

Mondi’s human trafficking and modern slavery statement 2019

This document is our ‘human trafficking and modern slavery statement’ for the 2019 financial year (1 January 2019 to 31 December 2019) required in accordance with Section 54 of the UK Modern Slavery Act 2015 (the “Act”). This statement outlines the steps we have taken during the financial year as well as measures that we plan to put in place in the future to address potential risks of slavery, servitude, human trafficking and forced and compulsory labour within our operations and supply chain. This statement is made on behalf of those legal entities within the Mondi Group that had a turnover exceeding £36 million during 2019 and had directly or indirectly provided goods or services to the UK in 2019. These legal entities are included in the Appendix to this statement.

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2019 at a glance

In 2019, we continued to work, internally and externally, across our operations and supply chain to improve our response to the UK Modern Slavery Act. This response forms a part of our broader ambition to gain better visibility of our salient human rights issues, impacts and risks, and identify ways to mitigate and remediate adverse human rights impacts.

We made progress on three aspects in particular during 2019:

- We continued work on our Responsible Procurement programme
- We began work to develop our internal human rights due diligence processes in collaboration with the Danish Institute for Human Rights
- We provided training to our procurement teams and relevant employees

Through Responsible Procurement, our supply chain sustainability programme launched at the end of 2017, we have screened 50% of our 2,000 key global suppliers against social and environmental risk. This screening identified 5% of these suppliers as high risk, and we undertook further assessments to understand the risks they posed to our business and to mitigate these risks by engaging with these suppliers directly. Read more about our approach on page 16.

We entered into collaboration with the Danish Institute for Human Rights (DIHR), Denmark's independent national human rights institution whose mandate is to promote and protect human rights and equal treatment in Denmark and abroad. This collaboration came about as a result of Mondi's heightened awareness of the potential risks of human rights violation including modern slavery and human trafficking in our operations and supply chain. We are working together to develop a human rights due diligence process, conducting a human rights risk and gap analysis and reviewing Mondi's responsible procurement process, policies and governance, grievance mechanisms, and response to the UK Modern Slavery Act. We have committed to publicly report on the results of our work with DIHR once it is completed. Read more about this collaboration on page 15.

Training continued to play an important role in our response to the UK Modern Slavery Act throughout the year, with our procurement teams receiving training on Responsible Procurement, including on risk assessment and supplier evaluation. Relevant employees (sales teams and other employees in contact with customers and competitors) received training on our Sustainable Development policies, in particular our Labour and Human Rights Policy, placing emphasis on modern slavery and human trafficking risks. Read more about our training approach on page 22.

Our organisational structure, businesses and supply chain

Mondi is a global leader in packaging and paper, with revenues of €7.27 billion in 2019, employing around 26,000 people across more than 100 production sites in more than 30 countries. Our key operations are located in Europe, Russia, North America and South Africa. We manage 2.3 million hectares of forestry land in Russia and South Africa, where we source some of our wood requirements. We have group offices in London and Vienna.

We are fully integrated across the packaging and paper value chain – from managing forests and producing pulp, paper and plastic films, to developing and manufacturing effective industrial and consumer packaging solutions. The Group is structured around four business units:

- Corrugated Packaging (22 operating sites in 8 countries) producing Containerboard and Corrugated Solutions
- Flexible Packaging (63 operating sites in 30 countries) producing Kraft Paper, Paper Bags and Consumer Flexibles
- Engineered Materials (15 operating sites in 8 countries) producing Personal Care Components, Extrusion Solutions and Release Liner
- Uncoated Fine Paper (6 operating sites in 4 countries) producing office paper and professional printing paper

The countries where we have operations are indicated in Figure 1.

We produce over 100 products customised into more than 100,000 solutions serving a variety of industries, such as agriculture; automotive; building and construction; chemicals and dangerous goods; durable consumer goods; food and beverages; graphic and photographic; home and personal care; medical and pharmaceutical; office paper; paper and packaging converting; pet care; professional printing; retail and e-commerce; and shipping and transport.

Structure and composition of the Group

We reported in our previous statement that the Group had two separate legal parent entities, Mondi Limited and Mondi plc, which operated under a dual listed company (DLC) structure. In 2019, we completed the Simplification of Mondi's DLC company structure into a single holding company structure under Mondi plc. These structural adjustments have not resulted in any changes to our response to the Modern Slavery Act.

The subsidiaries of the Group as at 31 December 2019, including their registered office, principal activities and percentage of shares held by the Group, are set out in note 11 of the Mondi plc parent company financial statements (page 220 of [Integrated report and financial statements 2019](#)). The Group has no material joint ventures or associates.

Our operations

Our production sites, and a breakdown of employee numbers per region, are illustrated on the map below.

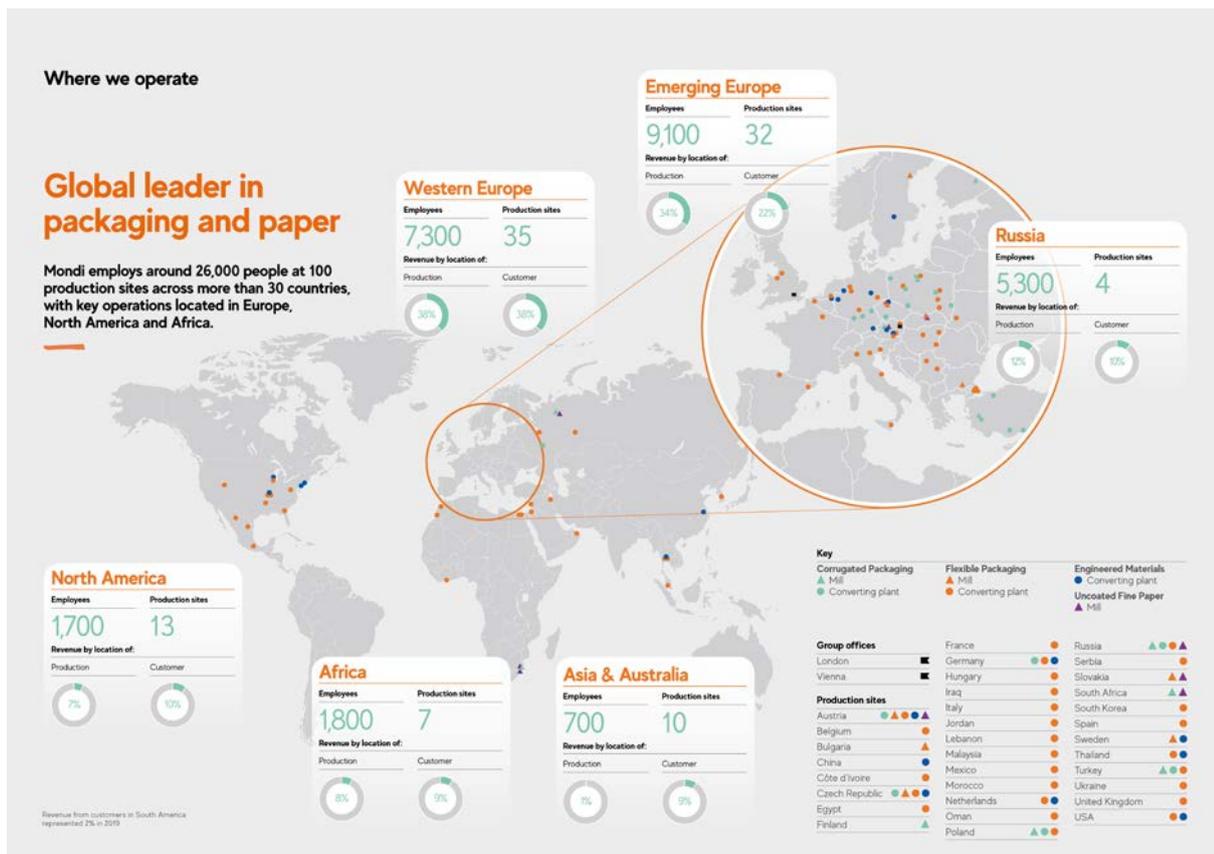


Figure 1: 'Our global presence'

Employees

We had approximately 26,000 employees during 2019. In our significant locations of operation¹ we had:

- 15,565 permanent employees (21% female); in Europe (9,409), Russia (4,325), South Africa (1,407) and the US (424);
- 731 temporary² employees (25% female); in Europe (479), Russia (220), South Africa (28) and the US (4);

¹ 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

² We use the Global Reporting Standard's definition for temporary employees, based on which a temporary employment contract is of limited duration, and is terminated by a specific event, including the end of a project or work phase or return of replaced employees.

- 15,889 full-time employees (20% female) and 336 part-time employees (84% female); and
- 1,761 new employee hires during the year (25% female); in Europe (1,395), Russia (223), South Africa (79) and the US (64).

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, as reflected in our Labour and Human Rights Policy (see 'Policies and governance' below). More information can be found on pages 31-55 of our [Sustainable Development report 2019](#).

Contractors

In addition to our 26,000 employees, we had approximately 15,000 contractors working for Mondi across our operations in 2019. While there are no significant variations in the numbers reported above for our employees during the year, the harvesting activities at our forestry operations and maintenance shutdowns at our pulp and paper mills involve considerable variations to our contractor numbers during the year. Other than in our forestry operations and during maintenance shutdowns, most activities at Mondi are performed by our own employees.

We do not monitor or report the recruitment mechanisms for our contractors centrally (though we track this information locally). We do not hire agency or seasonal workers, but directly commission the companies that provide repair and maintenance services for the annual maintenance shuts at our pulp and paper mills. Similarly, for harvesting activities in our forestry operations in Russia and South Africa, we hire contractor companies that specialise in harvesting operations, and don't hire contractors directly. Our contractors are – to the best of our knowledge – permanent employees of these companies. The majority of our contractors are considered skilled workers with technical knowledge, and hired by their respective companies on a legal and predominantly permanent basis. We are reviewing our processes related to contractor recruitment practices, in order to further identify and mitigate potential risks.

In terms of how our operations impact our contractors, our socio-economic assessment toolbox (SEAT) process for our pulp and paper mills and forestry operations (if and when a SEAT is conducted) provides some insights. Facilitated by an independent third party, SEAT assessments comprise a series of focus group meetings and an opportunity for stakeholders, including employees, suppliers, contractors and their employees, to speak openly to a panel of Group and local management, and to the third-party facilitator. Third-party involvement, including during the reporting phase, brings neutrality, expertise, transparency and credibility to the process. Since 2005 (when the first SEAT was conducted at Mondi), we have not had any findings pointing to modern slavery or human trafficking, or violation of

labour and employment laws (see pages 78-79 of our [Sustainable Development report 2019](#) for more details on SEAT).

As with our own employees, our contractors may be exposed to safety risks at work, due to the potentially hazardous nature of our business (involving working at heights, moving and rotating machinery, workplace transport, manual materials handling, working in confined spaces, exposure to chemicals and electricity, etc.). 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. We include contractors in our safety trainings and risk management practices, and include contractor safety statistics in our performance.

We carry out robust investigations to understand the adverse health and safety events and to identify ways to prevent future occurrences of such incidents, and communicate the findings. More information can be found on pages 31-35 of our [Sustainable Development report 2019](#).

Our supply chain

Our global supply chain spans more than 14,000 tier one suppliers in 66 countries around the world. At Mondi, suppliers are defined as companies or persons manufacturing goods, trading with goods or rendering services, including suppliers of all materials and services, contractors, consultants, outsourcing services, distributors and business partners. In 2019, we procured €5.5 billion worth of goods and services from our suppliers. We follow a practical, risk-based approach when engaging with our 2,000 key suppliers³ and smaller, regional suppliers. We operate a central procurement function in a number of key spend categories and manage the remainder regionally or locally. Products and services purchased locally⁴ represented 55% of our overall spend in 2019.

Our key inputs (energy and material procured from tier 1 suppliers) and outputs (products and energy produced for sale to our customers; and waste, energy and water- and air emissions generated) are detailed in the infographic below.

³ Our 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.

⁴ We defined 'local suppliers' of products and services as suppliers that are located close to our significant operations (all Mondi production sites such as mills and converting plants) within the same country.

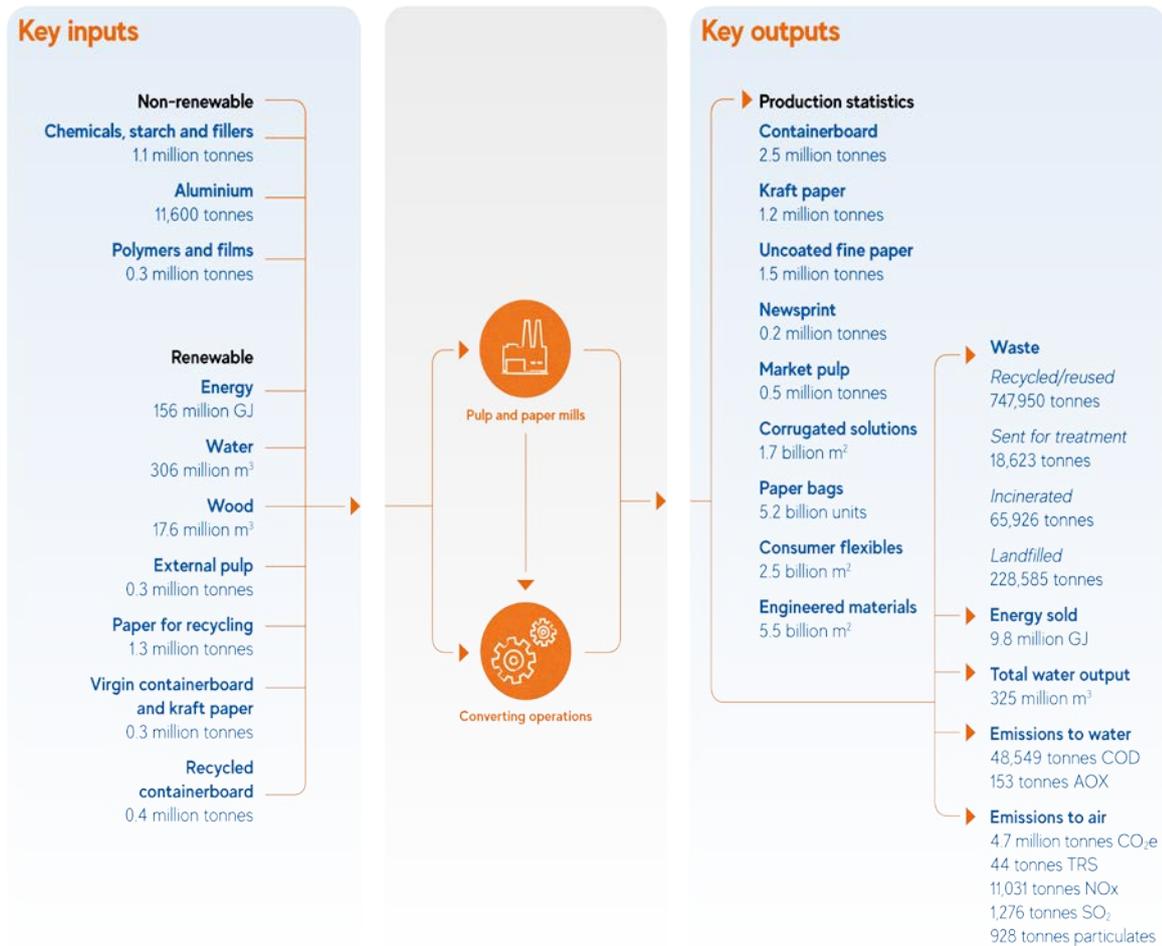


Figure 2: 'Key inputs and outputs, 2019'

Our key areas of spend and major procurement categories are illustrated in the infographic below.

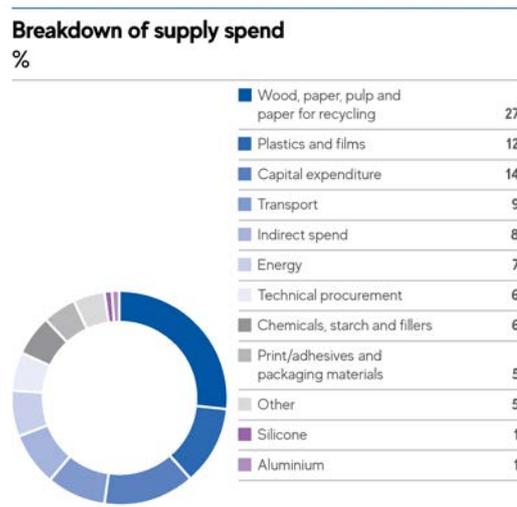


Figure 3: ‘Breakdown of supply spend, 2019’

Policies and governance

Leadership and accountability for human rights

Our Board and committees provide the leadership necessary to implement the principles of good corporate governance across the Group so that all our decisions and actions are based on integrity, responsibility, accountability, fairness and transparency. The Board approves our approach and reviews performance. This includes our approach and performance with regard to addressing risks related to modern slavery and human trafficking.

While the Board has ultimate accountability with respect to sustainability issues, including human rights, modern slavery and human trafficking, the local business units establish appropriate responsibilities and procedures at local level, guided by values and principles set out at the Group level. Details of this process may be found in our [previous statements](#).

Policies

Our Sustainable Development (SD) policies and processes help embed our commitment to human rights. These policies apply to all our owned and managed operations. Our Labour and Human Rights Policy, Safety and Occupational Health Policy and Supply Chain and Responsible Procurement Policy support our approach to addressing modern slavery and human trafficking risks. Where local legislation conflicts with our Policy, we will uphold our commitment to human rights without compromising our respect for the law, and provide examples of good practice

through our own business conduct. We comply at a minimum with applicable national laws and industry standards on working hours and we do not tolerate inhumane treatment of employees or any form of forced labour, slavery, human trafficking, physical punishment or other abuse.

Our policies set out that we will:

- Undertake human rights assessments to identify those areas of our business with higher risk of human rights abuse;
- Avoid contributing to modern slavery and other adverse human rights impacts, and address such impacts – if they do occur – in a timely and appropriate manner;
- Prevent or mitigate adverse human rights impacts that are related to our business;
- If we identify that we have contributed to adverse human rights impacts, provide for their remediation; and
- Report on our progress publically in an open and transparent manner.

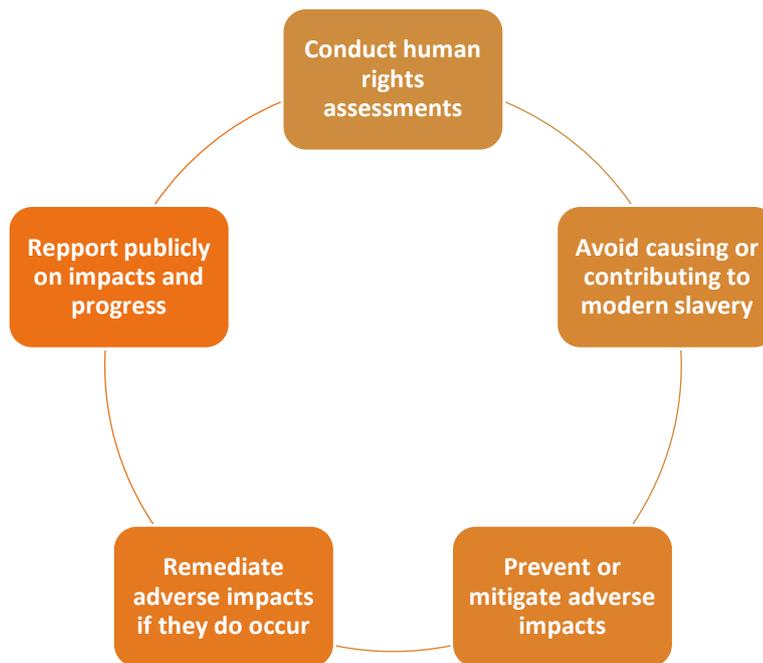


Figure 4: ‘Our policy commitments with regards to human rights and modern slavery’

We do not allow or condone the imposition of financial burdens on employees and contractors or withholding of wages, or the imposition of any other kind of recruitment fees on employees and contractors. However, while the information on our performance against this principle is available locally at our operations through the Human Resources function, we do not have centralised reporting or overview on possible risks, oversights or violations, nor have we undertaken a full group-wide assessment to determine these. However, we have drafted KPIs for central reporting

on these matters to identify gaps and put in place measures to address any issues. We have begun to implement and roll out these KPIs in 2020, and will report on them in our future statements.

Between 2016 and 2019, in developing and reviewing our policies related to labour and human rights, which include modern slavery, we have consulted with stakeholders including internal departments, such as Sustainability, Human Resources and Procurement, and external stakeholders with expertise in the relevant areas of risks we are working to mitigate, including specialised consulting organisations. External benchmarking and established standards and best practice have also informed our policy and standard development. This included benchmarking against our peers, customers and companies leading in sustainability (specifically human rights) performance, and against standards such as those developed by the UN Guiding Principles on Business and Human Rights (UNGPs), ILO Core Conventions, Ethical Trading Initiative (ETI), and the Forest Stewardship Council (FSC).

Our policies are published on our [website](#) and communicated to all our employees through our global intranet page, planetmondi. Our [Code of Conduct for Suppliers](#) is made available to our suppliers and business partners as part of each contract, and is also publicly available on our website.

Code of Conduct for Suppliers

Our Code of Conduct for Suppliers refers to the following key focus areas for suppliers:

- Legal Compliance
- Product Safety, Environment and Climate
- Safety and Occupational Health
- Labour and Human Rights
- Business Ethics

All Mondi Group companies and business units worldwide, including joint ventures where we have a controlling interest, are required to apply this Code to their suppliers of all goods and services irrespective of the jurisdiction in which they operate and the laws applicable to such jurisdiction (where this Code represents a higher standard). Where we have a non-controlling interest, we encourage the application of this policy with our business partners. We also encourage our suppliers to apply similar requirements for their own supply chain. The Code is available in English, German, Polish, Czech, Turkish and Russian on our website, and we plan to roll out further translations.

In order to address the risk of modern slavery and human trafficking in the supply chain, among other things the Code requires our suppliers to:

- Employ workers who are legally authorised to work in their facilities and are responsible for validating employees' eligibility to work through appropriate documentation. If required by local law, all employees of a Mondi supplier must have employment contracts. All work shall be voluntary, and workers shall be free to leave work or terminate their employment upon reasonable notice;
- Provide their employees fair wages, benefits and working hours that meet legal or industry standards as a minimum;
- Respect the right of their employees to form and join trade unions of their choice and to bargain collectively without fear of retaliation;
- Not tolerate any instances of child labour (any person below the age of 15) and ensure that special protections are in place for young workers (those below the age of 18 and above legal minimum working age);
- Ensure their workplaces are kept free of harassment, harsh treatment, violence, intimidation, corporal punishment, mental or physical coercion, intimidation and verbal or sexual abuse, threats of violence as a method of discipline or control such as retaining employees' identification, passports, work permits or deposits as a condition of employment;
- Not tolerate any forms of inhumane treatment of employees or contractors;
- Not tolerate any modern slavery (slavery, forced, compulsory or bonded labour, servitude or human trafficking).

Figure 5: 'Requirements of our Code of Conduct for Suppliers in relation to modern slavery'

Policy compliance and monitoring mechanisms

We are currently developing an Operating Standard, the second tier in our Sustainable Development Management System (SDMS), and its supporting practice notes, in relation to human rights and working conditions, including modern slavery and human trafficking risk. The Standard and supporting practice notes will be developed in collaboration with and reviewed by the Danish Institute for Human Rights.

The Human Rights and Working Conditions Operating Standard will consider the following aspects:



Figure 6: ‘Aspects to be considered in our upcoming Operating Standard on Human Rights’

The Operating Standard will be developed in 2020, and consultation with the operations will follow. Once the Operating Standard is finalised, follow-up actions such as self-assessment pilots, training, risk assessment and due diligence, internal audits, and action plans will be defined to address any gaps against full compliance.

Whistleblowing and grievance mechanisms

Another mechanism we have in place to identify instances of non-compliance is through our whistleblowing system, Speakout (see ‘Evaluating the effectiveness of

our approach’). Speakout findings of non-compliance with our policies and codes, including with our Labour and Human Rights Policy and Code of Conduct for Suppliers (should such instances of non-compliance be reported through Speakout), are investigated by Mondi’s Internal Audit function, and appropriate action is taken to resolve the grievances, remedy any violation, and prevent future occurrences. Proven misconduct could lead to disciplinary actions, legal actions, and/or process improvements.

Non-compliance with our Code of Conduct for Suppliers is also addressed as a clause in the Code, and actions we take in response include working with the supplier to implement appropriate corrective actions. We reserve the right to suspend sourcing from the supplier until we are satisfied with their performance. Suppliers who deviate persistently or in a significant way from these requirements will be excluded from business with Mondi.

Policy review process

The Board reviews the Group’s policies on an annual basis. Our annual updates look to address any changes in the sustainability landscape, regulatory requirements and stakeholder expectations. Details of annual updates are outlined in Figure 7.

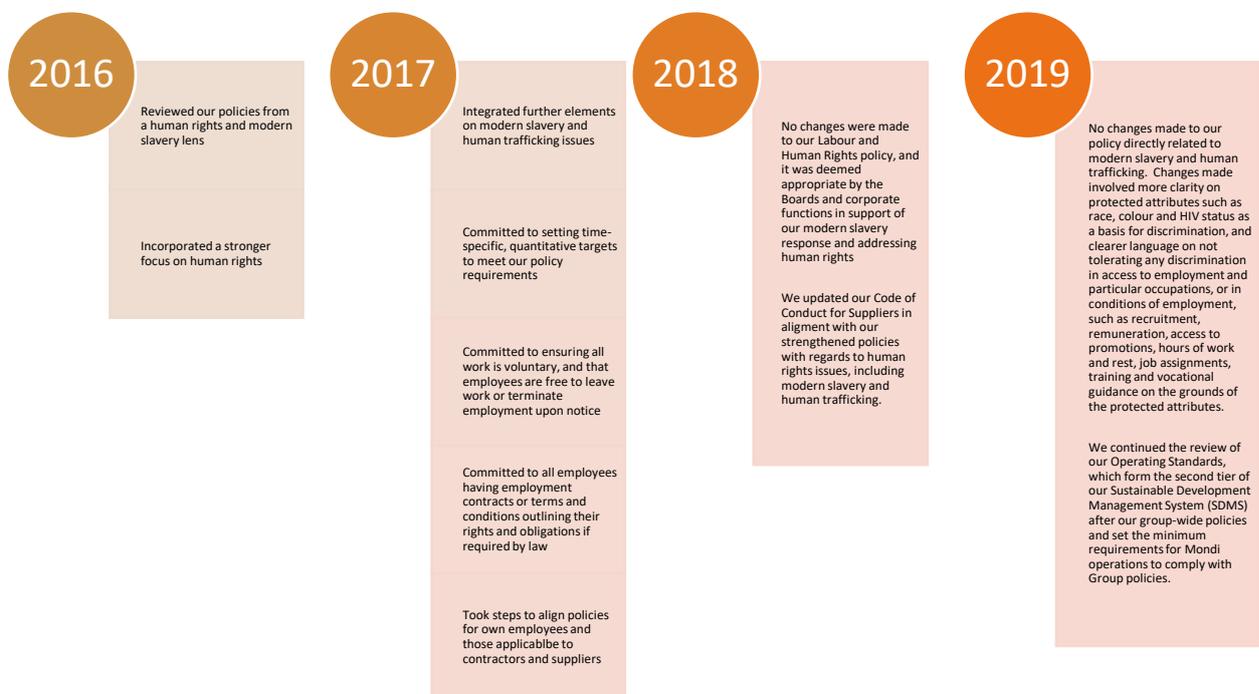


Figure 7: ‘Annual policy updates to strengthen response to modern slavery risks’

Collaboration and partnerships

In 2019, we entered into a collaboration with the Danish Institute for Human Rights (DIHR), Denmark's independent national human rights institution whose mandate is to promote and protect human rights and equal treatment in Denmark and abroad.

This partnership came about as a result of Mondi's heightened awareness of the potential risks of human rights violation, including modern slavery and human trafficking in our operations and supply chain, and our responsibility to understand, address and report on our impacts and practices, especially when these risk violating human rights and adversely affecting people. DIHR has a strong track record of working with companies, governments and international organisations in addressing business and human rights issues.

The initial phase of this collaboration started at the end of 2019 and is due to conclude in 2020. We are working together on developing a new human rights due diligence process, conducting a human rights risk and gap analysis (including interviews with Mondi's key functions and business leaders) and reviewing Mondi's responsible procurement process, policies and governance, grievance mechanisms, and Mondi's response to the UK Modern Slavery Act and similar requirements. The first phase of collaboration has not yet concluded and work is in progress for a deeper analysis of Mondi's systems, practices and risks. Preliminary observations by DIHR are related to aspects on our human rights reporting, policies, Responsible Procurement programme, and grievance mechanisms. Examples include:

- more explicitly include and expand on human rights factors in sustainability reporting and policy language, including through the UN SDG framework;
- (in relation to policies) outline how Mondi identifies impacts, avoids causing or contributing to impacts and mitigates adverse impacts, and how it identifies and engages with relevant stakeholders;
- consider how conflicts between national laws or industry standards and international human rights standards are managed in Mondi's policy framework;
- ensure compliance of suppliers with the Code of Conduct and incorporate the obligations on suppliers in the Code in the risk screening mechanism as well as more expressly including human rights in risk screening and monitoring; and
- consider how Mondi's grievance mechanisms are compliant with the UNGPs, including how they are publicised to and used by suppliers' employees.

We commit to publicly report on the results of our work with DIHR once the review is completed.

Due diligence

We recognise that human rights risks (including modern slavery and human trafficking) are not limited to our own operations, but can occur everywhere along the value chain. Our impact on human rights can occur through our own activities or through our business relationships and suppliers. We believe all those involved, suppliers, customers, distributors, partners and other key stakeholders, need to work together to develop practical, risk-based solutions for a responsible and inclusive supply chain.

Due diligence forms an integral part of our overall risk assessment and management process, and the reporting in this section should be considered in conjunction with the processes we describe in the 'Risk assessment and management' section below.

Due diligence and Responsible Procurement

Mondi's due diligence approach is prescribed by Responsible Procurement, an internal programme that aims to ensure a consistent process for the selection, evaluation, onboarding, monitoring and management of Mondi's suppliers based on their sustainability risk and performance (see 'Risk assessment and management'). This programme, run by our Group Procurement function, uses a risk-based approach to assess suppliers against certain requirements of our Code of Conduct for Suppliers.

Using the Responsible Procurement framework, we evaluate all new suppliers before Mondi enters into a business relationship with them. Additionally, a selected number of existing suppliers will be periodically assessed and reviewed. These suppliers will be selected based on Mondi's own internal measurement of potential risk as described in our Responsible Procurement programme (see 'Risk assessment and management – in our supply chain').

Our evaluation process for suppliers is detailed in our [previous statements](#), and the 2019 results are reported in the following section of this statement.

The Responsible Procurement programme is currently being rolled out to cover all key suppliers as a first step (50% of key suppliers were covered by the end of 2019) before we extend the scope to further procurement categories and to local suppliers (see 'Risk assessment and management – in our supply chain'). As we make progress in assessing our suppliers, we will take action on the overall findings as relevant, and will report on the results of the monitoring process, including on the work we may undertake with suppliers to improve performance and to address risk. This may include audits, site visits and collaboration on joint initiatives, or a decision to stop sourcing from certain suppliers.

Due diligence commitments and ongoing work with suppliers

Currently, our due diligence considers human rights as part of the initial risk screening from a broad perspective.

We continue to roll out our Code of Conduct for Suppliers to all of our suppliers, and we have made it available on our website in six languages (see the 'Policies' section in this document). As part of this process, we require all our suppliers to demonstrate that they have in place the following processes to address human rights violations:

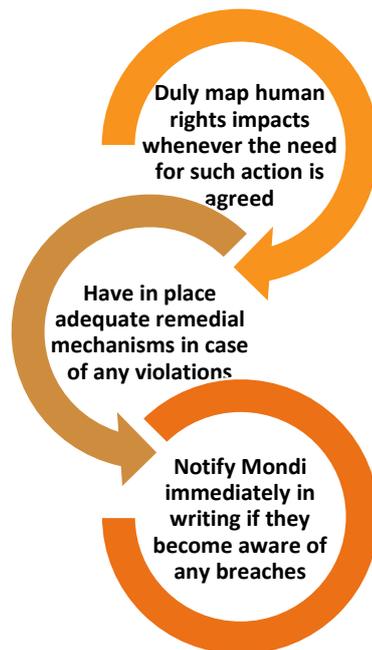


Figure 8: 'What we expect from our suppliers when addressing human rights violations'

We expect our suppliers to be aware of all sites and companies involved in their production and supply network, and, upon request, to be able to provide Mondi with adequate details of the supply chain for the goods and/or services supplied to Mondi. Suppliers are responsible for ensuring that their employees, representatives and subcontractors understand and comply with the requirements of our Code. We expect our suppliers to apply similar requirements for their own supply chain.

All contracts with new suppliers are subject to accepting, signing and adhering to the Code, as part of the onboarding process. For existing suppliers, the new Code will be relevant to all contract renewals. We track the supplier contracts that include our new Code, to make sure all new and existing suppliers have received and signed the Code. Our Group Procurement function is ultimately responsible for the Code and its roll-out. As this part of the business (supported where relevant by other functions), also implements the Responsible Procurement programme, we believe that the coordinated roll-out of these processes, which was completed in 2019, will significantly improve the effectiveness of our due diligence approach by virtue of a shared governance and policy structure.

Reporting mechanisms for grievances

We have existing internal processes and tools to facilitate the reporting, investigation and resolution of grievances. All our operations make formal grievance mechanisms available to the public. These include local hotlines and [Speakout](#), the Group's confidential reporting and whistleblowing hotline, which is operated by an independent third party (see the 'Policies' and 'Evaluating the effectiveness of our approach' sections in this document). It provides a simple, accessible and confidential channel through which employees and other stakeholders, including our contractors and suppliers, can raise concerns without fear of retaliation. The system ensures full anonymity and confidentiality, and in the case that the reporter or whistleblower volunteers to identify themselves, the investigative team ensures protection of their identity against potential retaliation by other parties.

These grievance mechanisms can support us in identifying and reporting potential human rights, modern slavery and human trafficking risks and concerns. The Board's audit committee oversees the adequacy of the Speakout procedures, while internal audit is responsible for the day-to-day monitoring of the Speakout process. This enables management to be appropriately informed about reported issues and that risks are adequately managed.

Risk assessment and management

In our own operations

To assess and understand the risks of modern slavery and human trafficking in our own operations, we have relied on the UNGPs to inform our approach. Specifically, in 2020 we will integrate the UNGPs into our updated Operating Standard, to be able to identify the Group's most salient human rights issues in our operations, including potential risks of modern slavery and human trafficking.

To date, none of our operations or significant investment agreements and contracts have been subject to human rights reviews or impact assessments. We are considering our internal measures in this regard and intend to outline these in our Human Rights Operating Standard, currently under development.

In our supply chain

As part of our Responsible Procurement programme, we have developed a comprehensive methodology for assessing sustainability risks in our supplier base and conducted training for our procurement specialists to undertake these assessments with these risks in mind. This approach helps us to identify key sustainability risks associated with our supply chain – including labour rights. We have incorporated various public databases/tools into our processes that are more likely to identify and flag specific risks related to modern slavery and human trafficking, and with higher accuracy where we consider this appropriate. These include, but are not limited to tools from:

- The [Global Slavery Index](#);
- The World Bank's [Worldwide Governance Indicators](#);
- Transparency International's [Corruption Perception Index](#); and
- [The International Organization for Migration](#).

Through the Responsible Procurement process, we have developed a high level risk-rating and risk assessment procedure for our various procurement categories based on the nature of industry/products, location of operations, and other criteria inherent to our suppliers' business, utilising credible indices and databases (see "Due diligence" for a more detailed overview of the process). Assessing related risks (incorporating country risk, sector risk, parent company risk, and ESG external factors review) and developing tools to monitor and manage these will be a key component of supplier screening, evaluation and engagement going forward, including for risks related to modern slavery and human trafficking.

Following a pilot screening of 100 suppliers using our Responsible Procurement methodology in 2018, we have started to screen all Group suppliers using our new process and tools in 2019. We have screened 1,010 of our key suppliers (50% of all our key suppliers globally) across 2,651 production sites and a range of procurement categories including chemicals, starch and fillers; packaging materials; printing; and transport, among others. In step 1 of the process, we conducted a high-level screening based on risk factors related to country, raw materials and public indices on supplier environmental and social performance. As a result, 5% were rated as high risk. In Step 2, we sent relevant modules of our supplier questionnaire to each high-risk supplier to determine mitigating factors. Finally, our follow-up measures in step 3 (direct discussion with the suppliers, audits, third-party ESG reports, etc.) helped to bring down most of the remaining high-risk supplier sites to low risk (with the exception of one supplier site which remained high risk) and among the non-responsive supplier sites the majority also de-escalated due to information acquired in step 3.

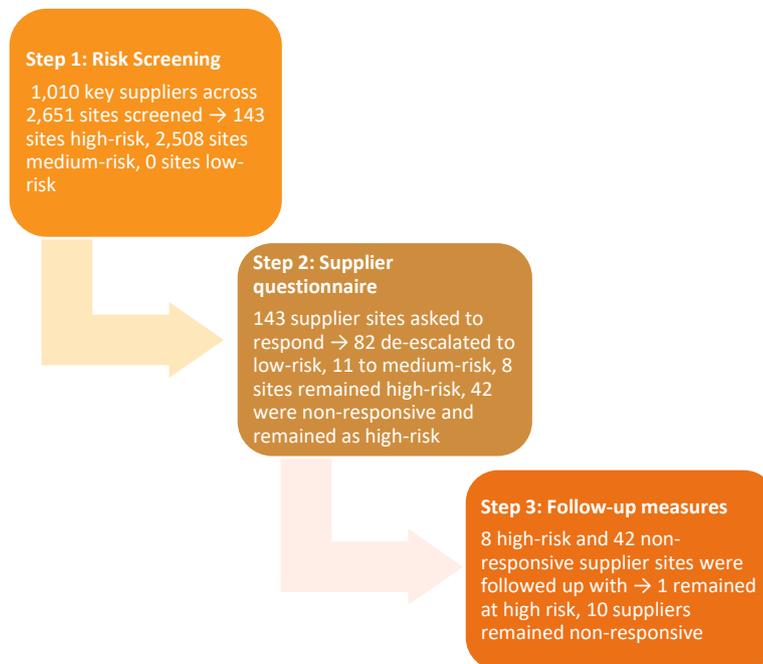


Figure 9: ‘Our three-step process in 2019 to assess key suppliers’

Among our 10 non-responsive (high-risk) sites were one resin supplier, one starch producer, three energy and oil & gas companies, four chemicals producers, and a manufacturer of industrial/technical equipment. Social/labour risks were assessed to potentially be present in four of these 10 sites, including two in the oil & gas industry, one in chemicals and one in industrial/technical equipment. We are currently looking at more efficient ways to interact with and secure responses from these suppliers, acquire relevant information from externally commissioned reports, and other ways to obtain information that can either de-escalate risk or inform the way forward with these suppliers.

We will continue to roll out the assessment process to our remaining key suppliers in 2020, and intend to begin the assessment of local suppliers and further procurement categories in 2021.

Evaluating the effectiveness of our approach

The Board’s SD 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, during 2019. 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 human trafficking and modern slavery statement 2019.

Our KPIs

Our current KPIs related to tracking and reporting of our human rights impacts, including modern slavery, comprise the following:

- The number of suppliers assessed and the % of residual high risk suppliers, including those that involve high social/labour risk (see 'Risk assessment and management – in our supply chain')
- Safety and health performance, training and reporting (various KPIs, see the safety chapter on pages 31-35 of our [Sustainable Development report 2019](#));
- Environmental performance, training and reporting (specifically KPIs that relate to the impact of our manufacturing operations on land, air and water systems in or close to the neighbourhoods and communities where we operate. See the Constrained resources and environmental impacts chapter on pages 58-65 of our [Sustainable Development report 2019](#));
- Speakout tool, training, reporting, investigation and resulting actions (please see 'KPI reporting' section below); and
- Due diligence conducted before acquiring new operations and making investments in upgrading and expanding existing operations (this is relevant to our human rights impacts where and when these activities impact people and communities).

We will continue to review and evaluate the scope and effectiveness of the current mechanisms to improve risk assessment, identification and reporting of human trafficking and modern slavery risks in order to strengthen our approach going forward. These measures will include strengthening our KPI development and reporting beyond those referenced above, to improve the identification, monitoring, management and communication of our human rights impacts in future, including modern slavery and human trafficking.

Whistleblowing and grievance mechanisms

Our current whistleblowing and grievance reporting mechanisms (such as our whistleblowing system, Speakout, as well as other incident monitoring and reporting channels across the Group) form part of Mondri's KPIs to monitor and measure the performance of human rights and anti-slavery actions undertaken by the business.

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:

- Human Resources-related concerns,
- fraud and business integrity issues, and
- environmental and safety topics.

Summaries of all reported issues and the status of unresolved items were presented at the meetings of the audit committee and to the Board to ensure appropriate

investigation has been undertaken and responses given, with actions taken where required.

Speakout reports in 2019 did not include findings related to modern slavery, human trafficking or other human rights aspects. While we welcome the absence of reports of human rights violations, we recognise that such risks may exist and we need to strengthen our mechanisms of identifying, mitigating and remediating them. Possible reasons for Speakout and similar reporting mechanisms not having identified human rights violations may include not being accessible, known to or trustworthy in the perception of stakeholders, such as the employees of our suppliers. For this reason we have included an evaluation of our grievance systems in the scope of our collaboration with DIHR, including appropriate and adequate communication and accessibility of our Speakout to all stakeholders.

Planned KPIs and evaluation programmes

In addition to the KPIs that we report above, we expect to continue improving our evaluation and reporting processes in relation to modern slavery and human trafficking risks for example through the development of the Operating Standard (see 'Policies and governance').

Our new Operating Standard, which is being developed in collaboration with the Danish Institute for Human Rights, will include future KPIs for tracking our performance and progress.

Training

Training is an important component of our approach to addressing potential modern slavery and human trafficking risks. This helps raise awareness of potential risks, inform our people of our policies and approach, improve knowledge and learning across the Group, and provide the tools and know-how to relevant teams on how to monitor, report and manage risks and incidents.

As part of our commitment to raising awareness around modern slavery risks we have undertaken the following training of our people since the introduction of the UK Modern Slavery Act. Details are outlined in Figure 10.

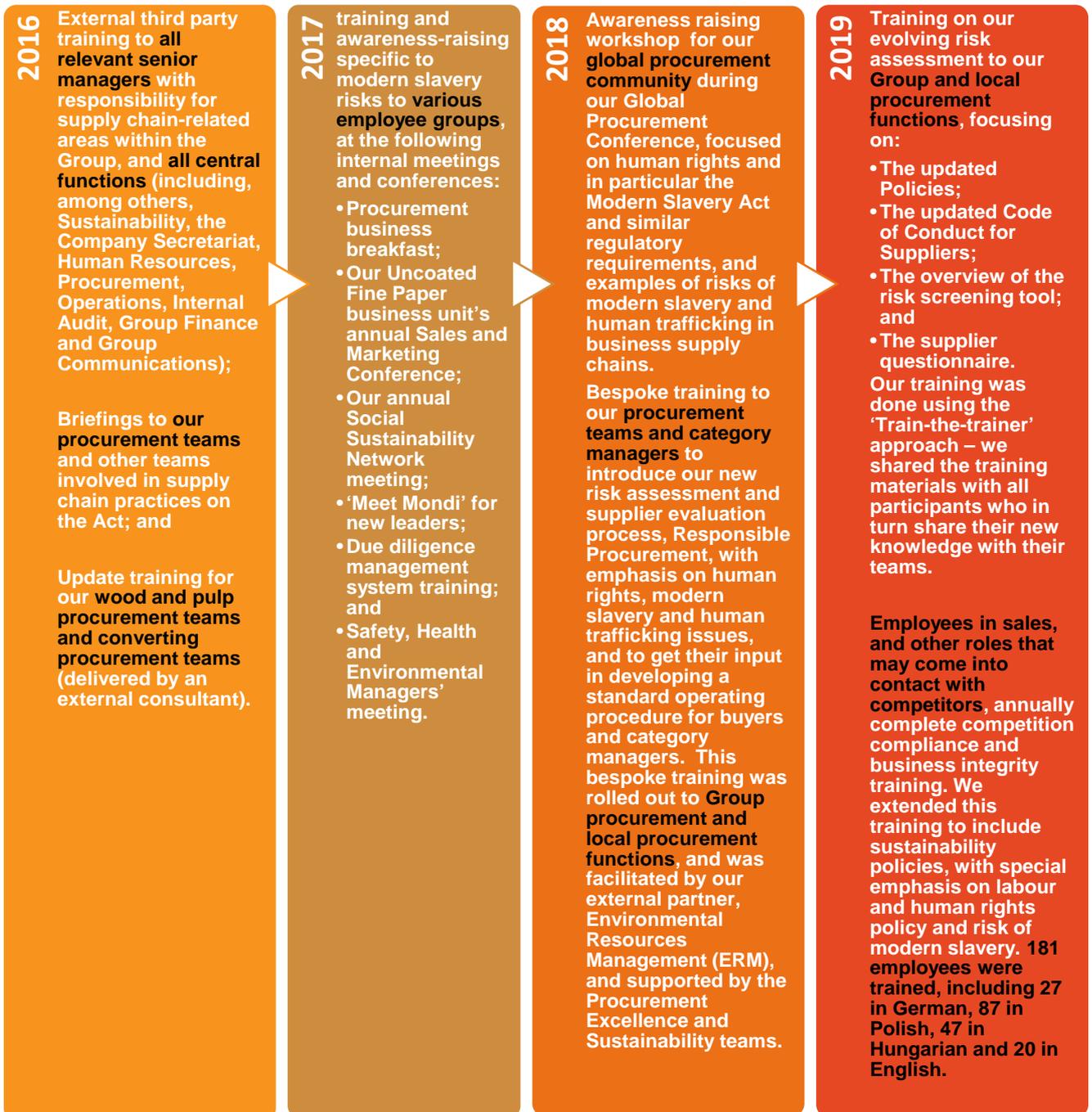


Figure 10: 'Timeline of training related to human rights and modern slavery'

Future training focus

Our existing approach to training covering modern slavery and human trafficking risks focuses on permanent employees of Mondi. We recognise that, going forward, the provision of training for our suppliers on our approach and on addressing risks, including modern slavery and human trafficking, together will be important in achieving real impact and change in the supply chain.

Following our screening of 1,010 group suppliers in 2019, we have engaged with our high-risk suppliers to better understand their performance and any mitigating factors. We will continue to engage with suppliers in different ways, from usual channels of conducting business, to interaction through questionnaires, meetings, and audits, and potentially training and collaboration should the need arise. For the time being, we offer support to our front-line staff working with suppliers by offering individual trainings on demand, especially in relation to the new risk processes, tools and supplier questionnaires. As we roll out our Responsible Procurement process, we will continue to assess the need for and suitable approach to supplier training during 2020 and beyond.

This statement is made in accordance with Section 54 of the UK Modern Slavery Act 2015 and constitutes Mondi's statement for the financial year commencing 1 January 2019 and ending 31 December 2019. The Mondi Board has reviewed and approved the statement on 06 May 2020, and it has been signed on its behalf. The statement has also been confirmed by all obligated legal entities within the Mondi Group. A list of those legal entities has been attached.

A handwritten signature in black ink, appearing to be "Andrew King", written in a cursive style.

Andrew King
Chief Executive Officer
06 May 2020

Appendix: obligated companies

Mondi AG
Mondi Ascania GmbH
Mondi Bags Mielec Sp. z o.o.
Mondi Bags Swiecie Sp. z o.o.
Mondi Békéscsaba Kft
Mondi Coating Štětí a.s.
Mondi Coating Zeltweg GmbH
Mondi Consumer Goods Packaging UK Ltd
Mondi Dynäs AB
Mondi Frantschach GmbH
Mondi Gronau GmbH
Mondi Halle GmbH
Mondi Heerlen B.V.
Mondi Inncoat GmbH
Mondi Italia S.r.l.
Mondi Jülich GmbH
Mondi Kale Nobel Ambalaj Sanayi Ve Ticaret A.Ş.
Mondi Korneuburg GmbH
Mondi Maastricht N.V.
Mondi Neusiedler GmbH
Mondi Örebro AB
Mondi Padova S.r.l.
Mondi Paper Sales GmbH
Mondi Poperinge N.V.
Mondi Powerflute Oy
Mondi Poznań Sp. z o.o.
Mondi Release Liner Austria GmbH
Mondi SCP, a.s.
Mondi Solec Sp. z o.o.
Mondi South Africa (Pty) Limited
Mondi Štětí a.s.
Mondi Štětí White Paper s.r.o.
Mondi Styria GmbH
Mondi Świecie S.A.
Mondi Szada Kft.
Mondi Szczecin Sp. z o.o.
Mondi Tire Kutsan Kagit Ve Ambalaj Sanayi A.Ş.
Mondi Trebsen GmbH
Mondi Warszawa Sp. z o.o.
Mondi Wellpappe Ansbach GmbH
JSC Mondi Syktyvkar