COD emissions (tonnes)*;

   → Total Recordable Case Rate (number/ 200,000 hours)*;

   → Fatalities and Life Altering Injuries (number);

   → Management Risk Focused audits conducted (number);

   → First Line Manager Task audits conducted (number);

   → Critical safety training completed (hours);

   → Certified wood procured (percentage, m^3)*;

   → Certified pulp procured (percentage, tonnes);

   → Managed land set aside for conservation purposes (percentage);

   → Status of follow-up actions from the 2018 employee survey;

   → Community and social investments, by category (€).

3. Whether the reported progress since the 2015 baseline for those KPIs associated with a 2020 commitment (marked with * above) is fairly stated in accordance with the reporting criteria.

4. Whether the disclosures relating to the above KPIs in the Report are consistently presented in Mondi's 2019 Integrated report and financial statements ('Integrated report').

5. Whether the disclosures relating to GHG emissions presented in the section 'Climate change' on pages 43 and 44 of the Integrated report comply with the requirements of the UK Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

*   KPIs associated with a 2020 commitment

Reporting criteria:

Global Reporting Initiative (GRI) Standards (2016) and internal indicator criteria developed by Mondi and described in the section 'About this report' and the relevant performance sections of the Report.

Assurance standard:

ERM CVS' assurance methodology, based on the International Standard on Assurance Engagements ISAE 3000 (Revised).

ISO 14064-3:2006 for the Scope 1 and Scope 2 GHG emissions.

Assurance level:

Reasonable assurance: Total energy usage and Scope 1 and Scope 2 GHG emissions for Mondi's pulp and paper mills.

Limited assurance: Scope 1 and Scope 2 GHG emissions for Mondi's converting operations, and all other scopes set out above.

Respective responsibilities:

Mondi is responsible for preparing the Report and for the collection and presentation of the information within it.

ERM CVS's responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.

Our opinion:

In our opinion, the 2019 Scope 1 and Scope 2 GHG emissions and energy usage for Mondi's pulp and paper mills are fairly presented, in all material respects, in accordance with the reporting criteria.

Independent Assurance Statement

Our conclusions

Based on our activities:

→ nothing has come to our attention to indicate that the Report is not fairly presented in accordance with the Global Reporting Initiative (GRI) Standards Core Option;

→ nothing has come to our attention to indicate that the 2019 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 reported progress since the 2015 baseline for those KPIs associated with a 2020 commitment (marked with * under 'Scope of our assurance engagement' above) is not fairly stated in accordance with the reporting criteria;

→ 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

→ nothing has come to our attention to indicate that the disclosures relating to GHG emissions presented in the section 'Climate change' on pages 43 and 44 of the Integrated report do not comply with the requirements of the UK Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

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 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.

– Verify the source data underlying the Scope 3 GHG emissions.

→ Physical visits to 6 production sites in Austria, Finland, South Africa and the United States to verify the source data underlying the energy usage and Scope 1 and Scope 2 GHG emissions, the other environmental and safety indicators, the indicators for certified wood and pulp, the status of follow-up actions from the 2018 employee survey, and community and social investments.

→ An analytical review and desktop testing of the year-end data submitted by all sites included in the consolidated 2019 group data for the KPIs.

→ A review of selected evidence related to the design, information collection, and production of the Report in accordance with the GRI Standards.

→ A review of the presentation of information relevant to the scope of our work in the Report to ensure consistency with our findings.

→ A review of the consistency of the assured disclosures between the Report and the Integrated report.

→ A review of 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:

→ An assessment of the conclusions of accredited third-party verification bodies relating to the verification of Scope 1 GHG emissions for 2019 from Mondi'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.

→ Desktop verification of underlying source data for GHG emissions from a sample of pulp and paper mills and converting operations not covered by our site visits or the EU ETS verification process.

→ A test of the calculation of the Scope 1 and Scope 2 GHG emissions and a review of the uncertainties associated with the measuring and reporting of GHG emissions data for Mondi's pulp and paper mills at site and Group levels.

Independent Assurance Statement

The limitations of our engagement

The reliability of the assured information 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 with a separate detailed management report. Without affecting the conclusions presented above, we have the following key observations:

→ Mondi's overall safety performance in terms of Total Recordable Case Rate (TRCR) improved again in 2019, however there were two fatalities and two life-altering injuries during the year. We strongly encourage Mondi to continue its ongoing work on safety risk identification and mitigation, engagement with contractors, training, audits and the embedding of a safety mind-set in order to reduce the risk of harm for all of its employees and contractors.

→ Mondi's progress against its commitments to reduce the specific contact water, waste to landfill and specific effluent load (COD) from its manufacturing operations is currently behind target. A strong focus on these areas will be required by Mondi to improve its performance in 2020.

→ We note the practical steps undertaken by Mondi in 2019 on the roll out of its responsible procurement process, including the engagement with key suppliers and the follow-up work undertaken with those suppliers identified as high-risk. Further implementation of this process in 2020, together with due diligence for fibre-based materials, will enable Mondi to more effectively identify and address key risks in its supply chain.

→ We recognise that Mondi has now obtained approval by the Science Based Targets initiative of its climate change targets, which require Mondi to achieve significant reductions in the carbon intensity of its operations by 2050 against a 2014 baseline.

→ We note the work undertaken by Mondi in 2019 on its commitments of 100% of its plastic packaging being reusable, recyclable or compostable by 2025, including the partnership project to design flexible packaging which can be recycled at scale. Achievement of this commitment, together with the commitment to the use of 25% recycled content, within a five-year timeframe will be challenging, however, and will require Mondi to undertake significant collaborative efforts with other key stakeholders.

Jennifer Iansen-Rogers
Head of Corporate Assurance

13 March 2020

ERMCVS
Informed Assured

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General disclosures

Disclosure		Location in reporting suite
Organisational profile		
102-1	Name of the organisation	Front Cover
102-2	Activities, brands, products, and services	Our businesses (page 10)
102-3	Location of headquarters	Where we operate (page 13)
102-4	Location of operations	Where we operate (page 13)
102-5	Ownership and legal form	Integrated report – Notes to the combined and consolidated financial statements – Basis of preparation (note 1) (page 165) & simplification of corporate structure (page 33)
102-6	Markets served	Our businesses (page 10), Where we operate (page 13)
102-7	Scale of the organisation	Overview (page 1), Our businesses (page 10), Integrated report 2019 – Letter from the Chair (page 10), Our strategy (page 24), Strategic performance (page 26), Our businesses (page 4), Business reviews (page 66), Financial statements (page 146), Production statistics (page 223)
102-8	Information on employees and other workers	Fairness and diversity – Promoting diversity and inclusion (page 44)
102-9	Supply chain	Supplier conduct and responsible procurement – Our global supply chain (page 72)
102-10	Significant changes to the organisation and its supply chain	Integrated report – Our Strategy (page 24), Our strategic performance (page 26)
102-11	Precautionary Principle or approach	Sustainability governance – How we manage SD risks and opportunities (page 28)
102-12	External initiatives	Stakeholder engagement matrix – Collaborative platforms and initiatives (page 105)
102-13	Membership of associations	Stakeholder engagement matrix – Industry associations and NGOs (page 104), Collaborative platforms and initiatives (page 105)
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102-15	Key impacts, risks and opportunities	Growing Responsibly (page 19), SDG contribution (page 21), Materiality (page 23), Sustainability governance – How we manage SD risks and opportunities (page 28), Climate change – What the climate crisis means for our business (page 52), Our 2020 Commitments (page 89), Integrated report – External context (page 14)

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102-16	Values, principles, standards, and norms of behaviour	The Mondi Way (page 11), Our business model (page 12), A skilled and committed workforce – Employee engagement (page 37), Integrated report – Letter from the Chair (page 10)
102-17	Mechanisms for advice and concerns about ethics	Sustainability governance – Speakout hotline (page 29), Anti-corruption (page 29), Fairness and diversity – grievance mechanisms (page 43)
Governance		
102-18	Governance structure	Sustainability governance – Operating responsibly (page 25)
102-21	Consulting stakeholders on economic, environmental and social topics	Sustainability governance – Engagement with key stakeholder groups (page 26)
102-22	Composition of the highest governance body and its committees	Integrated report – Board of Directors (page 90), Composition of the Board (page 94)
102-23	Chair of the highest governance body	Integrated report – Board of Directors (page 90)
102-26	Role of highest governance body in setting purpose, values, and strategy	Sustainability governance – Key sustainability topics discussed by the Board and committees (page 26), Embedding sustainability (page 27)
102-29	Identifying and managing economic, environmental and social impacts	Materiality (page 23), Sustainability governance – engagement with key stakeholder groups (page 26)
Stakeholder engagement		
102-40	List of stakeholder groups	Stakeholder engagement matrix – Key stakeholders in 2019 (page 102)
102-41	Collective bargaining agreements	Fairness and diversity in the workplace – Collective bargaining and freedom of association (page 43)
102-42	Identifying and selecting stakeholders	Relationships with communities – Understanding local context (page 77)
102-43	Approach to stakeholder engagement	Stakeholder engagement matrix – Key stakeholders in 2019 (page 102)
102-44	Key topics and concerns raised	Stakeholder engagement matrix – Key stakeholders in 2019 (page 102), Materiality – Identifying what matters (page 23)

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Reporting practice		
102-45	Entities included in the consolidated financial statements	Integrated report – Notes to the Mondi plc parent company financial statements (note 11) (page 218)
102-46	Defining report content and topic Boundaries	About this report – Reporting standards and format (page 125) Materiality – Identifying what matters (page 23)
102-47	List of material topics	Materiality – Identifying what matters (page 23)
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102-50	Reporting period	About this report (page 125)
102-51	Date of most recent report	About this report (page 125)
102-52	Reporting cycle	About this report (page 125)
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Disclosure		Location in reporting suite
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103-3	Evaluation of the management approach	Sustainability governance – Embedding sustainability (page 27)

Economic

Disclosure		Location in reporting suite
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103-1/2	Explanation of the material topic and its Boundary, the management approach and its components	Sustainable governance – Our Sustainable Development Management System (page 28), Relationships with communities – Our socio-economic impact (page 77)
201-1	Direct economic value generated and distributed	Relationships with communities – Understanding local context (page 77)
201-2	Financial implications and other risks and opportunities due to climate change	Climate change – Identifying and assessing our climate-related risks and opportunities (page 52), CDP climate change disclosure 2019 – https://www.cdp.net

Market presence

Disclosure		Location in reporting suite
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103-1/2	Explanation of the material topic and its Boundary, the management approach and its components	Supplier conduct and responsible procurement – Our global supply chain (page 72), Managing risks and increasing transparency (page 74)
204-1	Proportion of spending on local suppliers	Supplier conduct and responsible procurement – Our global supply chain (page 72)
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103-1/2	Explanation of the material topic and its Boundary, the management approach and its components	Sustainability governance – Our Sustainable Development Management System (page 28), Political donations, gifts and bribes (page 29), Anti-corruption (page 29) and Integrated report: Corporate governance report (page 94) and Sustainability performance Code of business ethics (page 36)
205-1	Operations assessed for risks related to corruption	Sustainability governance – Anti-corruption (page 29)
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206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Sustainability governance – Fines, non-monetary sanctions and significant legal issues (page 29)

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103-1/2	Explanation of the material topic and its Boundary, the management approach and its components	Sustainability governance – Our Sustainable Development Management System (page 28), Supplier conduct and responsible procurement – Our global supply chain (page 72)
301-1	Materials used by weight or volume	Supplier conduct and responsible procurement – Our global supply chain (page 72)
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103-1/2	Explanation of the material topic and its Boundary, the management approach and its components	Sustainability governance – Our Sustainable Development Management System (page 28), Climate Change – Increasing energy efficiency and reducing carbon emissions (page 54)
302-1	Energy consumption within the organisation	Climate change – Increasing energy efficiency and reducing carbon emissions (page 54), CDP climate change disclosure 2019 – https://www.cdp.net
302-3	Energy intensity	Climate change – Increasing energy efficiency and reducing carbon emissions (page 54), Consolidated performance data (page 119)
Water		
103-1/2	Explanation of the material topic and its Boundary, the management approach and its components	Sustainability governance – Our Sustainable Development Management System (page 28), Constrained resources and environmental impact – Water (page 59)
303-1	Water withdrawal by source	Constrained resources and environmental impacts – Water (page 59), CDP water security disclosure 2019 – https://www.cdp.net
Biodiversity		
103-1/2	Explanation of the material topic and its Boundary, the management approach and its components	Sustainability governance – Our Sustainable Development Management System (page 28), Biodiversity and ecosystems – Our biodiversity impacts and dependencies (page 67)
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity GRI PDF
304-2	Significant impacts of activities, products, and services on biodiversity	Biodiversity GRI PDF
304-3	Habitats protected or restored	Biodiversity GRI PDF
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Biodiversity GRI PDF

Disclosure		Location in reporting suite
Emissions		
103-1/2	Explanation of the material topic and its Boundary, the management approach and its components	Sustainability governance – Our Sustainable Development Management System (page 28), Climate change – Increasing energy efficiency and reducing carbon emissions (page 54)
305-1	Direct (Scope 1) GHG emissions	Climate change – Delivering on our GHG commitments (page 55), CDP climate change disclosure 2019 – https://www.cdp.net
305-2	Energy indirect (Scope 2) GHG emissions	Climate change – Delivering on our GHG commitments (page 55), CDP climate change disclosure 2019 – https://www.cdp.net
305-3	Other indirect (Scope 3) GHG emissions	Climate change – Scope 3 emissions (page 57) CDP climate change disclosure 2019 – https://www.cdp.net
305-4	GHG emissions intensity	Climate change – GHG emissions from our pulp and paper mills (page 56) CDP climate change disclosure 2019 – https://www.cdp.net
305-5	Reduction of GHG emissions	Climate change – Delivering on our GHG commitments (page 55), CDP climate change disclosure 2019 – https://www.cdp.net
305-6	Emissions of ozone-depleting substances (ODS)	Constrained resources and environmental impacts – Air emissions (page 62)
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306-1	Water discharge by quality and destination	Constrained resources and environmental impacts – Effluent and waste water quality (page 61), Consolidated performance data – Effluent (page 121)
306-2	Waste by type and disposal method	Consolidated performance data – Waste (page 124)
306-3	Significant spills	Constrained resources and environmental impacts – Environmental incidents (page 64)
306-5	Water bodies affected by water discharges and/or runoff	Constrained resources and environmental impacts – Managing our water-related risks (page 59), CDP water security disclosure 2019 – https://www.cdp.net
Environmental compliance		
103-1/2	Explanation of the material topic and its Boundary, the management approach and its components	Sustainability governance – Our Sustainable Development Management System (page 28), Constrained resources and environmental impacts – Managing our impacts (page 64)
307-1	Non-compliance with environmental laws and regulations	Constrained resources and environmental impacts – Managing our impacts (page 64)
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103-1/2	Explanation of the material topic and its Boundary, the management approach and its components	Sustainability governance – Our Sustainable Development Management System (page 28), Supplier conduct and responsible procurement – Managing risks and increasing transparency (page 74)
308-1	New suppliers that were screened using environmental criteria	Supplier conduct and responsible procurement – Managing risks and increasing transparency (page 74)
308-2	Negative environmental impacts in the supply chain and actions taken	Supplier conduct and responsible procurement – Responsible procurement process (page 74)

Disclosure		Location in reporting suite
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Employment		
103-1/2	Explanation of the material topic and its Boundary, the management approach and its components	Sustainability governance – Our Sustainable Development Management System (page 28), A skilled and committed workforce (page 36), Fairness and diversity (page 41)
401-1	New employee hires and employee turnover	Fairness and diversity in the workplace – Promoting diversity and inclusion (page 44).
Labour/management relations		
103-1/2	Explanation of the material topic and its Boundary, the management approach and its components	Sustainability governance – Our Sustainable Development Management System (page 28), Fairness and diversity – Collective bargaining and freedom of association (page 43), Restructuring, divestures and closures (page 43)
402-1	Minimum notice periods regarding operational changes	Fairness and diversity in the workplace – Restructuring, divestures and closures (page 43)
Occupational health and safety		
103-1/2	Explanation of the material topic and its Boundary, the management approach and its components	Sustainability governance – Our Sustainable Development Management System (page 28), Employee and contractor safety and health (page 31)
403-1	Occupational health and safety management system	Employee and contractor safety and health – Certification and management systems (page 33)
403-2	Hazard identification, risk assessment, and incident investigation	Employee and contractor safety and health – Risk-based approach (page 33), Incident investigations (page 33)
403-4	Worker participation, consultation, and communication on occupational health and safety	Employee and contractor safety and health – Safety and health committees (page 34)
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403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employee and contractor safety and health – Working with contractors (page 34)
403-8	Workers covered by an occupational health and safety management system	Employee and contractor safety and health – Certification and management systems (page 33)
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404-1	Average hours of training per year per employee	A skilled and committed workforce – Training and development (page 39)
404-2	Programs for upgrading employee skills and transition assistance programs	A skilled and committed workforce – Training and development (page 39), Fairness and diversity in the workplace – Restructuring, divestures and closures (page 43)
404-3	Percentage of employees receiving regular performance and career development reviews	A skilled and committed workforce – Transparency, assessment and feedback (page 38)
Diversity and equal opportunity		
103-1/2	Explanation of the material topic and its Boundary, the management approach and its components	Sustainability governance – Our Sustainable Development Management System (page 28), Fairness and diversity – Diversity and equal opportunities (page 44)
405-1	Diversity of governance bodies and employees	Fairness and diversity in the workplace – Promoting diversity and inclusion (page 44).
Human Rights assessment		
103-1/2	Explanation of the material topic and its Boundary, the management approach and its components	Sustainability governance – Our Sustainable Development Management System (page 28), Fairness and diversity – Respecting human rights (page 42)
412-1	Operations that have been subject to human rights reviews or impact assessments	Fairness and diversity in the workplace – Respecting human rights (page 42)
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Local communities		
103-1/2	Explanation of the material topic and its Boundary, the management approach and its components	Sustainability governance – Our Sustainable Development Management System (page 28), Relationships with communities – Understanding local context (page 77)
413-1	Operations with local community engagement, impact assessments, and development programs	Relationships with communities – Stakeholder consultation using SEAT (page 78)

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Supplier social assessment		
103-1/2	Explanation of the material topic and its Boundary, the management approach and its components	Sustainability governance – Our Sustainable Development Management System (page 28), Supplier conduct and responsible procurement – Managing risks and increasing transparency (page 74)
414-1	New suppliers that were screened using social criteria	Supplier conduct and responsible procurement – Managing risks and increasing transparency (page 74)
414-2	Negative social impacts in the supply chain and actions taken	Supplier conduct and responsible procurement – Responsible procurement process (page 74)
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103-1/2	Explanation of the material topic and its Boundary, the management approach and its components	Sustainability governance – Our Sustainable Development Management System (page 28), Solutions that create value for our customers – Compliance: our minimum requirement (page 87)
416-1	Assessment of the health and safety impacts of product and service categories	Solutions that create value for our customers – Food hygiene standards and product safety (page 87)
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Solutions that create value for our customers – Compliance across our portfolios (page 87)
Marketing and labelling		
103-1/2	Explanation of the material topic and its Boundary, the management approach and its components	Sustainability governance – Our Sustainable Development Management System (page 28), Solutions that create value for our customers – Compliance: our minimum requirement (page 87)
417-1	Requirements for product and service information and labelling	Solutions that create value for our customers – Compliance across our portfolios (page 87)
417-2	Incidents of non-compliance concerning product and service information and labelling	Solutions that create value for our customers – Compliance across our portfolios (page 87)
417-3	Incidents of non-compliance concerning marketing communications	Solutions that create value for our customers – Compliance across our portfolios (page 87)

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103–1/2	Explanation of the material topic and its Boundary, the management approach and its components	Sustainability governance – Our Sustainable Development Management System (page 28), Solutions that create value for our customers – Compliance: our minimum requirement (page 87)
418–1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Solutions that create value for our customers – Compliance across our portfolios (page 87)
Socio-economic compliance		
419–1	Non-compliance with laws and regulations in the social and economic area	Sustainability governance – Fines, non-monetary sanctions and significant legal issues (page 29)

Disclosure		Reason for omission	Explanation
Omissions			
401–1	New employee hires and employee turnover	Information unavailable	Employee turnover is not centrally collected/monitored but done at a local level for each operation. We are currently putting a system in place to collect this information centrally in our DigitalHR tool; once implemented we would be able to report this information in future.
403–3	Occupational health services	Information unavailable	We are not able to report information on the quality of health services that the sites use as these are professional service providers. We use accredited occupational health practitioners to guide and assist in identifying occupational health hazards in our Group. We have recently developed a working group made up of a medical practitioner and an occupational health practitioner to assess the services we have in place and assess any gaps going forward.
405–1	Diversity of governance bodies and employees	Information unavailable	Some information relating to diversity of employees is not centrally collected/monitored but done at a local level for each operation. We are assessing the value of collecting this information centrally in our DigitalHR tool; if implemented we would be able to report this information in the future.

Glossary

Aichi Biodiversity Targets
The Aichi Biodiversity Targets were adopted by the Convention on Biological Diversity in Nagoya (Japan) in 2010, during which the parties adopted a revised and updated Strategic Plan for Biodiversity, including the Aichi Biodiversity Targets, for the 2011–2020 period.

AOX
Adsorbable organic halogen 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 values are 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'.

Biological diversity
The variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems (UN 1992).

BFP
The Boreal Forest Platform was launched in Russia by WWF Russia with the support of Mondi and Silver Taiga Foundation. The platform aims to bring stakeholders together across the boreal forest to develop a shared understanding of responsible forest management and optimise yields from commercial forests, while conserving intact forest landscapes (IFLs) and other HCV areas.

Blue water
Potable, surface, second-class and groundwater.

CDP
CDP is an international not-for-profit organisation providing a global system for companies to measure, disclose, manage and share information on climate change, water security and forests.

CEO Water Mandate
The United Nations Global Compact CEO Water Mandate mobilises business leaders to advance water stewardship, sanitation, and the Sustainable Development Goals – in partnership with the United Nations, governments, peers, civil society, and others.

CEP
Community Engagement Plans provide the basis of our engagement and support for local communities and are updated annually by our mills.

CEPI
The Confederation of European Paper Industries is a Brussels-based not-for-profit organisation that champions 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.

CFCs
Chlorofluorocarbons.

CISL
Cambridge Institute for Sustainability Leadership is an institution within the University of Cambridge that challenges, informs and supports leaders from business and policy across complex and connected issues to deliver change towards sustainability.

CITES
The Convention on International Trade in Endangered Species 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.

Circular economy
A circular economy is an industrial system that is restorative or regenerative by intention and design. It replaces the 'end-of-life' concept with restoration, shifts towards the use of renewable energy, eliminates the use of toxic chemicals which impair reuse and aims for the elimination of waste through the superior design of materials, products, systems, and within this, business models.

CO₂e
Non-CO_2 GHGs (such as CH4 or N_2O) can be converted into an amount of CO_2 with an equivalent warming potential. Total GHG emissions are the sum of the equivalent amount of CO_2 for each GHG, abbreviated as CO_2e.

Chain-of-Custody
Chain-of-Custody is a tracking system that allows manufacturers and traders to demonstrate that wood comes from a forest that is responsibly managed in accordance with credible standards.

COD
Chemical oxygen demand is a measure of the oxygen consuming capacity of inorganic and organic matter present in the waste water. It is a metric for emissions to water and is measured in tonnes.

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.

Controlled Wood
Controlled Wood is special category of wood material in FSC certification, which comes only from acceptable sources and that can be mixed with FSC-certified material in products that carry the FSC Mix label.
5 categories of the unacceptable sources:
1. Illegally harvested wood
2. Wood harvested in violation of traditional and human rights
3. Wood harvested in forests in which high conservation values (HCVs) are threatened by management activities
4. Wood harvested in forests being converted to plantations or non-forest use
5. Wood from forests in which genetically modified trees are planted.

Controversial sources
Controversial sources of wood is defined as wood that is illegally harvested, sourced in violation of traditional and civil rights, harvested in forest management units in which HCVs 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.

CoP
Communication on Progress. Business participants in the UN Global Compact commit to issue an annual CoP, a public disclosure to stakeholders on progress made in implementing the ten principles of the UN Global Compact, and in supporting broader UN development goals.

Country-level risks
Country-level risks are identified by Mondi as a combination of indexes characterising strength of national governance (Transparency International Corruption Perception Index and the World Bank's Worldwide Governance Indicators) and prevalence of forestry-related legality issues in the country (Centralised National Risk Assessments and NEPCon Timber Risk Assessment Methodology).

CPI
Corruption Perception Index, an annual ranking provided by Transparency International, of countries by their perceived levels of corruption, as determined by expert assessments and opinion surveys.

DDMS
Due Diligence Management System is used to govern our approach to responsible sourcing of wood and fibre.

Deforestation
The conversion of forest to other land use independently, whether human induced or not. This definition implies permanent tree-cover loss.

Dependency
A business reliance on or use of nature (biodiversity, natural capital, etc.).

Ecosystem
A dynamic complex of plant, animal and micro-organism communities and their non-living environment interacting as a functional unit.

Ecosystem (ecological) resilience
The inherent ability of ecosystem to absorb various disturbances and reorganise while undergoing state changes to maintain critical functions, its normal patterns of nutrient cycling and biomass production.

Ecosystem stewardship
An action-oriented framework intended to foster the social-ecological sustainability of a rapidly changing planet, refers to responsible use and protection of the natural environment through conservation and sustainable practices

Ecosystem services
Ecosystem services are the multitude of benefits that nature provides to society. These include provisioning services such as food and water; regulating services such as regulation of floods, drought, land degradation, and disease; supporting services such as soil formation and nutrient cycling; and cultural services such as recreational, spiritual, religious and other non-material benefits.

The Ellen MacArthur Foundation's New Plastics Economy initiative
An initiative led by the Ellen MacArthur Foundation to build momentum towards a plastic system that works. Applying the principles of the circular economy, it brings together key stakeholders to rethink and redesign the future of plastic, starting with packaging.

Glossary

EN
Ecological network is a system of corridors and nodes which maintain compositional biodiversity and ecosystem services in an agro-forestry setting.

ERM CVS
Environmental Resources Management Certification and Verification Services is a provider of a full suite of sustainability assurance services, verification and certification of EHS programmes.

ESG
Environmental, Social and Governance.

EU ETS
European Union's Emissions Trading System.

EUTR
The EU Timber Regulation came into effect on 3 March 2013. It prohibits the placing on the EU market for the first time of illegally harvested timber and products derived from such timber. It requires EU traders who place timber products on the EU market for the first time to exercise due diligence.

FABI
Forestry and Agricultural Biotechnology Institute aims to help the development of novel food and fibre crops that will contribute to global economic development and food security.

FMCGs
Fast-moving consumer goods.

Forest degradation
Forest degradation is the reduction of the capacity of a forest to provide goods and socio-cultural and environmental services, which is caused by disturbances.

Forest disturbance
A temporary change in environmental conditions that noticeably alters the physical structure of a forests ecosystem. These changes can be sudden and can have a significant impact – for example a fire or a pest outbreak.

FSC
The Forest Stewardship Council 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.

FTSE4Good
The FTSE4Good Index Series has been designed to objectively measure the performance of companies that meet globally recognised corporate responsibility standards.

FTSE/JSE Responsible Investment Index
The FTSE/JSE Responsible Investment Index is an index series that aims to promote greater transparency by corporates on environmental, social and governance considerations, and enabling investors to integrate these considerations into investment and stewardship.

GHG
Greenhouse gases are gases listed in the Kyoto Protocol of the United Nations Framework Convention on Climate Change (UNFCCC) that contribute to the greenhouse effect.

GIS
Geographic information system is a system designed to capture, store, analyse, manage, and present all types of spatial or geographical data.

GM
Genetically modified.

Green water
Rainwater stored in vegetation or soil as moisture. Water consumption during fibre growth in forests is counted and reported as green water.

Grey water
Waste water that is generated from all streams such as baths, showers, washing machines and hand basins, but excludes all waste water from toilets.

GRI
The Global Reporting Initiative is a not-for-profit organisation that produces one of the world's most prevalent standards for sustainability reporting.

Habitat
The place or type of site where an organism or population naturally occurs.

HCFCs
Hydrochlorofluorocarbons.

HCV
High Conservation Values are biological, ecological, social or cultural values which are outstandingly significant or critically important at the national, regional or global level.

HCVRN
HCV Resource Network is a global network which promotes a practical, consistent approach to HCV methodology.

IFL
An Intact Forest Landscape is a seamless mosaic of forest and naturally treeless ecosystems within the zone of current forest extent, which exhibit no remotely detected signs of human activity or habitat fragmentation and is large enough to maintain all native biological diversity, including viable populations of wide-ranging species. IFLs have high conservation value and are critical for stabilising terrestrial carbon storage, harbouring biodiversity, regulating hydrological regimes, and providing other ecosystem functions.

ILO
The International Labour Organisation is a UN agency dealing with labour issues, particularly international labour standards, social protection, and work opportunities for all.

International Harmonised Commodity Codes
The Harmonised Commodity Code (NHM, Nomenclature harmonisée des marchandises) is based on the international standard Harmonised System (HS) used to describe and code goods in international trade published by the World Customs Organization (WCO). At the international level, the Harmonized System (HS) for classifying goods is a six-digit code system.

Invasive alien plants (IAPs)
Species whose introduction and/or spread outside their natural distribution threaten biological diversity. They are non-native to an ecosystem, and may cause economic or environmental harm.

IPCC
Intergovernmental Panel on Climate Change.

ISO 14001
International standard created by the International Standards Organisation (ISO) for formal and certified environmental management systems.

IUFRO
The International Union of Forest Research Organizations is a non-profit, non-governmental international network of forest scientists, which promotes global cooperation in forest-related research and enhances the understanding of the ecological, economic and social aspects of forests and trees.

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.

Landholding
A piece of land owned, rented or leased.

Landscape approach
Balancing competing land use demands in a way that is best for human wellbeing and the environment by creating solutions that consider food and livelihoods, finance, rights, restoration and progress towards climate and development goals.

Life-altering injuries
A life-altering injury resulting in permanent or significant loss of a major body part or organ function that permanently changes or disables the person's normal life activity.

LOPC
Loss of Primary Containment 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 injury.

MADD
Making a Difference Day is Mondi's annual employee engagement initiative.

Major close call
An unplanned, undesired event, which under slightly different circumstances, could have resulted in a high consequence injury.

MENP
Mondi Ecological Networks Programme, is a joint programme of Mondi and the Department of Conservation Ecology and Entomology at Stellenbosch University in South Africa, which aims to undertake sound scientific research for conservation of biodiversity and maintenance of ecosystem processes concurrent with sustainable production.

Glossary

Natural capital
The stock of renewable and non-renewable natural resources (for example, plants, animals, air, water, soils and minerals) that combine to yield benefits to people.

NGP
The New Generation Plantations platform was established in 2007 as a partnership between WWF and the main companies working in plantation forestry, including Mondi. It aspires to an ideal form of plantation that contribute positively to both people and nature. It promotes well-managed, inclusive and profitable plantations by sharing knowledge and experience.

Non-contact water
Water used for cooling purposes. It does not come into direct contact with any raw material, intermediate product, waste product or finished product.

NOx
Nitrogen oxide.

Operational control principle
We report emissions from operations where we have day-to-day management control over GHG emission sources, including any key sub-contracted operations which are a core part of the business. All activities of our global production operations in which we hold a minimum 50% shareholding or over which we have management control are covered.

Operations for the conversion of our products
Operations for the conversion of corrugated packaging, industrial bags, extrusions coatings, release liner, consumer packaging and advanced films.

Ozone depleting substances (ODS)
Substances that contribute to the depletion of the natural ozone layer in the stratosphere.

OHSAS 18001
An internationally applied British standard for occupational health and safety management systems.

Paper for recycling
Also known as 'recovered paper', this is a 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.

Paper Profile
A global, voluntary declaration scheme for presenting uniform environmental product information related to pulp and paper production that enables the professional paper buyer to make well-informed product choices.

PDI
Previously disadvantaged individuals, a term used in South Africa.

PDR
Performance and Development Review.

PE/PET
PE (Polyethylene) is the most common plastic, primarily used in packaging (plastic bags, plastic films, containers including bottles, etc.).
PET (Polyethylene terephthalate) is the most common thermoplastic polymer resin of the polyester family, primarily used for synthetic fibres, and bottle production.

PEFC
Programme for the Endorsement of Forest Certification is an international not-for-profit non-government organisation dedicated to promoting sustainable forest management through independent third-party certification.

Plantation forest
Planted forest that is intensively managed and meet all the following criteria at planting and stand maturity: one or two species, even age class, and regular spacing.

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

Protected area
A geographically defined area which is designated or regulated and managed to achieve specific conservation objectives.

Recovered paper
See 'paper for recycling'.

Resilient production landscapes
Production landscapes integrating commercial forests and conservation networks 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, Messe Düsseldorf, and the Interpack trade fair to address challenges related to global food waste.

Scope 1 emissions
Total GHG emissions from sources owned or controlled by Mondi and its subsidiaries. This includes CO_2e from fossil fuels and processes, company leased/owned vehicles, waste and wastewater treatment, make-up chemicals, and other GHGs.

Scope 2 emissions
Total GHG emissions from sources that are related to generation of purchased energy outside the company boundaries.

Scope 3 emissions
Total GHG emissions from the production of fuel and raw materials business travel; raw materials; transport of products and raw materials; and employee commuting.

SDGs
The United Nations Sustainable Development Goals, a set of universal goals that meet the urgent environmental, political and economic challenges facing our world.

SDMS
Sustainable Development Management System is used to govern our approach to sustainability and implement our sector policies.

Science-based target
A carbon emission target is defined as 'science-based' if it is in line with the scale of reductions required to keep global temperature increase below 2°C compared to pre-industrial levels.

SBTi
The Science Based Target initiative (SBTi) is a collaboration between CDP, the United Nations Global Compact (UNGC), World Resources Institute (WRI), and the World Wide Fund for Nature (WWF) and one of the 'We Mean Business Coalition' commitments. It champions science-based target setting as a powerful way of boosting companies' competitive advantage in the transition to the low-carbon economy.

Secondary containment
A secondary containment is any containment serving as a barrier to limit the consequences due to the LOPC by containing or controlling a release from primary containment. Secondary containment systems include, but are not limited to tank dikes, curbing around process equipment, drainage collection systems or the outer wall of double walled tanks.

Secondary forest
A secondary forest is a forest that has been logged and reforested by natural or artificial methods.

SEAT
Socio-economic Assessment Toolbox process is a formal, strategic mechanism fostering an open and honest dialogue with local communities so we can improve our understanding of where our impacts lie and what our local stakeholders expect.

SHE
Safety, health and environment.

Silver Taiga Foundation
The Silver Taiga Foundation for Sustainable Development was founded in 2002 as a spin-off of the Syktyvkar branch of WWF. The main goal of the Foundation is the promotion of sustainable management of the forest landscapes and renewable natural resources in the Komi Republic and other regions of Russia.

Silviculture
The growing and cultivation of trees.

SMEs
Small and medium enterprises.

Social learning
Collaborative learning, sharing knowledge and exploring solutions that create shared value. This process can lead to enhanced understanding and changes in outlook and behaviour. This, in turn leads to informed and inclusive decision-making, innovative solutions, constructive relationships and trust.

Speakout
Mondi's confidential reporting hotline and whistleblowing programme.

Specific
Measurement of emissions or consumption normalised to saleable production tonnes.

STEM
Stands for Science, Technology, Engineering, and Mathematics (as subjects of study).

SO₂
Sulphur dioxide is an air emission arising from the combustion of fossil fuels and biomass at our on-site energy generation plants.

TCF
Totally chlorine free.

TCFD
The Task Force on Climate-related Financial Disclosures (TCFD) develops voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders. Physical, liability and transition risks associated with climate change are considered.

TFD
The Forests Dialogue is a multi-stakeholder dialogue platform and process focused on developing mutual trust, a shared understanding, and collaborative solutions to challenges in achieving sustainable forest management and forest conservation around the world.

Glossary

TRCR
Total recordable case rate is calculated as the number of total recordable cases (the sum of fatalities, lost-time injuries, restricted work cases and medical treatment cases) divided by the number of hours worked per 200,000 person hours.

Transparency
The accurate, clear and complete reporting of information that facilitates collaboration and collective decision-making.

TRS
Total reduced sulphur 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.

UK Modern Slavery Act (MSA)
An Act of the Parliament of the United Kingdom, which became a law in 2015 and was the first of its kind in Europe, and one of the first in the world, to specifically address slavery and trafficking in the 21st century.

UNECE
The United Nations Economic Commission for Europe (UNECE) – one of five regional commissions of the United Nations – aims to promote pan-European economic integration between 56 member states in Europe, North America and Asia.

UNEP
United Nations Environment Programme 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 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.

U.S. Lacey Act
A United States law that bans trafficking in illegal wildlife, including plants and plant products such as timber and paper.

VCT
Voluntary Counselling and Testing.

Watershed
An area of land that drains rain water or snow into one location such as a stream, lake or wetland. These water bodies supply our drinking water, water for agriculture and manufacturing, offer opportunities for recreation and provide habitat to numerous plants and animals.

WBCSD
World Business Council for Sustainable Development is a CEO-led, global association of over 200 international companies dealing exclusively with business and sustainable development.

Wood fibre
Is usually a cellulosic element that is extracted from trees and used to make materials, including paper and packaging. It can be sourced in a form of wood in the rough (roundwood, solid wood), wood chips or pulp.

WRI
World Resources Institute 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 one of the world's largest and most experienced independent conservation organisations. WWF's mission is to stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature.

WWF Climate Savers
A leadership programme that seeks to transform businesses into leaders of the low carbon economy.

WWF-MWSP
Formerly the WWF-Mondi Wetlands Programme, the WWF-Mondi Water Stewardship Partnership is a joint programme between WWF-SA and Mondi Limited. It is a wetland conservation programme in South Africa, the scope of which has now been extended beyond the boundaries of our own plantations to include the agricultural sector and small forest growers.

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Our 2019 suite of reports

Please visit our Group website where copies of our reports can be downloaded:
www.mondigroup.com/reports19

Integrated report and financial statements 2019

A balanced overview of Mondi's performance in 2019
and insight into how our approach to strategy, governance,
people and performance combine to generate value
in a sustainable way. Also available online at:
www.mondigroup.com/ir19

Sustainable Development report 2019

A comprehensive view of our approach to sustainable
development and our performance in 2019, prepared
in accordance with the GRI Standards: Core option.
Available online as an interactive pdf at:
www.mondigroup.com/sd19

Design and production: Radley Yeldar | www.ry.com

Awards

Our Sustainable Development report 2018
was recognised by:

Corp Comms Awards 2019
Best sustainability report 2019

IR Society Awards 2019
Best communication of ESG – FTSE 100

Corporate Financial Awards 2019
Best CSR or ESG report – Silver