Together we make Mondi... SUSTAINABLE by DESIGN

#StrongerTogether
Together we are...
a diverse team of professional, passionate people who excel at many different things. But whatever we bring to Mondi, a global packaging and paper company, we have one shared purpose: to contribute to a better world by making packaging and paper Sustainable by Design. This inspires us to deliver positive change through what we do and how we do it. The past year has seen us pulling together more than ever – finding new ways of connecting and staying agile to overcome the impacts of COVID-19 and doing everything in our power to help our people and communities stay healthy. As this year’s report shows, our strong performance underlines our resilience both as a business and as a team – we are stronger together.
### Our approach to reporting

#### OUR SUSTAINABILITY REPORTING

This report provides a comprehensive overview of our approach to sustainable development and our performance across our 10 Growing Responsibly Action Areas. As we end the final year of our Growing Responsibly model (GRM) and close out our 2020 commitments, we have reflected on our cumulative impact over the last five years, as well as our 2020 performance. We also share a first look at our new sustainability commitments for 2030. 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 and the Sustainability Accounting Standards Board (SASB) Sustainability Accounting Standard for the Containers and Packaging Industry.

To improve the accessibility and transparency of our reporting, we have included a full glossary on page 110 and a list of endnotes can be found at the end of the report on page 114.

Alongside this report, our suite of other reporting documents is intended to meet the interests and reporting requirements of a range of different stakeholders.

#### Navigating our 2020 sustainability reporting

- **GRI & SASB Index**
  The report has been produced in accordance with the GRI Standards: Core option and the SASB – Containers & Packaging Industry Standard. To locate the disclosures and standards within the guidelines and our response, please see this separate index.

- **Integrated report**
  In our 2020 Integrated report, you can find a balanced overview of Mondi’s 2020 performance, including financial results and progress against our strategic objectives. It also includes an overview of our TCFD disclosures.

- **Sustainable Development Goals (SDGs) Index**
  Our strategic approach to the SDGs is included in the body of this report. In addition, a separate detailed index is available, which maps the SDGs and their respective targets against the contents of this report, including references to where supporting information about our contributions to each target can be found.

- **Stakeholder Engagement Index**
  This index provides detailed information about our stakeholder engagement, including why we engage different groups, how we engage with them, what topics we engage on and what action we have taken as a result.

#### External recognition

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

- **CDP**
  ‘Triple A’ score for climate change, water security and forests

- **MSCI**
  ESG Rating AAA

- **ISS ESG**
  Prime status in the ISS ESG Corporate Rating

- **Sustainalytics**
  Ranked #1 in the Paper & Forestry industry

- **Ethibel Sustainability Index (ESI)**
  Constituent of the ESI Excellence Europe

- **EcoVadis**
  Platinum recognition level
  Top 1% of all companies

- **FTSE/JSE Responsible Investment Index**
  Constituent of the FTSE/JSE Responsible Investment Top 30 Index

#### Other reports

- **Mondi Group Integrated report and financial statements 2020**

- **Mondi Group Sustainable Development report 2020**

#### References

Click to Download
2020 Highlights

Tackling climate change

Science-based targets
Made progress on science-based targets covering 95% of our Scope 1 and 2 emissions
23.6% reduction in our mills’ total specific CO₂e emissions against the 2014 baseline

23.6% reduction in our mills’ total specific CO₂e emissions against the 2014 baseline

Taking strides towards greater diversity and inclusion
29% women across our Executive Committee and its direct reports
25% women on our Board
Diversity & Inclusion Policy updated and published

Keeping our people safe
1 million masks supplied to employees worldwide
23% reduction in total recordable case rate since 2015
24-hour safety mindset focused on the social psychology of safety at work and at home
21,000 employees in 14 countries can now use the Employee Assistance Programme for counselling

Supporting local communities
€11.5m invested in community initiatives in 2020
100,000 medical grade face masks donated to protect frontline healthcare workers in South Africa from COVID-19
€3.3m donated to clinics, hospitals and governments for COVID-19 relief efforts

Taking strides towards greater diversity and inclusion
29% women across our Executive Committee and its direct reports
25% women on our Board
Diversity & Inclusion Policy updated and published

21,000 employees in 14 countries can now use the Employee Assistance Programme for counselling

Setting 2030 sustainability commitments

67% mills’ fuel consumption from renewable biomass-based sources
104% electricity self-sufficiency in our mills

Developing sustainable solutions
76% of our revenue is from products that are reusable, recyclable or compostable, supported by our EcoSolutions approach
8 WorldStar awards for our product innovations

2020 performance against a 2015 baseline
18.4% reduction of specific COD emissions
1.6% reduction of specific water consumption
25.4% reduction of specific waste to landfill
13.7% reduction of specific NOx emissions

Committed to transparency
One of 10 companies globally with a CDP Triple A score on climate change, forests and water security

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

Sourcing our fibre sustainably
100% of our mills maintained Chain-of-Custody certifications
76% of our sourced wood was FSC™- or PEFC™-certified
94% of our sourced pulp was FSC- or PEFC-certified
Responding to COVID-19

This was essential to allow us to continue to make products that are indispensable to everyday life, including materials for personal hygiene products and packaging for food, consumer goods and online deliveries. We also have a responsibility to those communities where our mills contribute to providing essential services such as energy, heat and wastewater treatment.

We focused on empowering local management to take decisions appropriate to local circumstances and to secure jobs and livelihoods of our employees. We had no permanent closures at any of our operations as a result of the pandemic. We actively supported people to adapt to new ways of working and balancing the pressures of work and home life. This was an unsettling time and we took steps to look after the wellbeing of our people. Our leadership communicated personal messages, business teams shared stories of success and the Employee Assistance Programme was promoted across the business. There were messages of hope, resilience and togetherness – with the theme of #StrongerTogether featuring in our internal communications.

We also ensured full salary payments for all employees on sick leave after contracting COVID-19. During the year, a total of 2,321 of our employees tested positive for COVID-19 and 8 sadly died with the disease. We recognise the pain and loss experienced by our people and their families and we have given our support to those affected.

2020 was the year COVID-19 changed the world as we know it. The impacts were felt by individuals, communities, businesses and economies around the world.

At Mondi, we share in the collective sorrow for all those affected. This motivates us to move forward with renewed determination to challenge the status quo and build a more sustainable future together.

Supporting our people

When the COVID-19 pandemic first emerged, our priority was the health and safety of our employees and their families. We acted quickly and decisively as a Group to ensure we could continue to work safely under changing local conditions and protocols.

A central response team was set up to coordinate global efforts and supply over one million masks and other personal protective equipment (PPE) to operations worldwide. We defined best practice measures and communicated what needed to be put in place across sites so that people could safely continue their work.

\[\text{It’s times like these that reinforce the importance of teamwork. I think we’ve shown tremendous agility, despite the challenges, and that’s testament to the efforts of everyone at Mondi. I can only emphasise my deepest gratitude to all those who have enabled us to keep serving our customers and communities.}\]

Andrew King
CEO Mondi Group

Find out how we supplied 1 m\textsuperscript{1} million masks to our frontline employees page 69

Read about how we increased our focus on mental health page 29
Responding to COVID-19

We are particularly grateful to the employees who kept our mills and plants running. Many made personal sacrifices including taking on longer shifts – a situation we have kept under close review and will adjust to normal as soon as it is practically possible. We even had teams volunteering to sleep in our mills so that we could continue producing our products and supplying electricity and wastewater treatment for local communities. We adapted team rotation and shift models, introducing flexible shift times, providing nutritious meals and ensuring access to testing.

For the many employees working remotely, we invested in digital infrastructure and equipment so that teams could continue to interact. Video check-ins became the norm, with many teams connecting more often than before. A taskforce is developing a sustainable framework for flexible working at Mondi in future.

While we have operated under exceptional conditions due to the pandemic, with travel and site-based monitoring and auditing not being feasible in 2020, environmental compliance requirements have continued to be met.

Adapting our operations

At times like these, flexibility in production is crucial to meet global market demand for packaging. Our resilient business model demonstrated its true value. With the situation changing daily, local operations were empowered to take decisive action and make decisions in an agile way. This enabled continued delivery of essential products to our customers while following the rules and guidelines established by local administrations.

In some cases, we were required to temporarily stop production – such as in South Africa where regulatory requirements saw our Merebank mill close down for five weeks.

Keeping supplies flowing

Ensuring business continuity for our customers, many of whom supply products that are essential to everyday life and public health, is a crucial responsibility. As the situation unfolded, securing the raw materials needed to keep serving our customers was a top priority.

There was a period early on when logistics – both inbound and outbound – were extremely difficult. Transport delays, evolving export restrictions and changes to laws and regulations created challenges for our procurement teams. Our global procurement network mobilised in response and reached new levels of collaboration.

One challenge was the increase in market demand for films, resins and solvents, which are used in PPE and hygiene components, as well as our packaging. Our procurement teams around the world worked together, shifting materials between operations to keep supplies flowing and production running.

Assisting local communities

The pandemic increased hygiene and safety concerns and exacerbated social challenges, such as poverty and food security. Our operations focused their social investments on local needs.

Many of our operations stepped up to support the local response to the health crisis. Two new production lines were built at Mondi Gronau (Germany) to produce much-needed melt-blown fabric and surgical face masks. Together, they are capable of producing more than one million face masks a day and the fabric is also sold to other face mask manufacturers.

At Mondi Korneuburg (Austria), we developed packaging for QIAGEN’s SARS-CoV-2 coronavirus test kits. The team worked closely with QIAGEN to understand how best to ensure test kits were packaged safely with the necessary protection to ensure they were not compromised before use.

Many targeted funds and in-kind donations to help tackle the local response with thousands of masks, PPE, medical and surgical raw materials donated to municipalities, health facilities and local organisations.

Financial support in the amount of €3.3 million was provided to clinics, hospitals and governments in Poland, Slovakia and Russia. We also supported local health infrastructure, such as mobile clinics in South Africa and Mondi Syktyvkar’s healthcare centre.

We also provided community relief by supporting disrupted services. For example, Mondi South Africa supported the supply of fresh water to remote communities and donated food parcels to over 2,250 vulnerable families. We continued to provide essential services for local communities – such as energy, heat and wastewater treatment – at a number of our operations.

Sustaining momentum out of a crisis

The COVID-19 crisis has driven transformation and increased the pace of social change. It has impacted our behaviour and made us all more aware of how connected we are – with each other and with nature.

We have an opportunity to build on this momentum and look at how we operate as a society and as businesses.

At Mondi, as we continue to adapt and innovate, we will challenge ourselves to find new ways to support our customers and drive lasting, positive change for society.
Leadership insights on sustainability

In conversation with:
Dominique Reiniche, Chair of Mondi’s Sustainable Development Committee and Andrew King, CEO Mondi Group

Q Andrew, let’s begin with how your employees have responded during an extremely difficult year. Is there a message you would like to share with them?

AK: Yes, I would like to start by thanking all those who work at Mondi for their outstanding efforts in response to the challenges, both at work and at home. My thoughts and sympathy are with all those who have been personally affected. While it’s been difficult for so many, our resilient business model has proven itself during the pandemic and our employees have made a huge contribution. There are many inspiring examples of people making personal sacrifices and going the extra mile across all our operations. Together, we have shown that Mondi is made of a team that cares deeply about each other, our customers and communities. The year has also served as a reminder of how important our products are to society, and I feel inspired by the resilience our business and our people have shown.

Q Dominique, what do you think COVID-19 has taught us about addressing sustainability issues as a society?

DR: I think COVID-19 has in fact increased the pressure on existing issues and accelerated the sustainability agenda. It has changed the way we think about things like digitalisation and flexible working and it has moved crucial issues like food security, environmental quality and access to healthcare under the spotlight. These things impact all of us as members of a global society, but we know this virus has not affected everybody equally. The pandemic has shown just how connected we all are and why it’s important that we work together, upstream and downstream, to keep materials and goods flowing. This is a strength of Mondi’s, because of our integrated business model that places great importance on collaboration across the value chain. But amid the current crisis, we must not lose sight of the longer-term issues such as climate change and the importance of innovating for a circular economy. The Board has been greatly encouraged by Mondi’s response and resilience.

Q What has the impact of the pandemic highlighted specifically about Mondi’s business and the wider industry?

AK: Certainly one thing we’ve been reminded of is how vital our products are to our customers who deliver essential food, health and hygiene products to society. Keeping their businesses running has been about more than just making packaging. It’s been about ensuring essential products reach the people who need them. From an operational standpoint, one of the things our customers have recognised is the importance of secure supply chains. We’ve been fortunate in that we have had the capacity and flexibility to be able to supply customers throughout the height of the pandemic. This continuity has also been crucial for the communities around our mills, some of whom we supply with critical services such as energy and wastewater treatment. We’ve continued delivering those services and supported the frontline pandemic response. This has galvanised relationships and shown the importance of being directly engaged in local communities.
Leadership insights on sustainability

“We need to stand in the shoes of our consumers – we must build common standards, such as for product recycling and labelling, to make it easier for us all to be a part of the solution.”

Dominique Reiniche
Chair of Mondi’s Sustainable Development Committee

Turning our attention to the five years of the Growing Responsibly model, what do you see as Mondi’s greatest achievements?

DR: I think we have really matured in the five years of the Growing Responsibly model (GRM) and it has been pivotal in growing the businesses sustainably. Our purpose is to be Sustainable by Design and the GRM has been a great learning tool on this journey – both for the business and the Sustainable Development Committee that I have the honour to chair. This is evidenced by Mondi’s multiple successes in external benchmarks; we achieved an outstanding CDP ‘Triple A’ score in 2020 for climate change, forests and water security and were rated in the top 1% of all suppliers by EcoVadis for the fifth consecutive year. In 2019, the approval of ambitious science-based greenhouse gas (GHG) targets was a major milestone. At the same time, we have maintained FSC™ certification for 100% of the forests we own and manage. There has also been a very clear focus on people and a strong focus on safety and health, with the ‘work safe, home safe’ approach focusing on a 24-hour safety mindset. Mondi’s community engagement approach enables it to truly listen to its stakeholders, often facilitated by third parties so that it can be objective, transparent and credible.

What has been the biggest challenge Mondi has faced on the road to achieving its targets?

AK: The single biggest regret I have is that, despite an industry-leading safety record, we have experienced fatalities over the last five years. This is a huge sadness to me and it emphasises that we need to reach a new level of transparency and openness. This work is not easy but it is energising and important. We need to stand in the shoes of our consumers – we must build common standards, such as for product recycling and labelling, to make it easier for us all to be a part of the solution. We still have a lot to do in this regard and we need to develop a shared approach of working together, at scale, and across value chains to drive change on topics like plastic pollution. This is what Mondi is trying to pioneer through its strategic partnerships and collaborations.

What will Mondi focus on next to achieve further meaningful sustainable impact?

DR: As Andrew describes, we need a longer-term vision and a clear focus on the material topics where we can really make a difference. That’s why we are moving from 10 Action Areas to three core priorities. These three areas are very memoralable: circular solutions, created by empowered people, taking action on climate. But the fact that we are focusing on three core areas doesn’t mean we have less work to do. Supporting these areas are a set of broader responsible business practices, all with very clear commitments and targets to drive strategy and action throughout the business.

Finally, what do you see as the key challenge for the coming year?

DR: I think we need a change of mindset in industry to drive collaboration on sustainable solutions between competitors and with customers. We need to reach a new level of transparency and openness. This work is not easy but it is energising and important. We need to stand in the shoes of our consumers – we must build common standards, such as for product recycling and labelling, to make it easier for us all to be a part of the solution. We still have a lot to do in this regard and we need to develop a shared approach of working together, at scale, and across value chains to drive change on topics like plastic pollution. This is what Mondi is trying to pioneer through its strategic partnerships and collaborations.

AK: We have to make more progress on sustainable packaging. Sustainable solutions are at the heart of our offer and it’s encouraging that we are seeing more customers coming to us to develop sustainable packaging while we are investing in processes and packaging lines to accommodate new innovations. This is a much needed evolution that has gained traction in the last year. While it has accelerated in areas where there is regulation, we are also starting to see changes being driven by consumers. I believe this will continue and there is considerable potential for Mondi to grow with our unique sustainable packaging, offering paper where possible, plastic when useful.

“To make things truly sustainable, we must embed sustainability initiatives deeply in our organisation, changing behaviours and mindsets.”

Andrew King
CEO Mondi Group
Safety and health
The safety and health of our employees and contractors is a key topic at every meeting. In 2020, this included regular discussion of the safety and health implications of COVID-19. The Committee reviewed safety performance at every meeting and agreed measures to keep employees and contractors safe, including supply of masks and PPE to our operations, distancing and hygiene rules, and adapting our production sites and offices to mitigate related risks. Members discussed safety performance and selected incident investigation outcomes, including the two contractor fatalities that occurred during 2020 (see page 25). The Committee received an update on training, engagement and monitoring of contractors, including in the lead-up to major maintenance shutdowns. The Committee reviewed total recordable case rate (TRCR) classifications with a working group assigned to address rising incidents in specific categories. Barriers to achieving our TRCR milestones were noted to include gaps between the performance of our recent acquisitions and the Group’s standards, with measures put in place to address this, including training and ongoing engagement with sites.

Climate crisis
The Committee focused on climate-related risks and opportunities and received feedback from the work done by the cross-functional team established to evaluate these on an ongoing basis. Key areas assessed in 2020 were plantations, Komi forests, wood procurement, products and material operations. Results and estimated financial impacts were reviewed and the need for ongoing refinement was acknowledged, given the high degree of uncertainty around the impact quantification over long time horizons. The Committee reviewed our reporting on Climate Related Financial Disclosures (TCFD) (see page 46).

2020 and 2030 commitments
The Committee regularly reviewed progress against our 2020 GRM commitments and considered actions taken to address the challenges – for example related to contact water use. The Committee discussed environmental incidents, particularly those involving community impact and resulting in odour complaints (see page 60). The Committee reviewed and confirmed the proposed 2030 commitments and noted the benchmarking process and extensive consultation with internal stakeholders.

Human rights
The Committee discussed Mondi’s progress in assessing its human rights risks, including an overview of processes and procedures to address potential risks of human trafficking and modern slavery. Discussions included developments in the Responsible Procurement process and work with the Danish Institute for Human Rights (DIHR) on human rights due diligence and policy development. It received the findings of the human rights gap analysis conducted by DIHR and reviewed the actions proposed to prioritise and address the gaps in our practices and approach (see page 36). The Committee approved Mondi’s 2020 Modern Slavery Act statement.

Stakeholder participation
Last year, the Committee agreed to invite input from external stakeholders to gain fresh perspectives on key issues. In 2020, WWF South Africa’s Head of Fresh Water attended a Committee meeting to provide an overview of WWF’s work to promote water security in South Africa. The overview included a summary of water challenges which are being exacerbated by the climate crisis. The importance and success of cross-sector partnerships, such as the WWF-Mondi partnership, for addressing these issues and developing solutions was discussed. WWF South Africa’s views on future outlooks and solutions for the water crisis in the country were also shared.

The Board received a presentation by Mondi’s legal advisors on emerging and evolving regulatory and soft law regimes related to sustainability risks and opportunities, in particular to highlight the key impacts of these regulatory changes on Mondi.

Engagement with key stakeholders
The Committee reviewed the Group’s relationships and engagement with key stakeholders. Discussion focused on the partnerships that will be required to support Mondi in achieving MAP2030 commitments and our primary areas for engagement. Social and community engagement mechanisms were discussed, focusing on COVID-19–related community contributions. The Committee also reviewed the key multi-stakeholder initiatives in which Mondi is involved.

Sustainable products
The Committee discussed the Group’s product stewardship areas and reviewed the role of the internal Product Stewardship Network, noting that this had been restructured to better meet the evolving needs of the business and to formalise the link to our EcoSolutions approach. An overview of the developments related to the Single–Use Plastic Directive was provided. The Committee noted Mondi’s engagement with industry associations on the applicable definitions in classifying products as single use and materials as plastic, and our commitments in relation to plastic. The Committee agreed that Mondi’s focus should be on supporting customers to meet their sustainability objectives and on establishing partnerships and collaboration to reach shared goals. It reviewed Mondi’s participation in Cepi’s 4evergreen alliance, noting its aim to boost the contribution of fibre-based packaging to a circular economy.
The Mondi Way...

The Mondi Way shows how our shared sense of purpose is intrinsically connected to our strategy and culture, enabling us to create best-in-class products for our customers and shared value for our stakeholders. Our four strategic value drivers set a clear roadmap for the future and, together with our resilient business model and manufacturing excellence, give us distinct competitive advantages. Our culture is centred around empowering people to be passionate and entrepreneurial in a respectful and inclusive way, underpinned by our values of Performance, Care, and Integrity.

...drives innovation and collaboration to create sustainable solutions...

Consumers and brands are looking for products that minimise impact on the environment and maximise functionality. Our customer-centric EcoSolutions approach enables us to partner with customers to identify and develop the most sustainable solutions from our uniquely broad range of packaging using paper where possible, plastic when useful. We collaborate along the value chain to eliminate unsustainable packaging, leading the transition to a circular economy.

...helping customers to achieve their goals.

Mondi is proud to be recognised for our innovation and ability to create forward-thinking solutions for thousands of local and global brands. Our R&D centres and innovation activities span the entire value chain. We also work with essential partners to maximise the potential of our products. In the past year we have celebrated a number of innovation awards across our business, including eight wins at the 2021 WorldStar Packaging Awards.

- **SupremeBox**: Size-adjustable e-commerce packaging that provides for more efficient box sizing and fulfilment.
- **BrightBox**: A 100% recyclable alternative for car headlights that replaces multiple-material packaging with a single corrugated solution.
- **BrakeBooster**: Packaging for automotive components that optimises filling processes while reducing weight and material use.
- **OnePiece**: Innovative packaging designed for transport and display that can protect products of irregular shape.
- **PerFORMing**: Formable paper-based food tray that reduces CO₂ emissions and is recyclable in certain paper streams.
- **FloralBox**: A modular e-commerce solution that optimises packaging and protection requirements for the transportation of plants.
- **Thermoforming**: A fully-recyclable mono-material high barrier film which has a significantly lower carbon footprint compared to existing solutions.
- **EnvelopMailer**: A 100% renewable, recyclable and highly protective alternative to plastic mailers that use bubble foil protective padding.

* Announced December 2020. Two awards won in partnership with a customer.
Our business model

The Mondi Way connects purpose, strategy and culture to our business model. Our purpose is to contribute to a better world by making innovative, sustainable packaging and paper solutions. We do this by delivering performance across our integrated value chain in line with our strategy, ensuring we create value in a sustainable way for all of our key stakeholders. Our four strategic value drivers underpin this strategy and build on the competitive advantages we enjoy today, setting a clear roadmap for investment and operational decisions into the future.

Our culture connects, guides and inspires our people to achieve Mondi’s purpose. The dedication, commitment and willingness of our employees is essential to delivering on our strategic priorities as we continue to contribute to a better world, together.

What we rely on

We sustainably manage our natural resources, leverage our relationships and allocate capital responsibly to create value for our stakeholders.

Relationships

The integrated nature of our business means that we rely on strong relationships to drive our business forward for our shared success. Our people make Mondi, and together we deliver against our key initiatives and operational deliverables. Our partnerships with our customers and suppliers ensure that we optimise our value chain and deliver solutions to our customers that meet their requirements. We engage with our communities to address challenges and create opportunity, with investors to communicate our performance and refine our strategy, and with partners, industry associations and regulators to shape our context.

Resources

As part of our manufacturing processes, we require raw materials such as wood, paper for recycling, chemicals, polymers and other resources, most notably water and energy. We are committed to ensuring the responsible procurement of these materials and to protect and safeguard the biodiversity and ecosystems in which we source these natural resources.

Financial

We have a disciplined approach to invest in our asset base through the cycle. Our strong cash generation and robust financial position provide us with strategic flexibility to pursue value accretive propositions when they arise ensuring we are positioned strongly to drive value for our stakeholders.

What we do

Our integrated value chain

We have an integrated business that leverages our distinct competitive advantages, and key relationships and resources.

Managing our risks

Successfully mitigating the potential impact of risks on our business model and appropriately setting our risk appetite is critical to ensure we continue to generate long-term value for our stakeholders.

Examples of the value we create

By combining our integrated value chain, strong relationships and management of resources, and leveraging our competitive advantages, we create value for our stakeholders in line with the Mondi Way.

Employees

23% reduction in total recordable case rate (since 2015)

In addition to our focus on safety, we invest in the development of our people, supporting a diverse, skilled and committed workforce.

Customers

8 WorldStar Packaging Awards (two with a customer)

We partner with our customers to help them meet their sustainability commitments leveraging our unique EcoSolutions approach, offering paper where possible, plastic when useful.

Communities

€168 million direct taxes paid

In addition, the Group has invested €50 million in local community initiatives in the past five years including more than €3 million of direct financial and in-kind donations in response to the COVID-19 pandemic.

Suppliers and contractors

2,000 key suppliers

We engage with our suppliers, encouraging supply chain transparency and fair working conditions, and undertake actions to mitigate our risks.

Investors

42% five-year total shareholder return

Supported by a strong balance sheet, we continue to declare dividends in line with our cover policy and have recommended a total dividend for the year of 60.00 euro cents per share.

Partners, industry associations and regulators

Numerous strategic partnerships and initiatives

Our global collaborations ensure we can contribute to finding sustainable solutions for the collective challenges we all face and bring about meaningful change.
Our businesses

**Together we are...**

meeting our customers' needs with a broad range of innovative, sustainable solutions

We work with thousands of global and local brands, offering our customers a wide range of solutions using paper where possible, plastic when useful. Our businesses create corrugated packaging, paper and plastic-based flexible packaging, specialised solutions and uncoated fine paper.

Here is a selection of products illustrating the variety of industries we serve:

- **Consumer and retail**
  - Around 50% of Group revenue
  - **MailerBAG**
    A patented paper bag for e-commerce shipments that is easy to open and reclose and convenient to return
  - **EcoVantage**
    A sustainable and effective paper alternative to plastic bags
  - **Coral Tray**
    Corrugated alternative to plastic fruit punnets and plastic film wrapping
  - **Paper for home, office and professional printing**
    - **Functional Barrier Paper**
      Recyclable barrier papers for PHCSS food applications which can replace simple, low barrier PE films
    - **Pergaphica®**
      Full spectrum premium printing papers for distinguished design work and creative communications
    - **NAUTILUS® ProCycle**
      A 100% recycled fibre, CO2 neutral high-white paper for professional applications

- **Building and construction**
  - Around 15% of Group revenue
  - **SPASHBAG**
    Designed with an outer paper ply that is water-repellent and formulated to keep high tensile strength in wet environments

- **Chemicals, industrial, agriculture, other**
  - Around 15% of Group revenue
  - **stac-pac®**
    Made from corrugated board and supporting wooden frame built for shipping and storage of heavy loads
  - **Pasted open mouth bags**
    Innovative, high strength paper bags with efficient filling features and superior product protection

**Business units**

- **Segment revenue**
- **Underlying EBITDA**
- **Markets served**

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**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, are lightweight and recyclable.

- **Leading market positions**
  - #1 virgin containerboard producer in Europe
  - #1 containerboard producer in emerging Europe
  - #3 corrugated solutions producer in emerging Europe

**Flexible Packaging**

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

- **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

**Engineered Materials**

We produce a range of specialised solutions leveraging our expertise across the Group, focusing on products that are designed for recycling and use recycled content. Our functional papers and films protect adhesive surfaces or provide barriers against, for example, moisture, oxygen or aroma across a range of applications, including our packaging solutions. Our personal care products include soft non-woven fabrics, uniquely stretchable elastic films and mechanical fastening components used in everyday life.

- **Leading market positions**
  - #1 commercial release liner producer in Europe
  - #2 extrusion coatings producer in Europe

**Uncoated Fine Paper**

Our vertically integrated, well-invested, cost-advantaged paper mills make a wide range of environmentally sound home, office and professional printing papers, including design and luxury packaging papers, tailored to the latest digital and offset print technologies. We manage forests in Russia and South Africa providing sustainable wood fibre for our operations. Our innovative paper solutions, including a growing amount of recycled fibres, meet our customers’ needs in a cost-effective and sustainable way.

- **Leading market positions**
  - #1 uncoated fine paper supplier in Europe (including Russia)
  - #1 uncoated fine paper producer in South Africa
Where we operate

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.

**NORTH AMERICA**

Revenue by location of Employees Production sites

Production Customer

Employees Production sites

**AFRICA**

Revenue by location of Employees Production sites

Production Customer

Employees Production sites

**ASIA & AUSTRALIA**

Revenue by location of Employees Production sites

Production Customer

Employees Production sites

**WESTERN EUROPE**

Revenue by location of Employees Production sites

Production Customer

Employees Production sites

**EMERGING EUROPE**

Revenue by location of Employees Production sites

Production Customer

Employees Production sites

**RUSSIA**

Revenue by location of Employees Production sites

Production Customer

Employees Production sites

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.
The global response to the COVID-19 pandemic has shown we have the ability to collaborate and innovate as a global society, when it comes to solving crises, even in the worst of circumstances. The challenge has been to maintain this spirit of unity and will as we move forward towards a sustainable future. The challenge has been to maintain our commitment to solving the climate crisis, the urgency of which has been accelerated by the COVID-19 pandemic. The need to act now is more important than ever. Setting and delivering science-based targets is key for businesses to reduce emissions to the levels required to achieve the Paris Agreement. With investors placing growing importance on how companies manage their climate-related risks and wanting to know how they impact business models and operations, the climate crisis will increasingly influence companies' long-term financial standing, reputation and investment potential.

Plastic waste

Every year, around 8 million tonnes of plastic waste escapes into the oceans from coastal nations. The impact is driving environmental awareness and anti-plastic sentiment among consumers, especially younger generations. To address the crisis and relieve pressure on natural resources, there is an urgent need to transform waste into materials of value. Building circular economy models that transform waste into circular economy models will transform waste into resources. The Paris Agreement and other frameworks have set the stage for businesses and industries to act. The need to reduce emissions by half is a target that will require significant changes to business models and operations. The climate crisis will increasingly influence companies' financial and reputational performance.

Human rights and social impact

Respect for human rights has become a global standard of conduct for businesses, particularly in relation to regulatory and public concerns regarding single-use packaging waste. Before the COVID-19 pandemic, sustainability was a top priority for the packaging value chain - particularly in relation to plastic waste. With the onset of the global health crisis, concerns about hygiene and food-safety issues have become higher priorities. Legislation like the Single-Use Plastics Directive and the Circular Economy Action Plan in Europe, and country bans on plastic bags in many other countries, are driving development of sustainable solutions. However, the current low-purchase price of virgin plastic resin means it is more affordable than using recycled plastic. The difference in cost is being driven by increased production and rising demand for recycled plastic, which is rising. The Paris Agreement must be enforced to reduce emissions by half. The challenge is transforming waste into resources. Building circular economy models that transform waste into circular economy models will transform waste into resources. The Paris Agreement and other frameworks have set the stage for businesses and industries to act. The need to reduce emissions by half is a target that will require significant changes to business models and operations. The climate crisis will increasingly influence companies' financial and reputational performance.

Technology for chemical recycling and improved and harmonised collection and sorting mechanisms as well as legislation on plastic will be vital to drive positive change. The global response to the COVID-19 pandemic has shown we have the ability to collaborate and innovate as a global society, when it comes to solving crises, even in the worst of circumstances. The challenge has been to maintain this spirit of unity and will as we move forward towards a sustainable future. The challenge has been to maintain our commitment to solving the climate crisis, the urgency of which has been accelerated by the COVID-19 pandemic. The need to act now is more important than ever. Setting and delivering science-based targets is key for businesses to reduce emissions to the levels required to achieve the Paris Agreement. With investors placing growing importance on how companies manage their climate-related risks and wanting to know how they impact business models and operations, the climate crisis will increasingly influence companies' long-term financial standing, reputation and investment potential.
Well informed and price savvy consumers expect value, convenience and a branded experience from their online purchases. At the same time, they are less trusting of brands and demand transparency on safety, health and sustainability claims. Paradoxically, the growth in e-commerce is accompanied by a counter-trend to buy locally and support local business. Regionality is an important factor for increased transparency, with short transport routes and greater product traceability creating authenticity and trust. A 2020 report from EY predicts that regionalisation will characterise the future of globalisation, spurred on by societal values, legal structures and regulatory approaches. Technology could enable a more regionalised future with distributed manufacturing driven by 3D printing, potentially further shrinking and localising global supply chains.

**The changing workplace**

The COVID-19 pandemic changed the way we live and work almost overnight, with many people compelled to work remotely where possible. Companies worldwide had to find creative ways to enable their employees to work safely, provide infrastructure and bandwidth to enable flexible working and collaboration, and address the risks associated with data integrity, security and privacy. In recent years, mobile technology has changed the way we do business, making it possible to work from anywhere. This has blurred the boundaries between work and personal lives, particularly for those working from home. Research shows that three out of five millennials expect flexibility from employers, but less than 5% consider home to be their primary workplace.

Companies need to create working environments where people want to be and meet diverse expectations and priorities for purposeful and flexible careers. Against a backdrop of rapid innovation and decarbonisation, skills development will be crucial for adapting the workforce, where emerging technologies and evolving business models may reduce the need for certain jobs.

**Changing consumer behaviour and the rise of regionality**

The pandemic has changed consumer purchasing behaviour, with many preferring or needing to purchase online to avoid the potential health risks of shopping in stores. With its growing convenience, accessibility and speed of delivery, e-commerce has seen rapid growth in demand for everyday products like food, drinks and groceries. Experts predicted that e-commerce sales would reach $4.13 trillion in 2020.

“The pandemic has seen an acceleration in online shopping beyond expectations for 2020, in particular in new markets across Central and Eastern Europe, with many consumers experiencing new retailers, websites and brands.”

Armand Schoonbrood
COO of Corrugated Solutions at Mondi
Industry insights

What were the key trends related to sustainability impacting the paper and packaging sectors, in 2020?

JR: We’ve seen the impacts of COVID-19 accelerating many trends across the paper industry. They include a strong drive towards substitution of fossil materials with renewable, recyclable alternatives. This is increasing the diversification of product portfolios, with innovations being launched like never before. Although paper and paper-based packaging is the world’s most recycled material, we’re looking at raising the bar to move from a recycling rate in Europe of 83% today for fibre-based packaging to 90% by 2030.

GH: A few weeks before Europe went into lockdown, CEFLEX met with 200 stakeholders in London. Our key message was that the sense of urgency from multiple perspectives to achieve a circular economy had reached a tipping point. Developed in collaboration with Mondi and other stakeholders, our ‘Designing for a Circular Economy’ guidelines provide a new level of clarity, helping design flexible plastic packaging solutions that are recyclable. Although we’ve seen a focus on closed product loop recycling, increased attention to chemical recycling working in conjunction with mechanical and other advanced recycling processes will enable these new (recycled) materials to displace and reduce the need for virgin fossil fuel-derived materials in the future.

How are regulatory trends impacting the paper and plastic industry?

JR: The reduction in carbon emissions delivered by the paper industry has resulted from carbon reduction regulation that has been in place for many years. Our industry has cut carbon emissions by 27% since 2005 and is the largest industrial generator and user of renewable energy in Europe. Now, the European Green Deal is driving our industry transition towards climate neutrality. To achieve it, the regulatory framework must remain stable and predictable – otherwise regulatory risk could discourage investments. We need regulation to de-risk and reward investments in energy efficiency, CO₂ avoidance and renewable energy and promote availability of affordable renewable energy sources – such as electricity, biogas or hydrogen – without sectoral restrictions.

GH: I agree on the need for a clear and stable regulatory framework to support our circular ambitions. The sheer quantity of plastic and packaging legislation being proposed at the moment risks draining resources and directing focus away from delivering the circular economy. There is a risk that recycled plastic prices become significantly higher than virgin plastic and consequently are commercially uncompetitive. This could drive investment away from the sorting and recycling infrastructure that is needed for a circular economy. Initiatives like the Basel Convention make it increasingly challenging to export sorted plastic with the implication that most of the currently exported materials will need to be recycled in Europe in the medium term.

How crucial is collaboration to achieving the systemic change that is needed?

JR: Small and medium-sized enterprises make up two-thirds of the European paper industry and even global leaders like Mondi cannot solve the big challenges alone. Systemic change can only be achieved through industry-wide collaboration. This is why we launched the 4evergreen alliance, a cross-value chain alliance of over 50 companies, including Mondi, to perfect our circularity. It is the first time that an alliance of this scale will connect members across the entire value chain to gain deeper insights into sustainable sourcing, material design, converting, recycling, reuse and waste management for fibre-based packaging.

GH: Collaboration is crucial for supporting the CEFLEX roadmap and giving companies like Mondi a firm basis on which to continue innovating, investing and implementing their part of the circular economy. Driving systemic change towards the circular economy is not simple; it is multi-faceted and we need a clear vision of a circular economy for plastic packaging so that all parts of the value chain can understand their role in delivering it. A level playing field is key and we know it requires extended producer responsibility in all countries, designed to ensure system costs are covered in the product price so that no one has an advantage because their products are less circular and sustainable.

Collaboration and engagement with others in our industry is fundamental to our approach. The insights and opportunities for collaboration we gain enable us to manage common risks and scale our positive impact. We spoke to two of our partners about the sustainability issues shaping our industry.

Jori Ringman (JR) is Director General of the Confederation of European Paper Industries (Cepi).

Cepi is the European association representing the paper industry, a non-profit-making organisation based in Brussels.

Graham Houlder (GH) is Project Coordinator of A Circular Economy for Flexible Packaging at CEFLEX.

CEFLEX is a collaborative initiative that brings the entire value chain of flexible packaging in Europe together to tackle the technical and business barriers to a circular economy.
Our Sustainability Approach

Together we are...

keeping sustainability firmly at the heart of our strategy

“Sustainability is embedded in everything we do. Our focus on sustainability has contributed to our strong performance across the business and is fundamental to our success.”

Andrew King
CEO Mondi Group
Our Growing Responsibly model (GRM) is the framework through which we have responded to sustainability challenges and opportunities for the past five years.

Our GRM has been integral to our success. It has formed part of our business strategy to drive value accretive growth sustainably and to contribute to the United Nations Sustainable Development Goals (SDGs) and other global initiatives. It has also enabled us to clearly demonstrate, monitor, improve and communicate our sustainability performance across the value chain.

Applicable to all our operations Group-wide, the GRM is designed to 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. Each Action Area includes commitments running to the end of 2020 and a carbon emissions commitment that runs to 2050. In 2018, we became signatories of the Ellen MacArthur Foundation’s Global Commitment, which also runs to 2025.

Our materiality assessment (see page 87) defined the relative importance of our material issues to our stakeholders and identified new and emerging issues. We have used this and our ongoing engagement with stakeholders to inform the disclosures covered in our reporting. We also used the outcomes of the materiality assessment and stakeholder engagement to shape our future commitments.

We see it as a key responsibility of business to help deliver the UN SDGs and we highlight the main links between our 10 Action Areas and the corresponding SDG targets. A detailed overview can be found in our SDG Index online, which identifies the links with all the SDGs and their respective targets, mapped against our actions described throughout the report.

We identified seven SDGs where we believe we have the greatest impact and opportunity to make a real and lasting difference at scale: SDG 6 (clean water and sanitation), SDG 7 (affordable and clean energy), SDG 8 (decent work and economic growth), SDG 9 (industry, innovation and infrastructure), SDG 12 (responsible consumption and production), SDG 13 (climate action) and SDG 15 (life on land).

2020 marks the final year of the GRM as we close out our current five-year commitment period. It has served us well in being so comprehensive and has enabled us to communicate progress across a wide range of complex issues. The role of sustainability has evolved considerably over the past five years and we have reflected in detail on these changes and the learnings from our GRM to shape the Mondi Action Plan 2030 (MAP2030), our next set of commitments (see page 20).

“Our Growing Responsibly model has successfully guided our responses to sustainability challenges and opportunities these past five years.”
Together we are…
making meaningful progress to build
an even more sustainable business

As we close out the final year of the GRM, these results show how far we have come since its inception in 2015. We are proud to have met most of our targets, while others have been more challenging.

This diagram provides a high-level overview of our consolidated five-year performance. More detailed information on what was achieved in 2020 and our overall impact is set out within each of our 10 Action Areas.

Our 10 Action Areas
A year in transition

Together we are... developing a new plan for sustainability

As we reach the end of our five-year Growing Responsibly model (GRM) commitment period, we have evaluated our sustainability framework and defined a pathway to 2030. From our stakeholders such as investors, customers and communities to our colleagues and members of the Board – we have listened to feedback and used it to shape our new commitments defined by our Mondi Action Plan 2030 (MAP2030).

The evolution of the sustainability landscape

What are the key considerations you have taken onboard?
We started by asking our Executive Committee a question about the role we want to play. The consensus was clear. We want to lead on tackling the issues where we can have the most meaningful impact. To do this, we needed a credible framework that allows all of us at Mondi to move together. The starting point is the Mondi Way and our purpose to be Sustainable by Design by making innovative, sustainable packaging and paper solutions. This ambition was translated into commitments and targets through broad engagement across the businesses before being tested and approved by the Executive Committee and the Board.
In delivering and reporting against the existing 2020 commitments, we have become far more aware of the needs of our stakeholders. We have also seen the UN SDGs set a clear agenda across all areas of society. During that time, certain topics have come to the fore - the speed and scale of the plastic debate, for example, has been phenomenal. Today, sustainability is front and centre of our conversations with investors and stakeholders and it is at the centre of our strategy.
We considered what is important to our employees, customers, communities, investors and partners in our sector. We benchmarked our performance and consulted stakeholders across Mondi. As a result, we arrived at three Action Areas focusing on our products, people and climate; underpinned by responsible business practices – together making up MAP2030.

The transition from GRM to MAP2030
Mondi’s Growing Responsibly model has delivered many successes. What have you learnt and done differently in MAP2030?
It’s important to recognise the great job the GRM has done for our stakeholders and our business. It has enabled us to significantly improve our performance across all our Action Areas. Today, we are in a position where sustainability is seen as a competitive advantage for Mondi. We plan to build on this with our new MAP2030 commitments.
A lot has changed since we developed the GRM. At that time, corporate sustainability was focused predominantly on governance and risk. Going back 10 years, we had more than 30 sustainability commitments. Now, with MAP2030, we are focusing on our most significant sustainability priorities.
With MAP2030 we have moved to a 10-year timeframe, supported by shorter-term milestones – aligned with the 2030 timeframe of the UN SDGs.
Our focus has also been on creating a credible, memorable and actionable framework, empowering our people to drive change across Mondi.

Looking to the future and inspiring action
How can people get involved in contributing to a better world through MAP2030?
We want our employees to see MAP2030 as something that links what they do to our strategic initiatives and investments. The three Action Areas are grounded in our everyday business and translate into what people see happening around them. We have chosen our words with great care to use language that is simple, jargon-free and easily understood.
The roadmaps that we are developing together across our business will define the actions that we will take over the coming years to achieve our new MAP2030 commitments.
We cannot deliver our commitments alone – collaboration with others along the value chain is essential. Take our converting operations, for example. They operate as part of the value chain and must work with suppliers and customers to eliminate unsustainable packaging. We will continue to think carefully about where to target our future strategic partnerships and collaborations to drive innovation and transformation where they are needed most.
Together we are… delivering on our purpose with clear sustainability commitments

Our new sustainability framework is called Mondi Action Plan 2030 (MAP2030). It will help us navigate and monitor progress towards achieving our ambitious sustainable development commitments for the coming decade.

All commitments run until 2030, although some have 2025 milestones defined.

MAP2030 is built on our purpose – to contribute to a better world by making innovative, sustainable packaging and paper solutions. It applies to all our operations and our 26,000 people worldwide.
Innovative packaging and paper solutions that keep materials in circulation and prevent waste

<table>
<thead>
<tr>
<th>Commitments</th>
<th>Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Make our packaging and paper solutions reusable, recyclable or compostable</td>
<td>100% of our products are reusable, recyclable or compostable by 2025</td>
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</table>

Avoid waste by keeping materials in circulation

<table>
<thead>
<tr>
<th>Commitments</th>
<th>Targets</th>
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<tbody>
<tr>
<td>Eliminate waste to landfill from our manufacturing processes</td>
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Work with others to eliminate unsustainable packaging

<table>
<thead>
<tr>
<th>Commitments</th>
<th>Targets</th>
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</thead>
<tbody>
<tr>
<td>Progress made through our partnerships and stakeholder engagement activities every year</td>
<td></td>
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</tbody>
</table>

Baseline 2020 for all commitments unless otherwise stated

An empowered and inclusive team that contributes to a better world

<table>
<thead>
<tr>
<th>Commitments</th>
<th>Targets</th>
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</thead>
<tbody>
<tr>
<td>Build skills that support long-term employability</td>
<td>Enable our employees to participate in upskilling programmes</td>
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</tbody>
</table>

Provide purposeful employment for all our employees in a diverse and inclusive workplace

<table>
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<tr>
<th>Commitments</th>
<th>Targets</th>
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<tbody>
<tr>
<td>Achieve 90% Purpose Satisfaction score in our employee survey</td>
<td></td>
</tr>
<tr>
<td>Achieve 90% Inclusiveness score in our employee survey</td>
<td></td>
</tr>
<tr>
<td>Employ 30% women across Mondi</td>
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</table>

Create an environment that enables a positive work-life experience, valuing our safety, health and mental wellbeing

<table>
<thead>
<tr>
<th>Commitments</th>
<th>Targets</th>
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</thead>
<tbody>
<tr>
<td>Zero fatalities and life-altering injuries</td>
<td></td>
</tr>
<tr>
<td>15% reduction of total recordable case rate</td>
<td></td>
</tr>
<tr>
<td>Support our employees in pursuit of a work-life experience that enhances their wellbeing</td>
<td></td>
</tr>
<tr>
<td>Operations to drive awareness of and take measures to improve health and mental wellbeing</td>
<td></td>
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</tbody>
</table>

Climate resilience through our forests and operations for the future of the planet

<table>
<thead>
<tr>
<th>Commitments</th>
<th>Targets</th>
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</thead>
<tbody>
<tr>
<td>Reduce our greenhouse gas (GHG) emissions in line with science-based targets</td>
<td></td>
</tr>
<tr>
<td>Reduce our Scope 1 and 2 GHG emissions by 34% per tonne of saleable production by 2025 and 72% by 2050 from the 2014 base year</td>
<td></td>
</tr>
<tr>
<td>Reduce Scope 2 GHG emissions by 39% per MWh by 2025 and by 86% by 2050 from the 2014 base year</td>
<td></td>
</tr>
<tr>
<td>Set a science-based Scope 3 reduction target by 2025</td>
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</tbody>
</table>

Maintain zero deforestation in our wood supply, sourcing from healthy and resilient forests

<table>
<thead>
<tr>
<th>Commitments</th>
<th>Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintain 100% FSC™ certification in our own forestry landholdings</td>
<td></td>
</tr>
<tr>
<td>100% responsibly sourced fibre with 75% FSC- or PEFC™-certified fibre procured by 2025 and the remainder meeting the FSC Controlled Wood standard</td>
<td></td>
</tr>
<tr>
<td>Implement leading forestry measures to ensure productive, healthy and resilient forests</td>
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</tbody>
</table>

Safeguard biodiversity and water resources in our operations and beyond

<table>
<thead>
<tr>
<th>Commitments</th>
<th>Targets</th>
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</thead>
<tbody>
<tr>
<td>Conduct water stewardship and biodiversity assessments at our mills and forestry operations by 2025, and implement required actions to address the findings by 2030</td>
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</table>
UN Sustainable Development Goals

We believe business has an important role to play in helping to deliver the UN SDGs. This year, as part of our transition to MAP2030, we reviewed the SDGs that are strategically relevant for Mondi in terms of our ability to contribute to positive change at scale and their impact on our business.

In 2020, building on our last materiality assessment, we engaged with internal stakeholders to reflect on our material issues, inform our MAP2030 commitments and consider how they enable us to leverage our positive contribution to the SDGs.

In determining the strategic importance of each SDG, we consider both the positive and potential negative impacts of our operations and factors such as the relevance of the SDG and its sub-targets across the value chain, alignment of SDG sub-targets with our activities, our ability to leverage skills and resources to help drive change, and the importance of relevant issues to our stakeholders. These factors have all contributed to the final selection of our strategically important SDGs.

This year, we supported the development of the World Business Council for Sustainable Development’s Forest Sector SDG Roadmap to maximise the forest sector’s unique potential to help deliver the SDGs (see page 43).

For more information on how we report our performance against the SDGs, see our SDG Index online.

SDG 6  Clean water and sanitation
Our manufacturing is water-intensive, our mills and converting operations impact on water resources through their withdrawal and use of water. Water is also used in the fibre supply chain. We manage our impacts on fresh water resources to meet rising demand for sustainable products while safeguarding freshwater ecosystems at a landscape level.

SDG 7  Affordable and clean energy
Increasing our energy self-sufficiency improves profitability and energy security and reduces carbon emissions. We invest 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 9  Industry, innovation and infrastructure
We contribute to economic and social development by investing in local infrastructure, creating business opportunities and driving collaboration. Through our purpose, to make packaging and paper that is Sustainable by Design, we are taking a lead role in product innovation and redesign to shape the future of sustainable packaging.

SDG 10  Decent work and economic growth
We work towards a fair, safe, diverse and inclusive workplace for 26,000 Mondi employees who benefit from good working conditions, skills development, physical and mental wellbeing, and purposeful employment. Our support for local enterprise creates wealth and employment, strengthens the local supply chain and promotes resilient communities.

SDG 11  Climate action
Our holistic approach includes protecting and improving the resilience of forests and freshwater ecosystems to enhance their crucial role in tackling the climate crisis. We support the global transition to a low-carbon economy through our science-based GHG reduction targets.

SDG 12  Responsible consumption and production
Innovation in sustainable packaging and reducing plastic waste provides an opportunity to grow our business while reducing negative environmental impacts. Our manufacturing is resource-intensive and using raw materials and energy efficiently is fundamental to being a sustainable business. We engage and collaborate with partners to unlock fit-for-purpose paper- and plastic-based solutions as part of the circular economy.

SDG 13  Life on land
We manage around 2.3 million hectares of natural forestry landholdings in Russia and 254,000 hectares of plantation forestry landholdings in South Africa. We take a leading role in developing and implementing best practices to secure the long-term productivity and resilience of production landscapes while managing conservation areas and ecosystem services to maintain biodiversity, water and other natural capital.

SDG 14  Clean water and sanitation
Our manufacturing is water-intensive, our mills and converting operations impact on water resources through their withdrawal and use of water. Water is also used in the fibre supply chain. We manage our impacts on fresh water resources to meet rising demand for sustainable products while safeguarding freshwater ecosystems at a landscape level.

SDG 15  Affordable and clean energy
Increasing our energy self-sufficiency improves profitability and energy security and reduces carbon emissions. We invest 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 16  Industry, innovation and infrastructure
We contribute to economic and social development by investing in local infrastructure, creating business opportunities and driving collaboration. Through our purpose, to make packaging and paper that is Sustainable by Design, we are taking a lead role in product innovation and redesign to shape the future of sustainable packaging.

SDG 17  Decent work and economic growth
We work towards a fair, safe, diverse and inclusive workplace for 26,000 Mondi employees who benefit from good working conditions, skills development, physical and mental wellbeing, and purposeful employment. Our support for local enterprise creates wealth and employment, strengthens the local supply chain and promotes resilient communities.

SDG 18  Climate action
Our holistic approach includes protecting and improving the resilience of forests and freshwater ecosystems to enhance their crucial role in tackling the climate crisis. We support the global transition to a low-carbon economy through our science-based GHG reduction targets.

SDG 19  Responsible consumption and production
Innovation in sustainable packaging and reducing plastic waste provides an opportunity to grow our business while reducing negative environmental impacts. Our manufacturing is resource-intensive and using raw materials and energy efficiently is fundamental to being a sustainable business. We engage and collaborate with partners to unlock fit-for-purpose paper- and plastic-based solutions as part of the circular economy.

SDG 20  Affordable and clean energy
Increasing our energy self-sufficiency improves profitability and energy security and reduces carbon emissions. We invest 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 21  Industry, innovation and infrastructure
We contribute to economic and social development by investing in local infrastructure, creating business opportunities and driving collaboration. Through our purpose, to make packaging and paper that is Sustainable by Design, we are taking a lead role in product innovation and redesign to shape the future of sustainable packaging.

SDG 22  Decent work and economic growth
We work towards a fair, safe, diverse and inclusive workplace for 26,000 Mondi employees who benefit from good working conditions, skills development, physical and mental wellbeing, and purposeful employment. Our support for local enterprise creates wealth and employment, strengthens the local supply chain and promotes resilient communities.

SDG 23  Climate action
Our holistic approach includes protecting and improving the resilience of forests and freshwater ecosystems to enhance their crucial role in tackling the climate crisis. We support the global transition to a low-carbon economy through our science-based GHG reduction targets.

SDG 24  Responsible consumption and production
Innovation in sustainable packaging and reducing plastic waste provides an opportunity to grow our business while reducing negative environmental impacts. Our manufacturing is resource-intensive and using raw materials and energy efficiently is fundamental to being a sustainable business. We engage and collaborate with partners to unlock fit-for-purpose paper- and plastic-based solutions as part of the circular economy.

SDG 25  Affordable and clean energy
Increasing our energy self-sufficiency improves profitability and energy security and reduces carbon emissions. We invest 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 26  Industry, innovation and infrastructure
We contribute to economic and social development by investing in local infrastructure, creating business opportunities and driving collaboration. Through our purpose, to make packaging and paper that is Sustainable by Design, we are taking a lead role in product innovation and redesign to shape the future of sustainable packaging.

SDG 27  Decent work and economic growth
We work towards a fair, safe, diverse and inclusive workplace for 26,000 Mondi employees who benefit from good working conditions, skills development, physical and mental wellbeing, and purposeful employment. Our support for local enterprise creates wealth and employment, strengthens the local supply chain and promotes resilient communities.

SDG 28  Climate action
Our holistic approach includes protecting and improving the resilience of forests and freshwater ecosystems to enhance their crucial role in tackling the climate crisis. We support the global transition to a low-carbon economy through our science-based GHG reduction targets.

SDG 29  Responsible consumption and production
Innovation in sustainable packaging and reducing plastic waste provides an opportunity to grow our business while reducing negative environmental impacts. Our manufacturing is resource-intensive and using raw materials and energy efficiently is fundamental to being a sustainable business. We engage and collaborate with partners to unlock fit-for-purpose paper- and plastic-based solutions as part of the circular economy.

SDG 30  Affordable and clean energy
Increasing our energy self-sufficiency improves profitability and energy security and reduces carbon emissions. We invest 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 31  Industry, innovation and infrastructure
We contribute to economic and social development by investing in local infrastructure, creating business opportunities and driving collaboration. Through our purpose, to make packaging and paper that is Sustainable by Design, we are taking a lead role in product innovation and redesign to shape the future of sustainable packaging.

SDG 32  Decent work and economic growth
We work towards a fair, safe, diverse and inclusive workplace for 26,000 Mondi employees who benefit from good working conditions, skills development, physical and mental wellbeing, and purposeful employment. Our support for local enterprise creates wealth and employment, strengthens the local supply chain and promotes resilient communities.

SDG 33  Climate action
Our holistic approach includes protecting and improving the resilience of forests and freshwater ecosystems to enhance their crucial role in tackling the climate crisis. We support the global transition to a low-carbon economy through our science-based GHG reduction targets.
Together we are...

reflecting on our impact since 2015

“I’m very proud of what our businesses have achieved. When you look at the impact across our ten Action Areas, there are some real success stories, as well as some challenges we must continue to work on.”

Lars Mallasch
Group Technical & Sustainability Director
Employee and contractor safety and health

We believe everyone has the right to a safe and healthy workplace. We are committed to going beyond industry-minimum requirements to ensure our employees and contractors return home safely, every day. This means creating an empowering culture and building on the conscious and unconscious behaviours that improve the health and wellbeing of everyone who works with us.

Why is this important?
Keeping people safe is a moral and a business imperative. When an incident occurs, it can be devastating to the injured, their families and our colleagues. Our operations involve many high-risk activities and we and our stakeholders expect us to ensure the safety and health of our employees and contractors.

What’s our impact?
Launched in 2013, our Top Risks approach has enabled us to engineer many of the most serious risks out of our operations. However, while being among the safety leaders in our industry, we regrettably still experience fatalities – including two in 2020. In 2020 we had no life-altering injuries. Unfortunately, we experienced a life-altering injury in January 2021 when a contractor slipped during winter conditions while descending a harvester in our forestry operations in Finland. When falling, his ring caught on the grating of the step and as a result of the injury sustained, the finger had to be amputated.

Because we have improved our processes and tackled many physical risks, we see a large proportion of injuries being connected to the mindset of employees and contractors. As a result, we moved towards a 24-hour safety mindset and developed initiatives to address people’s conscious and unconscious behaviours.

We also shifted to monitoring lead indicators as part of our safety programme, which drove our operations to address risks before an incident occurs.

Overall, our TRCR has decreased by 23% over the past five years. 204 safety colleagues have completed at least two modules of the safety and health professionals training programme and 1,566 managers attended first-line managers training. We also expanded our occupational health programmes and launched a new Employee Assistance Programme (EAP). In 2020, 2,951 employees and contractors participated in an HIV/AIDS voluntary programme in our South African operations.

Our commitments to 2020

<table>
<thead>
<tr>
<th>Avoid work-related employee and contractor fatalities</th>
<th>5-year performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>2017</td>
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<table>
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<tr>
<th>Prevent life-altering employee and contractor injuries</th>
<th>5-year performance</th>
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<td>2016</td>
<td>2017</td>
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<tr>
<th>Reduce total recordable case rate (TRCR) by 5% compared to 2015 baseline, including new acquisitions</th>
<th>5-year performance</th>
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<tr>
<td>2016</td>
<td>2017</td>
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Endnotes appear when mouse hovers above and hyperlink to page 114 when clicked.

Our strategic SDGs and target

SDG 8 Decent work and economic growth – Target 8.8 Protect labour rights and promote safe and secure working environments for all workers

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

What’s next?
We plan to be among the best in class for developing tools and initiatives to improve the safety and health performance of our operations. Our MAP2030 targets aim to avoid work-related fatalities and prevent life-altering injuries and achieve a 15% reduction in total recordable case rate (against a 2020 baseline). These will hold us accountable to our commitment to create an environment that values safety, health and mental wellbeing.

Together we are... keeping ourselves and each other safe and healthy
Employee and contractor safety and health

Ensuring the safety and health of our people

Manufacturing is a challenging and complex environment. Many of our employees and contractors work in potentially hazardous environments and the safety and health of everyone who works with us is our top priority. Mondi employees have gone above and beyond in 2020 to maintain high standards of safety and health during the pandemic.

The outbreak of COVID-19 brought new challenges for Mondi. As a result, we created a taskforce to focus on the relevant issues and provide support and guidance to the sites across the Group. This team meets twice per week and is chaired by the Executive Committee. Guidance and support in 2020 included communication materials and regular updates on COVID-19 trends and requirements.

When we acquire new assets and operations, Safety, Health and Environment (SHE) professionals form part of the acquisition team to ensure alignment with Mondi systems, methodologies, culture and approach. In 2020, we did not acquire any new businesses, but continued to integrate our Kuopio mill in Finland.

We engage in open and honest dialogue with our employees and contractors to identify risks and improve safety and health. New tools introduced in 2020 include our communication corners and engagement boards (see page 26).

Safety performance

With deepest regret, we experienced two fatalities in 2020. In January 2020, a contractor died as a result of an incident during demolition activities at our Syktyvkar mill (Russia). In June 2020, a contractor died as a result of an incident during cleaning activities of a power boiler at our Richards Bay mill (South Africa). There were no findings by authorities against Mondi in either case. Independent Group investigations were also carried out into both incidents and findings were shared across Mondi as applicable.

We had 217 recordable cases in our operations in 2020, 157 related to employees and 60 to contractors (2019: 239; 169 related to employees and 70 to contractors). This equates to a TRCR of 0.58; 0.68 related to employees and 0.43 related to contractors (2019: 0.63; 0.72 related to employees). We focus on the top risks at each site, putting engineering controls in place where feasible and ensuring continuous improvement in our safety and health controls and programmes. We carry out detailed investigations of all recordable cases to identify root causes and contributing factors and develop action plans in response.

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and 0.48 to contractors). This represents a 23% decrease compared with our 2015 baseline of 0.76. This continuous improvement is attributed to a number of focus areas, including the Top Risks approach, trainings for various levels of the organisation and engagement with contractor companies.

Two of our main focus areas are moving and rotating machinery and workplace transport to reduce fatal and life-altering injuries. In 2020, we had no fatal or life-altering injuries related to these focus areas.

Contractor companies experienced both of our fatal injuries in 2020. We continue to deepen our engagement with them – especially during large projects and the annual shuts to eliminate fatalities and serious injuries from our business.

**Embedding a 24-hour safety mindset**

We continue to embed our ‘24-hour safety mindset’ approach as something we do for ourselves, for our families and for our colleagues and their families. The concept is designed to tap into people’s awareness on an emotional, conscious and unconscious level by applying safety to all aspects of our 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 that, if we develop our habits so that safety becomes an unconscious behaviour, we will ensure our own safety and that of those around us.

**Certification and management systems**

The safety and health of all our employees and contractors is covered by our management system, which includes our safety and health policy, Practice Notes, methodologies and initiatives. These systems are implemented based on recognised risk management standards and guidelines, including OHSAS 18001, ISO 45001 and the National Occupational Safety Association (NOSA).

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

92% of our mills (12 of 13) and 72% of our converting operations (60 of 83) have OHSAS 18001, ISO 45001 or an equivalent safety certificate (NOSA) system in place.

**Risk-based approach**

Risk assessment is central to our approach. It enables us to identify hazards and put necessary control measures in place. We provide training to ensure teams understand and align with the requirements of our methodologies.

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 predefined frequencies, when changes are implemented or because of an incident.

In 2020, we maintained our ‘Top Risks’ approach. For the eighth year in a row, each operation identified their top risks and developed management plans to engineer them out of the business. Where this was not feasible or possible, they introduced robust controls and procedures to reduce the risks. Some actions had to be postponed due to implications related to COVID-19 and will be followed up when possible to do so.

Our ‘Nine Safety Rules to Live By’ address hazards that pose a risk of high-consequence injury: working at heights; mobile plant; handling chemicals; confined spaces; working in forests; permit to work activities; lifting activities; energy and machinery isolation; and moving and rotating equipment.

The Rules are supported by Practice Notes and methodologies to ensure a practical and easy-to-understand approach. They include: task risk management, permit to work; chemical handling; safe operation of paper machines (see case study on page 27); and contractor safety management.

In 2020, we continued separate working groups, each chaired by members of the senior Safety and Health network team, to develop or update Practice Notes for selected high-risk topics, including:

- Responding to pandemics (including COVID-19)
- The social psychology of risk engagement and communication

We’re constantly developing new tools to help our first-line managers engage with their teams to develop their conscious and unconscious safety mindset. The new engagement board process is designed to help our leaders to engage with employees and contractors with a focus on three social psychology of risk elements – Workspace, Headspace and Groupspace.

We’ve created icons for each of these elements which will be used in all future safety and health related materials. We’ve also created two packs of cards to help employees understand the language we use. Originally developed for safety and health, we have had positive feedback from sites on improved engagement and the tool has been rolled out to other disciplines such as projects, environment and engineering.

Brian Darlington, Group Head of Safety and Health

**Together we are... creating tools to support our leaders and employees**

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Read more in our case study online
Employee and contractor safety and health

Ensuring the safety and health of our people

Together we are... ensuring safe operation of our paper machines

We have robust controls in place to ensure safe operations of paper machines, which is a high-risk area. We identified the need for a more standardised approach to safe paper machine operations across the Group, to leverage good practices and learnings. Since 2014, the Group has had a proactive working group to determine existing controls and best practices and develop standards, in the form of Practice Notes, for the safe operation of each paper machine section.

Incident investigations

Our formal incident investigation methodology (MICE) guides the reporting and investigation of all incidents, including major close calls and injuries. 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 page 91). We are revising our investigation methodology to include contributing psychological and cultural factors. The new approach was successfully used to investigate the two fatal incidents in 2020. All senior SHE professionals attended the relevant training and are involved in the revision of the methodology, which will be rolled out across Mondi in 2021.

Measuring progress – lead, current and lag indicators

Conventional safety performance metrics focus on incidents and total recordable case rate (TTRC), known as ‘lag’ indicators. We also use ‘current’ and ‘lead’ indicators to monitor proactive efforts and improvements aimed at preventing incidents.

Performance against lag, current and lead indicators form part of our senior managers’ bonus scheme. Our lead and lag indicators are revised annually, based on performance in the previous year and other trends and concerns.

In 2020, we carried out 96,943 safety audits against a target of 65,095. They included management risk-focused audits, first-line manager task audits, SHE professional focus audits and peer observations. More than 98% of resulting actions were completed. In addition to 218,187 hours of general safety training, we conducted 42,207 hours of critical safety training against a target of 24,359 hours.

Working with contractors

Our contractors are employed by companies with varying safety and health standards and cultures. We support them to manage safety and health risks and align with Mondi requirements. Using a risk-based approach, we appoint contract managers who 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 in a Practice Note to guide integration of safety and health requirements into contractor management activities.

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 also 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 on-site support, including at key meetings;
- engaging with contracting companies to align activities and agree common standards of work;
- conducting pre-shut risk assessments to identify high-risk activities and implement management controls;
- engaging with SHE leaders of larger suppliers and conducting joint site visits with a focus on safety and health; and
- acknowledging contractor companies for good safety performance.

Annual shuts and major projects in 2020 saw between 150 and 4,050 contractors working on-site at any one time. Overall, we achieved a good shut performance with only 11 recordable cases and zero serious injuries during almost 2.2 million hours worked by over 13,800 contractors.

Safety and Health resources and governance

Chaired by the Group Head of Safety and Health, the senior Safety and Health network team meets quarterly to address issues and align efforts on the Safety and Health Strategic 2019-2021 Plan approved by the Executive Committee in 2019. Business unit and business segment safety and health professionals meet with safety and health professionals from operations to facilitate the cascading of information, alignment across sites and employee participation and consultation. Site-level committees oversee local performance, assess incidents and support departments to ensure continuous improvement as well as to raise issues of concern or grievances related to safety and health. Each operation has also employed a dedicated person responsible for safety and health, who is required to attend specific trainings to ensure alignment.
Employee and contractor safety and health

Ensuring the safety and health of our people

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 the dedicated programme for safety and health professionals by 2022. It consists of five modules spanning 12 days of training and attendees submit a post-training project as part of a final evaluation. 89 people have now attended the fifth module of the programme. At the end of 2020, 1,566 people had attended the three-day first-line managers training programme. Over the next two years, all safety and health colleagues will complete the Module Five training programme for SHE professionals. Roll out of Module Six of the programme, covering our new focus on social psychology of risk, will commence in 2022.

Supporting health and wellbeing

2020 was a unique year for our people as they adapted to new ways of working as a result of the pandemic. We have increased our focus on supporting our employees’ emotional wellbeing and that of their families.

Our occupational health programmes are designed to eliminate risks to health, prevent occupational illnesses and diseases, and provide a healthy working environment for people working for Mondi. This includes optimising ergonomics, providing regular health screening, reducing noise impact and conducting occupational health hygiene surveys. We developed action plans to manage these risks using a hierarchy of controls approach, e.g. reducing the noise before issuing hearing protection. In 2020, we introduced a home office guide, which covers topics including mental wellbeing and ergonomics.

Our Employee Assistance Programme (EAP) is a 100% confidential telephone hotline provided by an external company of qualified counsellors and advisers, which operates in 14 countries. It can be used by Mondi employees and their families free of charge and around the clock, 24/7/365. Qualified counsellors offer support on a wide variety of topics, such as stress, mental health and addiction.

Together we are... using gamification for safety

Our Corrugated Solutions business segment has introduced a new form of communication about Mondi’s ‘Nine Safety Rules to Live By’ through launching the HEADS UP! game app in July 2020. The game aims to build knowledge and understanding of the nine safety rules through a psychological influencing technique, called priming. Priming involves exposure to something which evokes a conscious and unconscious reaction or response. A repetition of that exposure helps the brain process the situation much faster in similar future occurrences. HEADS UP! uses this technique to establish memory of safe behaviour at the workplace. Gamers develop this memory by having to continuously repeat a safe behaviour in the game in order to pass each level.

The game is available as a free download from the Apple App Store or Google Play Store. Unique identity codes make it possible for Mondi employees to take part in the internal competitions, which other business units have started to roll out. The global roll out within Mondi will be completed in 2021.

Sabine Nellen, SHE Coordinator, Corrugated Solutions

Together we are... keeping people safe during annual maintenance shuts and large projects

Annual maintenance shuts and large investment projects are of a high-risk nature and we work to ensure they are conducted safely and do not create risk of injury for our people. Our Practice Note for contractor safety management involves a six-step process and all project work is fully aligned with it. SHE professionals across the Group are trained on the fundamentals of contractor safety management, with additional training courses for our project managers.
In 2020, we responded quickly to safeguard our people against COVID-19. One example was that our Safety and Health and Procurement teams worked together to supply one million masks and other PPE to front-line employees quickly and safely so that people could operate safely and efficiently with the right protection during the pandemic (see the case study on page 69).

Other initiatives to promote health and wellbeing include:
- Mobile clinics provide medical services for all contractor employees working for our South African forestry operations.
- On-site health and wellbeing facilities, such as our healthcare centre at Syktyvkar (Russia) and fitness centre at Frantschach (Austria), and health monitoring services offered by many operations.
- Wellness programmes at several locations, for example the Štětí (Czech Republic) ‘Mondi for Life’ initiative, which promotes sports, health and recreation.
- Independent on-site medical clinics and/or doctors at some of our mills, and service providers/private medical practitioners to offer occupational health services at other locations.
- Due to the remoteness of some of our forestry operations, we continue to support our contractor employees in the South African forestry operations and have now included support for COVID-19 related issues, for example through mobile clinics.
- Occupational health programmes are in place at all our operations, which include focus on items such as hearing protection, occupational asthma, ergonomics and surveys of the working conditions in the plants.

We also 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 offer advice to avoid onward infection. At our South African operations, 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 2020, 2,951 employees and contractors participated in the HIV/AIDS voluntary programme in our South African operations (2019: 3,269), with 1,532 opting for testing.

Across the Group, supporting employees as they adapt and respond to the uncertainty and impacts of the COVID-19 pandemic has been a top priority. Our Employee Assistance Programme (EAP) has proven highly valuable in supporting people’s mental wellbeing. Our EAP partners have hosted webinars with managers and employees to promote mental and physical health during the pandemic. We have focused on key topics raised in counselling – including anxiety and anxiety disorders, the burden of balancing home office with childcare and home-schooling responsibilities and crisis interventions for expat employees. We’ve put measures in place to address these issues and ramped up promotion of the EAP to encourage more people to use it. We surveyed production employees to monitor their mental wellbeing, using what we learnt to put specific measures in place for them. These included virtual meetings on key topics for employees and their families (such as dealing with change and uncertainty, stress management, etc.) and more flexible working options and shift planning to accommodate individual needs.

Together we are...

supporting the mental health of our people
A skilled and committed workforce

Grow. Create. Inspire. Together. This forms the foundation of our culture. With around 26,000 people working in more than 30 countries, we need to inspire a global workforce that’s ready for change and embraces new ways of doing things. We aspire to be an employer of choice by engaging and developing all our people.

Why is this important?
Meaningful employment is one of our main contributions to society. Our employees want purposeful careers and everyone who works at Mondi contributes to our sustainability. We depend on developing a talented and agile workforce to lead and innovate against the backdrop of evolving workplaces, emerging technology, new business models and COVID-19.

What's our impact?
Our Global Employee Survey has enabled us to monitor the engagement of our employees with our business, culture and purpose. Consistently high global response rates’ show that our people are willing to engage and participate in improving our culture and working conditions. Key themes that have dominated include feedback and recognition, enhancing our people’s pride to work for Mondi, collaboration and communication, along with a trend to become more inclusive.

We have made important strides in all areas – increasing the coverage of personal development review processes and development schemes, and extending 360° feedback to more employees. Recognition is increasingly embedded in our culture, as evidenced by the You Make Mondi scheme. Communication initiatives, including virtual colleague conversations and regular personal video messages from our leaders, point to a more connected workplace. The introduction and roll out of the Employee Assistance Programme (EAP) and other initiatives have brought wellbeing and mental health to the fore.

A key challenge that remains is the lack of full visibility of the barriers and drivers impacting our people and culture, due to insufficient data. We need to focus more on measuring the impact of our initiatives to understand whether they achieve the right outcomes.

Our commitment to 2020

Engage with our people to create a better workplace

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

What's next?
With the launch of our new MAP2030 commitments, we aim to build skills that support long-term employability and more widely enable our employees to participate in upskilling programmes. We will continue to develop our global remote working policy and have planned to roll it out across all operations in 2021.

Together we are... inspiring and helping our people grow
We understand the ingenuity of our people is key to unlocking our potential. That is why employee engagement is integral to our culture as we work together to create an inspiring workplace where people feel valued and included. Our response to COVID-19 focused on keeping our people informed, engaged and working effectively while supporting their physical and mental wellbeing.

**Inspire** – the Mondi way
The key values of performance, care and integrity underpin our cultural development programme, ‘Inspire’. They are also the values that guide our business decisions and the behaviours of our employees. ‘Inspire’ is the lens through which we review and develop our HR processes, employee engagement and talent development.

**Listening to our employees**
Conducted every two years, our Group-wide employee survey enables us to understand employee views and consider them in our strategy and decision-making. The most recent survey took place in March 2020 with an 88% overall response rate – a significant achievement considering that we changed to a fully digital format in 2020 and in light of the impact of COVID-19.

The results showed a significant overall improvement since the previous survey in 2018. Overall favourable responses increased from 75% to 80%. Results improved compared with the 2015 and 2018 surveys across all ‘Inspire’ categories (integrity, passion for performance, responsible, dynamic, respectful, empowered, transparent, caring and entrepreneurial). We also saw consistent improvement across safety, sustainable engagement and retention and we outperform the majority of manufacturing industry averages (according to benchmarks conducted by our survey partner, Willis Towers Watson).

Scores significantly improved in the respectful, empowered, transparent and caring categories – demonstrating the value of our continuous focus on developing our culture.

Areas highlighted for improvement include the emotional connection of our employees to the company, to ensure we all feel proud to work for Mondi and have a sense of purpose. We have improved in giving feedback and rewarding hard work. One example is our employee recognition scheme, ‘You make Mondi’, which was rolled out successfully across the Group. Collaboration between teams is also an area for continued focus, while quality of cooperation within departments received top scores, quality support from other departments is perceived as low, despite some improvements.

For the first time, we included a set of questions to evaluate our approach towards improving diversity and inclusion (D&I). These received a 79% favourable response rate.

As with previous surveys, we will use the 2020 survey results to deliver concrete improvement actions across the business and we will report on these in our next report.

**Employee survey 2020 at a glance**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of employee opinions</th>
<th>Languages available</th>
<th>Response rate</th>
<th>Comments for 5 open questions received</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>22,150</td>
<td>22+</td>
<td>88%</td>
<td>25,000</td>
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<tr>
<td>2018</td>
<td>22,100</td>
<td>22+</td>
<td>85%</td>
<td>25,000</td>
</tr>
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<td>2015</td>
<td>21,600</td>
<td>22+</td>
<td>84%</td>
<td>24,000</td>
</tr>
</tbody>
</table>
Pulse check surveys
We use pulse check surveys to track specific actions and understand issues at our larger mills and other locations. During 2020, pulse check surveys were run in Vienna and Addelstone Group offices, Neusiedler mill (Austria), Hilm (Austria), Grünburg (Austria), Korneuburg (Austria) and in our South African operations.

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. While no surveys were conducted in 2020, we plan to carry out one at our paper bags plant in Cartagena (Colombia), which opened in early 2021.

Onboarding surveys
We ran onboarding surveys at five operations in 2019 to learn from new hires about their onboarding experience and improve our processes as part of our ambition to provide a positive employee experience from the outset. The insights gained have informed the development of a new onboarding framework, which was made available to the operations in December 2020. It provides employees with a series of positive experiences by putting the individual first and at the heart of every step, all to help our new Mondi colleagues integrate more quickly and easily.

Making a Difference Day
Making a Difference Day (MADD) is our annual group-wide event that engages people to take personal action and to improve our safety, health and sustainability performance. Having celebrated 10 years of MADD in 2019, the 2020 events were not possible due to COVID-19 related restrictions on public gatherings and travel. Instead, the focus of engagement across our operations turned to tackling urgent health and safety priorities in the spirit of people joining forces and taking responsibility for themselves and others.

Transparency, assessment and feedback
Annual and mid-year Performance and Development Reviews (PDRs) enable employees and their managers to reflect on individual performance and set personal development goals. The PDR process covers all office employees and production employees with a leadership role, including team leaders, plant foremen and shift leaders. In 2020, around 8,400 employees were registered for a PDR process in our system (2019: 9,000) with approximately 7,980 completing their PDR using our online system (2019: 5,900)2.

We use 360° feedback tools to enable people to understand their behaviours and areas for improvement:
- Senior managers and line managers with at least three direct reports receive anonymous 360° feedback every three years
- New leaders receive 360° feedback around six to eight months after appointment, with the focus on behaviours, understanding of the business and engagement with employees
- Other employees can access regular 360° feedback, around 355 employees received 360° feedback in 2020 (2019: 803)
- 360° Safety, Health and Environment (SHE) professionals feedback specifically looks at the safety performance of first-line managers. We didn’t provide this during 2020 due to the challenges brought on by the pandemic
- FlexiFeedback allows managers and employees to select questions and receive feedback in a quick and flexible way to foster an open feedback culture that promotes continuous personal development
- We also use 360° feedback to evaluate D&I aspects, such as respect for diversity in communication with diverse audiences and adaptation to cultural norms in host countries for internationally mobile employees

We use external independent assessment to inform employees’ development, strengthen our culture and support succession planning. 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.
Technology makes us efficient, but our people make us smart. We invest in life-long learning, supported by coaching and mentoring, to develop our employees. Enhancing the skills of our people enables them to realise their potential and our business to succeed. In 2020, the pandemic presented new challenges and much of our training went digital.

We create targeted programmes to help employees acquire and develop skills so that we can meet our strategic targets. Our employee induction includes training related to the business, how we create value, our 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.

Digital learning
In step with Mondi’s digital transformation, we are enabling flexible learning when and where our employees need it. This new way of learning is tailored to the needs of employees and the business, particularly given the necessity of remote learning brought on by the pandemic. To support the individual learning journey of each employee, we provide diverse learning opportunities, which are continually refined based on business needs, employee feedback, best-practice and new technologies.

The Mondi Academy
The Mondi Academy is our global learning hub which provides business-related training. It comprises a Group-wide training network, including several local academies (currently in Czech Republic, Poland, Russia, Slovakia and South Africa). The Mondi Academy develops customised programmes for leaders, line managers and employees with the emphasis on global topics and leadership.

The Mondi Academy increasingly provides digital learning tools through the Learning Management System, which provides e-learning content for Mondi employees globally. The Mondi Academy International adjusted all in-person Academy training sessions to online formats in 2020, with the exception of local team trainings that were possible to conduct safely on site. We will resume face-to-face trainings when it becomes safe to do so.

New online workshops launched this year include:
- Digital Training – a ‘Train the Digital Trainer’ concept designed to boost employee skills to conduct and host digital workshops and meetings;
- Work smarter, not harder – training to support employees to work more efficiently on projects and tasks; and
- DigiLog Working – supporting a new way of working, which combines analogue and digital teams and approaches.

The Mondi Academy International, based in Vienna, conducted 136 seminars and programmes in 2020 (2019: 135), with a 53% women participation rate. We have designed specific training to empower employees and support diversity, particularly gender diversity (see page 39). 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 extended this training last year to include sustainability policies, with special emphasis on our Labour and Human Rights Policy.

“Training plays a crucial role in building the skills that Mondi needs to prepare for the future of work. The pandemic increased the need for remote learning this year, so we adapted many of our programmes to digital formats. It’s been a great success.”

Michael Hakes
Group HR Director
A skilled and committed workforce

Training and developing our people

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. The development centres planned for 2020 were postponed to 2021 due to the pandemic. We also offer behavioural assessments for managers, employees and our salesforce to tailor their personal development to best meet their individual character and needs.

Mentoring and coaching

Our mentoring programme connects senior managers and cultural role models with more junior employees to facilitate knowledge and experience sharing across managerial, technical and cultural topics. Mentoring boosts professional and internal networks and is important to the development and career progression of both mentees and mentors. Mentors receive regular training to improve their mentoring skills and we are working to promote the value of mentoring. 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 internal and external coaches.

Reverse mentoring

We launched a ‘reverse mentoring’ programme in 2019, pairing 11 early-career employees with 11 senior managers for the pilot run of the programme, which was concluded in October 2020. Reverse mentoring exposes senior managers 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. We are considering reverse mentoring as part of our standard people development offering in future.

Coverage of safety in training hours (%)

<table>
<thead>
<tr>
<th></th>
<th>Safety-focused training</th>
<th>Other training</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coverage of safety in training hours (%)</td>
<td>42</td>
<td>58</td>
</tr>
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</table>

Employees completed 617,470 hours of training in 2020

Conscious inclusion training

We introduced ‘Conscious inclusion’ training in 2019 to support our D&I ambitions and it became part of our standard offering in 2020. 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 support a more inclusive workplace. The training was completed by 10 teams during 2020, involving 97 employees (37% women).

Group-wide training

Including new acquisitions

<table>
<thead>
<tr>
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<th>2020</th>
<th>2019</th>
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<tbody>
<tr>
<td>Employee and contractor time devoted to training and development</td>
<td>617,470</td>
<td>801,900</td>
</tr>
<tr>
<td>Average training per employee per year</td>
<td>24 hours</td>
<td>31 hours</td>
</tr>
<tr>
<td>Relevant employees completing competition compliance training</td>
<td>773</td>
<td>3,096</td>
</tr>
</tbody>
</table>
We believe in the ingenuity of our people to drive innovation and meet our stakeholders’ evolving needs. Increasing diversity and respecting human rights is central to our approach. We’re committed to providing a fair and inclusive workplace that secures good working conditions and labour rights.

Why is this important?
A diverse workforce thinks more creatively and enables us to respond to local contexts and needs, particularly the needs of our diverse customer base. We depend on a strong pipeline of people from all backgrounds to grow and succeed. By acting with integrity, we reduce our risks and those of our business partners, improve employee engagement and enhance our reputation.

What’s our impact?
Two key aspects have been central to our ambition to develop a fairer, more diverse workplace: increasing the representation of women at all levels, and putting in place a framework to understand and address our human rights risks and impacts.

The launch of our D&I taskforce and the D&I Steering Committee in 2018 established leadership and business engagement across the Group. The taskforce has implemented cultural, educational and process-related initiatives to improve performance.

While our policies and processes enable and encourage gender equality, we acknowledge that we need to do more to ensure that women are hired, paid, retained and advanced fairly and equitably across the entire Group. Our focus on inclusion equally aims to encourage diversity of all types.

Human rights topics have evolved into a material business issue in recent years and we have worked together internally and with external experts, such as the Danish Institute for Human Rights, to understand our gaps and develop our approach.

Our commitment to 2020
Promote fair working conditions and diversity in the workplace

2016 2017 2018 2019 2020

Our strategic SDGs and targets

SDG 8 Decent work and economic growth
- Target 8.5 Achieve full and productive employment and decent work for all women and men, and equal pay for work of equal value
- Target 8.7 Eradicate forced labour, end modern slavery and human trafficking and eliminate the worst forms of child labour
- Target 8.8 Protect labour rights and promote safe and secure working environments for all workers

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

What’s next?
As outlined in our new MAP2030, we aim to provide purposeful employment for all, in a diverse and inclusive workplace. We will work towards a score of 90% for inclusiveness in our employee survey and to employ 30% women across Mondi (21% in 2020). In 2021, we will further develop our human rights due diligence approach and continue to work on understanding and addressing our impacts.
Equality, employment and human rights issues are central to the public debate on how business interacts with society. Compliance with the law, respect for human rights beyond compliance, and being a fair employer are foundations of our employment practices. We adhere to internationally recognised standards, work in partnership with others and develop control mechanisms to embed our global approach.

Respecting human rights
The United Nations (UN) Guiding Principles on Business and Human Rights provide an effective framework to strengthen our monitoring and reporting of potential human rights risks. We have taken initial steps to develop a human rights impact assessment and due diligence process for our own operations, and have embedded labour and human rights criteria in our procurement processes and policies.

We respect the rights of indigenous people – including communities in our forestry operations in Komi (Russia) and in South Africa (see page 73).

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

The following is a summary of DIHR’s recommendations:

Policies:
- Enhance alignment of our Labour and Human Rights Policy with the International Labour Organization’s (ILO’s) Core Conventions
- Ensure adherence to human rights standards in jurisdictions where the local law falls short of international human rights standards (we have developed a heat map for 23 countries of operation)
- Use of policy development and training (grounded in the UN Guiding Principles on Business and Human Rights) to establish a common understanding of human rights across Mondi

Procurement:
- Monitoring compliance with Mondi’s Supplier Code of Conduct and training suppliers
- Strengthen contractual obligations in supplier agreements for responding to our sustainability questionnaires and potential audits
- Ensuring that human rights risks are not limited to labour rights, and taking steps to map our supply chain beyond tier 1

Grievance mechanisms (SpeakOut):
- Improve messaging, consistency and accessibility of SpeakOut communication material
- Communicate more clearly that the user’s identity is protected and that we ensure they are safe from possible reprisals
- Align SpeakOut with the effectiveness criteria for grievance mechanisms as set out in Principle 31 of the UN Guiding Principles on Business and Human Rights

"As a global manufacturer in the packaging and paper industry involved in sourcing, manufacturing and recycling, Mondi has the potential to impact human rights across the value chain. Through a gap analysis conducted in 2020, we identified a number of areas on which Mondi should focus its efforts to identify and address its human rights impacts.”

Gabrielle Holly
Senior Adviser, Human Rights and Business Department, Danish Institute for Human Rights

Understanding and perception of human rights:
- Enhance employee and business functions’ understanding of the human rights issues Mondi faces, where it faces them and what is expected to address them through communication, training, policies and reporting

We will develop internal action plans to address the gaps and improve our human rights collaboration through development of training and communication.
Compliance with labour and human rights

We aim to protect the safety, health and wellbeing of our employees, those working in our supply chain and local communities. As a minimum, we comply with all applicable laws and industry standards on working hours and strive to provide workplace flexibility and promote a healthy work-life balance.

Zero tolerance of child labour and forced and compulsory labour

Mondi does not tolerate any form of forced labour, child labour, slavery, human trafficking, physical punishment or other abuse and responsibility for implementing these principles lies with local line management.

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 protections in place and ensure they are not exposed to hazardous work.

For our measures to identify and tackle risk of modern slavery in our supply chain, see page 70.

Enhancing wellbeing

Mental wellbeing and health is a material business issue that has increased in importance. There are rising expectations of employers to take an active role in supporting mental health. For Mondi, supporting our people to be well and feel well is also the right thing to do. We are developing our approach, and as a first step have rolled out our Employee Assistance Programme (EAP) and similar support systems globally.

EAP is a 100% confidential hotline provided by an external company of qualified counsellors and advisers. EAP is in place in 14 countries, as well as equivalent systems in two further countries (in total covering more than 80% of our employees). It can be used by Mondi employees and their families free of charge 24/7/365.

During the COVID-19 pandemic, the EAP proved valuable in supporting people’s mental wellbeing. Our EAP partners hosted webinars with managers and employees to promote mental and physical health – see the case study on page 29.

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. An estimated 72% of our employees were covered by Collective Bargaining Agreements (CBAs) in 2020 (2019: 72%). We do not collect or report information on employee union membership due to differences in national legislation.

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 we offer performance–related pay schemes in which the majority of employees participate. 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 (2019: 85 15).

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<thead>
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<th>% employees who received a bonus of some kind</th>
<th>2020</th>
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<td>68%</td>
<td>66%</td>
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For our approach to executive and Board remuneration, please see our 2020 Integrated report (pages 126-147).

At Mondi’s South African operations, annual wage negotiations take place via an industry bargaining forum. Following a deadlock in negotiations in 2020, the National Union leadership declared an industry-wide strike. Negotiations continued at a company level and, despite several revised wage offers at Mondi’s mills, unions elected to remain on strike. Following a mediation process, which assisted in reaching an agreement, employees returned to work.

Grievance mechanisms

We provide robust internal processes and tools to facilitate the reporting, investigation and resolution of grievances.

In 2020, we received 125 SpeakOut messages (2019: 162) relating to 74 cases (2019: 104), and 2 further cases through other channels (2019: 4). Topics included Human Resources-related concerns, business integrity issues, as well as environmental and safety topics. 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.

As part of our collaboration with the DIHR in 2020 (see page 36), we evaluated our SpeakOut mechanism against Principle 31 of the UN Global Principles (UNGP), and are working to address the gaps identified.

Restructuring, divestitures and closures

We carefully review decisions about business restructuring opportunities to ensure the long-term sustainability and growth of our business.

When employees are affected by organisational change, we follow our policies and local labour rules as a minimum. These cover consultation, notice periods, regular briefings and trade union involvement, where available. If roles are at risk, we support employees with retraining, re-employment and relocation. We also support entrepreneurship and provide severance payments, depending on local regulations.

We typically apply a minimum two-week notice period. For organisations with CBAs, the notice period and provisions for consultation and negotiation are specified in CBAs and/or by law.

In 2020, we ceased operations at our Deeside and Nelson consumer flexibles sites in the UK following a change in demand for the niche products produced there, resulting in around 200 redundancies. We maintained constructive engagement with employee representatives and the recognised union, Unite, and supported employees throughout the phased closure of the sites. Due to the pandemic, it was not possible to offer the planned on-site, one-on-one support to employees through the Department for Work and Pensions and the Welsh and local governments. Instead, we provided necessary IT infrastructure to enable each employee to receive individual support remotely.
We work together to create an inclusive environment where differences are valued and embraced. Equal opportunity is a priority and we aim to engage, involve and inspire everyone who is part of Mondi. We have zero tolerance for discrimination and harassment. 

Promoting diversity and inclusion

Our policy is to treat everyone fairly and with respect. Opportunities for employment, engagement, promotion, training or any other benefit are based on skills and ability. We provide equal opportunities regardless of gender, race, age, sexual orientation or ethnicity.

Increasing the representation of women at all levels remains a priority in the traditionally male-dominated forest products and packaging industries. We became a signatory of the UN Women’s Empowerment Principles in 2019 and committed to take action to promote its seven principles.

Our D&I Policy, available on our website, reflects the Hampton-Alexander Review recommendation that Boards and Executive Committees and their direct reports should be 33% women by 2020. Refer to the following page for our reported statistics in 2020 (see next page for our reported statistics). The Policy includes a focus on ethnic and racial diversity across our Board and Executive Committee members and supports our Labour and Human Rights Policy.

Developments included:
- making it more inclusive with greater clarity on the diversity attributes we protect from discrimination;
- a commitment to support the improvement of D&I in our supply chain, and
- strengthening governance in relation to training, transparency and stakeholder inclusion.

We took a key step during 2020 when we set D&I targets as part of MAP2030 (see page 20).

D&I taskforce: embedding diversity

We launched our cross-business, cross-functional D&I taskforce in 2018 to help shape and embed our approach to D&I across the Group. In 2020, taskforce members worked with the business to shape a D&I vision and roadmap for 2030. Discussions focused on how we can build a culture where everyone feels safe and comfortable to speak their mind, and where discrimination has no place. The taskforce explored how to shape the leadership culture and composition to embody our D&I aspirations. Our new roadmap will help strengthen D&I at Mondi, covering concrete actions on strategic performance and management areas, including our policies and governance, leadership and culture, HR practices, training, tools, data and reporting, infrastructure, and transparency and external engagement. We are also collaborating with Female Factors, a global community striving to enhance careers of female leaders. This provides an opportunity to offer women across the Group, and across all levels, access to mentoring, networking and knowledge sharing.

We updated the D&I Policy in 2020 and made it publicly available.

<table>
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<tr>
<th>Employee numbers in 2020 across our significant locations of operation</th>
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<tr>
<td><strong>Significant locations total</strong></td>
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<tr>
<td>Total employees</td>
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<td>Permanent employees</td>
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<td>Temporary employees</td>
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<td>Full-time employees</td>
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<td>Part-time employees</td>
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<td>New employee hires</td>
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<tr>
<td>Employee turnover</td>
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<tr>
<td>Employees entitled to parental leave</td>
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<tr>
<td>Employees who took parental leave</td>
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<tr>
<td>Employees due to return from parental leave</td>
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<tr>
<td>Employees who returned from parental leave</td>
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<tr>
<td>Employees still employed after parental leave</td>
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</tbody>
</table>

3. 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, Hungary, Mexico, Poland, Russia, Slovakia, South Africa, Sweden, Turkey and the US.
We support all employees to fulfil their career ambitions during and after parental leave. We offer guidance, training and flexible working packages to help people return to their roles. Some operations also support or provide child day-care programmes and facilities, such as our Group office in Vienna and our Frantschach mill, which opened a new kindergarten in 2020.

At our Group office in Vienna, we have partnered with myAbility since 2018, a social business which brings together companies and people with disabilities to foster more inclusive workplaces. Through the myAbility talent programme, 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. This enriches the experience of the students and the shadowed employees, with our employees learning to become more inclusive in working with disabled colleagues. In 2020, we began to post job opportunities on the myAbility job platform to target a wide range of students and young professionals.

Equal opportunities for employment and training for all

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

Recruitment activities are aligned with the aims of our D&I Policy. This includes promoting diversity and ensuring fair and non-discriminatory work practices including for succession planning.

We invest in employment and training to develop a diverse and agile workforce, fit for the future. Talent development includes training modules such as ‘Intercultural diversity and competence’, designed to enhance the understanding of the benefits of diversity. Other initiatives include (reverse) mentoring, Conscious Inclusion and Global Leadership training and flexible working to support diversity at all levels and for all genders.

We design leadership and training programmes to promote gender diversity. ‘Success management’ supports career strategies for all genders and the ‘Empower yourself’ programme provides career support to women specifically. In some locations, we target training at young female employees to support them in planning their careers and balancing professional and personal goals. Examples include the Mondi Professional Women’s Network in Austria, the Female Leadership Network in Poland, and the NexGen initiative within the corrugating packaging business.

At the end of 2020, 21% of employees were female (2019: 21%). There were two female directors (25%) on the Board and one director of colour.

During 2020, we reported to the Hampton-Alexander Review that as at 31 October 2020, we had 37.5% female representation on our Executive Committee and 28% in the direct reports to the Executive Committee, giving a combined total of 29%. As at 31 December 2020, following the appointment of Mike Powell as Group CFO in November 2020, female representation on our Executive Committee had reduced to 33%.

At the end of 2020, 64% of Mondi South Africa’s management team (seven out of 11 Operational Committee members) were individuals from previously disadvantaged backgrounds (2019: 64%, seven out of 11).

At the end of 2020, 64% of Mondi South Africa’s management team (seven out of 11 Operational Committee members) were individuals from previously disadvantaged backgrounds (2019: 64%, seven out of 11).

Most activities at Mondi are performed by our own employees and there are no significant variations in the numbers reported above during the year. The exceptions are harvesting activities at our forestry operations and maintenance shuts at our pulp and paper mills, which can involve considerable variations to contractor numbers. In 2020, we had an average of 14,539 contractors across the Group.

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

We support all employees to fulf...
We promote best practice in sustainable forestry management to help tackle the climate crisis. We consider social and environmental issues spanning the wood fibre supply chain. Our risk-based approach supports us to source wood and pulp from responsible sources. We are firmly committed to zero deforestation and no illegal logging.

Deforestation and illegal logging are ongoing issues which impact biodiversity and contribute around 12% of global greenhouse gas (GHG) emissions. Demand for wood fibre as a renewable material is growing and wood is one of our primary raw materials. Sustainable management of forests is crucial to secure their long-term value, halt deforestation and combat climate change.

**What’s our impact?**

We have maintained 100% of our own forestry landholdings as Forest Stewardship Council™ (FSC™)-certified and 100% of procured wood fibre compliant with the FSC Controlled Wood standards. While our overall wood volumes have grown by almost 10% since 2015, the share of PEFC™- or FSC-certified wood has increased from 66% to 76% in 2020. Certified pulp increased from 81% in 2015 to 94% in 2020. In 2020, we saw an unusually high percentage of certified wood procured due to temporary increases in availability in our domestic markets.

As our approach has matured, we’ve moved from local due diligence systems based on our own company risk assessments to using independent national risk assessments, which underpin FSC Controlled Wood as our minimum requirement. Our Due Diligence Management System (DDMS) is focused on country-level risk to ensure legal compliance and mitigate sustainability issues.

We have continued to support international efforts to combat deforestation and forest degradation, particularly in the Southern Hemisphere where the risk is concentrated. This included our work with WWF’s New Generation Plantations (NGP) platform and the promotion of the high conservation value (HCV) principles and the Sustainable Working Forest concept.

In collaboration with WWF, FSC and local experts, we have helped make certification more accessible and fit-for-purpose in higher risk countries. As an international stakeholder member of PEFC, we have continued to support the development of the PEFC certification scheme.

**Our commitments to 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**

2016 2017 2018 2019 2020

**Maintain FSC certification for 100% of our owned and leased forest lands in South Africa and Russia and promote sustainable forest management**

2016 2017 2018 2019 2020

**Our strategic SDGs and targets**

**SDG 12 Responsible consumption**

- Target 12.2 Achieve sustainable management and efficient use of natural resources

**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

**SDG 15 Life on land**

- Target 15.2 Promote the sustainable management of all types of forests, halt deforestation, restore degraded forests and increase afforestation and reforestation globally
- Target 15.5 Reduce the degradation of natural habitats, halt the loss of biodiversity and protect and prevent the extinction of threatened species

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

**What’s next?**

Our MAP2030 commitment is to maintain zero deforestation in our wood fibre supply, sourcing from healthy and resilient forests. We have set targets for 2025 to ensure 100% FSC certification in our managed forests and 100% responsibly sourced fibre with at least 75% FSC- or PEFC-certified, and the remainder being FSC Controlled Wood. We will also continue to develop and implement leading forestry practices in our own landholdings and beyond.
We use wood fibre from responsibly managed forests to make our packaging and paper products. Wood fibre is a sustainable, renewable resource and we work with recognised credible certification and verification bodies to provide assurance that our wood and pulp is sourced responsibly and transparently. It is our clear business imperative, with consumers and customers driving demand for sustainable products.

The majority of the wood we source is roundwood and wood chips. Around one-quarter originates in our own managed forests in Russia and South Africa. We purchase 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. For details on procured paper for recycling, please see page 67.

We maintained 100% compliance with FSC, PEFC or FSC CW standards for all pulp and wood in 2020, ensuring the integrity and traceability of our fibre supply chain. We upheld 100% FSC certification for imports from high-risk countries and for our own forestry landholdings (excluding newly leased areas).

In 2020, we received approval to lease an additional 229,000 ha of forestry landholdings in Russia. 38,000 ha of this land was FSC- and PEFC-certified in 2020, 131,000 ha will be certified in 2021 and the remainder will be certified in 2022, once forest management plans have been put in place.

Applying a risk-based approach to sourcing wood and pulp
The main threat to forests globally is their permanent loss at scale. The world’s largest deforestation fronts are found predominantly in South America, south east Asia and central Africa. Our primary wood sourcing regions are in South Africa, north west Russia and Europe. Sourcing wood fibre in line with our DDMS supports us to ensure a deforestation-free supply chain.

We are committed to zero deforestation and no use of illegal or controversial wood fibre sources. We do not use tropical tree species, 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.

Beyond our direct supply chain, we support multi-stakeholder platforms to address the root causes of deforestation. We believe a key part of the solution to preventing deforestation is ensuring the long-term sustainable management of existing forests by securing their resilience and functionality as forests, while protecting areas of high value for biodiversity and ecosystems, livelihoods and communities.

We work in partnership with a broad range of stakeholders to address legality and sustainability risks in the wood fibre supply chain and to increase the availability and credibility of certified wood fibre.

Certification status of our wood fibre
Types of wood fibre | Volumes 2020 | Status 2020 | Status 2019 |
--- | --- | --- | --- |
Wood (roundwood, wood chips) | 18.0 million m³ | 76% 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 | | | |
- 33% FSC
- 36% PEFC
- 31% FSC CW | | |
Market pulp | 0.2 million tonnes | 91% FSC
- 3% PEFC
- 6% FSC CW | | |
- 93% FSC
- 6% PEFC
- 9% FSC CW |

In 2016–2020, the average certified wood procured was 71% and for pulp it was 94%. In 2020, we saw an unusually high percentage of certified wood procured due to temporary increases in availability in domestic markets.

Read more about how we are addressing global challenges in the wood fibre supply chain.
Sustainable Fibre

Responsible sourcing is our priority

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

Certification provides important assurance:
- 26% FSC\textsuperscript{TM}-certified wood purchased
- 28% PEFC\textsuperscript{TM}-certified wood purchased
- 18 million m\textsuperscript{3} wood purchased
- 22% FSC-certified wood from our forests
- 24% FSC Controlled Wood purchased

Total percentage of certified forests in our sourcing regions:

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<tr>
<th>Low risk countries</th>
<th>Medium risk countries</th>
<th>High risk countries</th>
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<tbody>
<tr>
<td>Poland</td>
<td>Austria</td>
<td>Russia</td>
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<tr>
<td>76%</td>
<td>81%</td>
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<td>97%</td>
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<td>3%</td>
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<td>3%</td>
<td>11%</td>
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<td>69%</td>
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<th>Slovakia</th>
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<td>66%</td>
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<td>11%</td>
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Key:
- Main regions where Mondi sources wood fibre
- Location of Mondi mills

Note: A sum of FSC% and PEFC% can be higher than 100%, because some forests are dually certified to both FSC and PEFC.

Together we are... managing risk country by country

We’ve been working with WWF since 2015 to explore how forest certification can be used to meet EU Timber Regulation (EUTR) requirements. We assessed the risk levels for different countries and defined stringent requirements for those countries deemed to be high risk. This work shows us that a robust Due Diligence Management System cannot be based on legal compliance alone – it must also address wider risks.

To support minimum legal compliance, country-risk classification and applicable assurance levels need to be supplemented by in-depth assessments, including external information sources, to ensure good decision-making in every sourcing country.

Read more about our country-risk approach addressing legal and sustainability issues.
We have been working with WWF to strengthen our DDMS and explore cross-cutting measures for the timely detection of critical environmental and social issues in wood supply chains. This includes screening available maps and data about areas of HCV in Europe. We have developed an overview of risk information platforms (indices, reports, etc.) to enable effective ranking of risks in our wood fibre sourcing regions.

Working with others to secure sustainable wood fibre supply for the bioeconomy

Collaboration is key to achieving positive change at scale to secure supplies of sustainable wood fibre for the forest industry. We develop partnerships that promote and catalyse action beyond the regulatory landscape and span the entire wood fibre supply chain. Improving resilience of forests to climate change is a challenge that requires wide collaborative efforts, extending beyond traditional operational boundaries.

Mondi is a member of the World Business Council for Sustainable Development (WBCSD) Forest Solutions Group (FSG). Just over a year after the launch of the Forest Sector SDG Roadmap, WBCSD's FSG published its first Implementation Report. The report provides a holistic assessment of the forest sector's many connections with global development issues, including climate change, water scarcity, biodiversity loss and social inequality.

We are an active member of the Confederation of European Paper Industries (Cepi), which represents the interests of the paper industry in different regulatory bodies. We have joined the new Cepi alliance, 4evergreen, launched in January 2020. In the same year, Cepi published a report on "Climate effects of the forest-based sector in the European Union", highlighting that the EU forests act as a carbon sink.

Together we are…

working with IUFRO to develop climate-fit forests

We know from 25 years of monitoring that Europe’s forests have been constantly growing. These forest areas have expanded by some 17.5 million hectares and wood stock has grown by 10.1 billion m³. To be able to protect them, it’s crucial we understand the impacts of climate change on these forests. We’ve been working with the International Union of Forest Research Organizations (IUFRO) and other partners since 2017 to explore the outlook of climate change impacts on Europe’s forests and wood supply.

Manfred Schachenmann
Mondi Head of Wood Supply

Our Due Diligence Management System (DDMS)

Our DDMS is designed to address risks beyond legality and certification. While certification schemes cover a full range of sustainability issues, we go beyond the requirements of current assurance mechanisms by screening additional economic, social and environmental risks. For this, we use publicly available information and insights from local operations and partners.

Mondi’s Due Diligence Management System

**Collecting data about wood fibre supply chain (suppliers, origins, etc.)**

**Screening of public sources to define legal risks (via strength of legislation and governance)**

**Evaluation of appropriate assurance levels**

- PEFC™-certified
- FSC™-certified
- Controlled Wood

**Classification of country-risk level**

- High
- Medium
- Low

**Residual risk assessment**

**Additional targeted measures as needed**

* The sources we use to define the country-risk levels are: Transparency International’s Corruption Perceptions Index (CPI), WorldBank’s Worldwide Governance Indicators (WGI), FSC’s Centralized National Risk Assessments (CNRAs) and NEPCon’s Timber risk assessment methodology.
Forest certification is a fundamental building block of our due diligence. We promote credible forest certification that is robust, accessible to different forest users and applies a balanced, risk-based approach to different forest types and supply chain conditions. We actively support the improvement of governance systems and certification standards.

We support the setting of global standards for environmentally appropriate, socially beneficial and economically prosperous forest management. At the same time, we engage with certification schemes at international and national levels to support a relevant and effective approach in different regions. Mondi is an international member of both FSC and PEFC.

In 2020, we actively engaged with the PEFC International Secretariat and its International Stakeholder Members liaison group to contribute to strategy discussions. The focus is on preserving credibility, integrity and transparency of PEFC and identifying ways to address global challenges at scale, while maintaining PEFC’s strengths for small forest owners.

We engage with FSC primarily at a national level, focusing on Russia and South Africa where we have our own forestry operations. In 2020, we worked with WWF and FSC to investigate the experience of key stakeholders in implementing the new FSC standard requirements in Russia and South Africa. Our aim was to ensure a smooth implementation of the new requirements and optimise support provided to certified companies.

Risk levels can vary across regions and within countries. In 2020, we worked with WWF and FSC Italy to conduct an in-depth review of the Controlled Wood risks designation in the National Risk Assessment, specifically for three provinces in northern Italy. Italy was chosen because it has a significant variability in risks with its forestry sector managed at a regional or provincial level. The learnings from this project can be applied, where there is significant risk variability within a given country.

Promoting inclusion of small and medium forest enterprises

Including small and medium-sized enterprises (SMEs) in the wood supply chain can help meet demand for sustainable fibre and support the wellbeing and livelihoods of forest communities. Achieving certification can be a challenge for small forest operators due to the complexities and costs involved.

We have been working with WWF to explore opportunities for smallholder certification in higher risk European countries. We implemented a project in Romania – a country where smallholder certification issues are prominent and where the FSC national forest management standard is under development. The project tested the applicability of the new FSC forest management standard for smallholders to identify challenging requirements which require reconsideration and simplification. One of the main recommendations was to improve access for smallholders to implement the simplified FSC standard requirements for so-called ‘small and low intensity managed forests’ (SLIMFs).

We have now recommended revised SLIMF thresholds for property size and forest intensity to better fit the forest ownership structure in the country.

In Russia, 12 rural forest SMEs benefited from our social forest projects between 2016 and 2020. During this five-year period, we sold 300,000 m$^3$ of standing wood from our leased areas to help secure saw log supplies to rural sawmills under attractive commercial conditions. These local independent logging operations utilise the best assortments for their own needs. They then have the opportunity to sell the lower quality wood to Mondi Syktyvkar – comprising a total of 150,000 m$^3$ in volume over the five years. Mondi Syktyvkar also offers annual training to over 100 forestry contractors and wood suppliers working with Mondi, including SMEs, to ensure compliance with our sustainability requirements.

In South Africa, the small-scale timber grower programme has benefited over 3,200 growers with support from Mondi Zimele. Approximately 426,000 tonnes of wood has been sourced from rural smallholdings (1-2 hectares each) between 2016 and 2020. Over this period, Mondi Zimele distributed 5.6 million seedlings and provided training, mill visits and knowledge-sharing field days to eligible small growers. After a long period of collaborative and targeted efforts, a community of small growers achieved FSC certification for the first time in 2020 – a breakthrough for small-scale wood growers in the CMOs Group Scheme in South Africa (via the Zimele Woodlot Growers Scheme).

“’When it comes to certification, we don’t believe ‘one solution fits all’. Responsible sourcing for our products is, however, crucial for both our customers and for us.”

Markus Gärtner
CEO Corrugated Packaging

In 2020, COVID-19-related restrictions resulted in delayed site visits during surveillance and DDMS audits and stakeholder consultations at some operations. In addition to field work, we monitor the management of High Conservation Value Forests via remote sensing and GIS. This proved a valuable tool for enabling auditors to monitor logging operations remotely while travel was restricted.

Explore how we monitor our nature conservation network in Russia
Climate change

We are taking action on climate change to protect the future of our planet. For us, that starts with reducing our products’ carbon footprint. We’re transitioning to low carbon energy and using our leading role in forestry management to help tackle the climate crisis.

Why is this important?
Despite warnings of catastrophic impacts if the global temperature rises more than 1.5°C, emissions continue to increase.1 Our customers and their consumers are concerned about the consequences of climate change. Our sector is energy-intensive and we must reduce emissions while managing climate impacts on our operations and supply chain.

What's our impact?
Our science-based targets were approved by the Science Based Targets initiative in 2019 and we are making good progress. We reduced Scope 1 and 2 greenhouse gas (GHG) emissions by 9.6% per tonne of saleable production in this year. Since 2015, we have invested around €500 million in low carbon technologies and energy efficiency measures across our mills’ energy plants and manufacturing operations.

This has enabled us to reduce Scope 1 and 2 GHG-specific emissions by 23.6% since 2014. We have increased the proportion of renewable energy in our own energy generation to 67.0% since 2014 (from 59.3%) and our electricity self-sufficiency has grown from 95.4% to 103.8%. We reduced our Scope 2 emissions per MWh by 1.8% since 2019 and 6.1% since 2014 by purchasing electricity with a lower carbon intensity.

Our science-based targets to 2025 and 2050

- 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.

- Reduce Scope 2 GHG emissions 39% per MWh by 2025 and 86% per MWh by 2050, from a 2014 baseline.

Our strategic SDGs and targets

- **SDG 7 Affordable and clean energy**
  - Target 7.1 Ensure universal access to affordable, reliable and modern energy services
  - Target 7.2 Increase substantially the share of renewable energy in the global energy mix
  - Target 7.3 Double the global rate of improvement in energy efficiency
  - Target 7.a Enhance international cooperation to facilitate access to clean energy research and technology

- **SDG 8 Decent work and economic growth**
  - Target 8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation
  - Target 8.4 Improve global resource efficiency and endeavour to decouple economic growth from environmental degradation

- **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

What’s next?
As part of our MAP2030 commitment to take action on climate, we are exploring indirect GHG emissions across our value chain to set a science-based Scope 3 greenhouse gas emission reduction target.
Climate change has the potential to affect our business in many ways. We continue to improve our understanding of the risks and opportunities and to evolve our transparent reporting. In 2020, we formalised a cross-functional team, supported by external experts, to reassess Mondi’s climate-related risks and opportunities.

We identify and assess climate-related risks using our Group-wide risk management framework. We evaluate and report on our short- (up to 3 years), medium- (3–7 years) and long-term (more than 7 years) climate-related transition and physical risks and opportunities, and their financial implications. Transition risks’ may occur when moving towards a less polluting, greener economy. Such transitions could mean that some sectors of the economy face big shifts in asset values or higher costs of doing business. Climate change means we may face more frequent or severe weather events like flooding, droughts and storms. These events bring ‘physical risks’ that impact our society directly and have the potential to affect the economy.

We are committed to adhering to internationally accepted recommendations – such as the Financial Stability Board’s Task Force on Climate-related Financial Disclosures (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 assess the financial implications of climate-related risks according to the TCFD recommendations, considering a 2°C scenario and a business-as-usual scenario. We revised our climate-related risks and opportunities in 2020. As part of this revision, we have quantified the potential financial impacts of climate change on certain parts of our business. The tables on the next two pages provide more detail on the risks and opportunities that we have evaluated.

We continue to develop and improve our understanding of these risks and will update our reporting accordingly.

As part of this revision, we have quantified the potential financial impacts of climate change on certain parts of our business. The tables on the next two pages provide more detail on the risks and opportunities that we have evaluated.

Together we are... supplying renewable secondary raw materials to the chemical industry

Instead of incinerating by-products from pulp production for energy generation, we can sell biomass-based chemicals like tall oil as low-carbon secondary raw materials. During the pulping process, we separate tree resins from other wood components.

These resins can be extracted as sulphate soap which, when treated with sulphuric acid, produces tall oil. Tall oil is used by refineries to produce products like coatings, adhesives, oilfield chemicals, plastic resins and biodiesel. At Mondi Syktyvkar, we’ve invested in a tall oil plant, which can produce around 40,000 tonnes of crude tall oil per year. The oil will partly be used in production and partly supplied to refineries as bio-feedstock – directly replacing fossil fuels like crude oil and natural gas and saving about 140,000 tonnes CO₂e annually.

Klaus Peller, Managing Director, Mondi Syktyvkar
We estimate the potential impact of carbon or similar taxes on our business to be around €10 million per annum.

1.6 million tonnes or 45% of Mondi’s total Scope 1 GHG emissions are covered by carbon tax or emission trading schemes.

At our Richards Bay and Merebank operations, we have insufficient ETS allowances, there is potential that four will face a deficit in the period beyond 2020.

We have conducted water stewardship assessments at our Richards Bay mill and two plantations in South Africa to understand the potential impacts of water shortages and the measures we have taken to manage them.

The potential effect of reduced production due to water shortages at our Richards Bay mill is estimated at up to €10 million per annum.

The risk of flooding may increase due to surface water flooding (e.g. after extreme rainfall or rapid snow melting) or flooding of treatment plants.

Our mills have revised their flood prevention plans and invested in flood protection, in some instances with government and energy companies running hydropower plants in adjacent areas.

Extended water shortages are a concern as they could disrupt production at our operations. This is relevant in water scarce regions such as South Africa. Water supply to our Richards Bay mill is already under pressure from urban development.

In mountainous regions, we expect an increase in yearly forest growth due to rising temperatures. At lower altitudes, spruce will be mainly replaced with other softwood species. We are investigating alternatives to support flexibility in species mix for our future pulp production.

During the recent drought in South Africa, we significantly reduced specific contact water consumption at our Richards Bay mill by implementing closed loops and recycling water used in our processes.

We are working with local authorities and other industries to identify solutions to enhance water stewardship across the entire water catchment surrounding Richards Bay.

We mitigate fire risks with naturally vegetated open corridors acting as fire-breaks between forest plantations. We have invested in firefighting lines for our South African plantations. We also minimize combustible material that remains behind at logging sites after harvesting operations.

We have improved pre- and post-burn assessments at harvesting sites. These assessments aim to mitigate the risks of erosion and nutrient loss after prescribed burning to ensure healthy soils, which are critical for productive plantation forests.

We estimate the financial impact due to potential yield losses in our South African plantations could be up to €15 million per annum.

We have conducted water stewardship assessments at our Richards Bay mill and two plantations in South Africa to understand the potential impacts of water shortages and the measures we have taken to manage them.

The potential effect of reduced production due to water shortages at our Richards Bay mill is estimated at up to €10 million per annum.

The risk of flooding may increase due to surface water flooding (e.g. after extreme rainfall or rapid snow melting) or flooding of treatment plants.

Our mills have revised their flood prevention plans and invested in flood protection, in some instances with government and energy companies running hydropower plants in adjacent areas.

Detailed flooding plans consider potential flooding events caused by relevant sources of water and the topography and hydrogeology of the mills.

Current assessments show the measures taken are generally sufficient and only a few additional smaller measures are required (e.g. elevation of motors and vulnerable equipment, additional pumps, water level sensors).

To mitigate the risk of increased administrative expenses and fines, we are investigating investments in additional water-cooling equipment (e.g. cooling tower, heat exchanger) at some of our mills.

For example, we are considering the construction of wastewater cooling towers at some of our mills.

We estimate the potential impact of climate change risks on our business could be up to €125 million per annum.

## Our climate-related risks

<table>
<thead>
<tr>
<th>Risk description and impact</th>
<th>How we manage and mitigate the risk</th>
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<tbody>
<tr>
<td>GHG regulatory changes</td>
<td>We collect detailed information on GHG emissions from our mills and ensure the cost of carbon is factored into our investments. Our science-based GHG reduction target is based on the energy efficiency (e.g. modernisation of our manufacturing and energy generation equipment) and low carbon energy investments we expect to implement to reach our targets by 2025. Our ongoing investment in low carbon technology and energy efficiency will reduce the regulatory risk of insufficient CO2 allowances, especially at our EU-based operations.</td>
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<tr>
<td>Regulatory induced costs for GHG emissions may increase due to carbon tax and emission trading schemes</td>
<td>Nine of Mondi’s 13 pulp and paper mills fall under the EU Emissions Trading Scheme (EU ETS). While most of these mills have sufficient ETS allowances, there is potential that four will face a deficit in the period beyond 2020. In addition, the South African government charges a carbon tax on emissions from fossil fuel, which includes fossil fuel combustion at our Richards Bay and Merebank operations. 16 million tonnes or 45% of Mondi’s total Scope 1 GHG emissions are covered by carbon tax or emission trading schemes. We estimate the potential impact of carbon or similar taxes on our business to be around €15 million per annum.</td>
</tr>
<tr>
<td>Timeframe: medium-term</td>
<td>We collect detailed information on GHG emissions from our mills and ensure the cost of carbon is factored into our investments. Our science-based GHG reduction target is based on the energy efficiency (e.g. modernisation of our manufacturing and energy generation equipment) and low carbon energy investments we expect to implement to reach our targets by 2025. Our ongoing investment in low carbon technology and energy efficiency will reduce the regulatory risk of insufficient CO2 allowances, especially at our EU-based operations.</td>
</tr>
<tr>
<td>Chronic changes in precipitation</td>
<td>Extended water shortages are a concern as they could disrupt production at our operations. This is relevant in water scarce regions such as South Africa. Water supply to our Richards Bay mill is already under pressure from urban development. The potential effect of reduced production due to water shortages at our Richards Bay mill is estimated at up to €10 million per annum.</td>
</tr>
<tr>
<td>Water supply must be maintained to sustain operations in water scarce regions</td>
<td>We have conducted water stewardship assessments at our Richards Bay mill and two plantations in South Africa to understand the potential impacts of water shortages and the measures we have taken to manage them. The potential effect of reduced production due to water shortages at our Richards Bay mill is estimated at up to €10 million per annum.</td>
</tr>
<tr>
<td>Timeframe: long-term</td>
<td>We have conducted water stewardship assessments at our Richards Bay mill and two plantations in South Africa to understand the potential impacts of water shortages and the measures we have taken to manage them. The potential effect of reduced production due to water shortages at our Richards Bay mill is estimated at up to €10 million per annum.</td>
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<tr>
<td>Supply chain impacts</td>
<td>Increased frequency and severity of extreme weather events may result in disruptions and decreased harvesting capacity of our managed forests. Extreme weather conditions may impact forests and plantations through sustained higher temperatures, which can lead to stronger wind damage and increased forest fires. Plantations may be vulnerable to changes in rainfall patterns and erosion. Higher temperatures may increase vulnerability of forests to pests and diseases. Exacerbated by drought conditions, fire remains a challenge for our South African plantations, which we believe are more vulnerable to fibre yield losses than our Russian forests. We estimate the financial impact due to potential yield losses in our South African plantations could be up to €15 million per annum.</td>
</tr>
<tr>
<td>Climate change may result in fibre yield losses in Mondi’s forests</td>
<td>Our mills in Europe are sensitive to the economic development of the sawmill industry. A reduction in the cutting capacity of the sawmilling industry due to a lack of sawn wood could lead to a change in the mix of available pulpwood and sawmill chips. Increasing competition for wood is being driven by demand for renewable raw materials and timber for green energy generation to achieve EU GHG reduction and Net Zero targets. At the same time, there is a call to increase forest areas set aside for conservation. All of this may contribute to increased pricing for wood, resulting in a potential risk of €20–70 million per annum in the long term.</td>
</tr>
<tr>
<td>Timeframe: medium-term</td>
<td>Increased frequency and severity of extreme weather events may result in disruptions and decreased harvesting capacity of our managed forests. Extreme weather conditions may impact forests and plantations through sustained higher temperatures, which can lead to stronger wind damage and increased forest fires. Plantations may be vulnerable to changes in rainfall patterns and erosion. Higher temperatures may increase vulnerability of forests to pests and diseases. Exacerbated by drought conditions, fire remains a challenge for our South African plantations, which we believe are more vulnerable to fibre yield losses than our Russian forests. We estimate the financial impact due to potential yield losses in our South African plantations could be up to €15 million per annum.</td>
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<tr>
<td>Temperature increase, changes in rainfall patterns and windstorms can result in large-scale forest damage in central Europe. At lower altitudes, fibre losses from bark beetle damage to spruce stands are expected to continue unless precipitation increases.</td>
<td>We have conducted water stewardship assessments at our Richards Bay mill and two plantations in South Africa to understand the potential impacts of water shortages and the measures we have taken to manage them. The potential effect of reduced production due to water shortages at our Richards Bay mill is estimated at up to €10 million per annum.</td>
</tr>
<tr>
<td>Risk of flooding</td>
<td>Our mills use large volumes of water and are often located close to rivers. The risk of flooding may increase due to surface water flooding (e.g. after extreme rainfall or rapid snow melting) or flooding of low-lying coastal regions (due to sea level rise). We have invested to mitigate the potential impact of flooding and have assumed we should not have a prolonged shut. In the event of flooding at one of our mills which are in higher risk areas, the cost is estimated at up to €10 million.</td>
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<tr>
<td>Stricter regulation</td>
<td>Climate change may increase annual mean temperatures and the temperature of river water. We use surface water, including river water, in production and for cooling at our mills and energy plants. Higher water temperatures increase the amount of water needed for cooling and may lead to critical temperatures in the wastewater treatment plants. Our mills have permits for water withdrawal. In most cases, the permits contain water temperature limits for water discharge. We see a potential impact of €15 million per annum for measures to prevent exceeding water permission limits.</td>
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<tr>
<td>Evolving requirements on effluent water temperature</td>
<td>We collect detailed information on GHG emissions from our mills and ensure the cost of carbon is factored into our investments. Our science-based GHG reduction target is based on the energy efficiency (e.g. modernisation of our manufacturing and energy generation equipment) and low carbon energy investments we expect to implement to reach our targets by 2025. Our ongoing investment in low carbon technology and energy efficiency will reduce the regulatory risk of insufficient CO2 allowances, especially at our EU-based operations.</td>
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<td>Timeframe: medium-term</td>
<td>We collect detailed information on GHG emissions from our mills and ensure the cost of carbon is factored into our investments. Our science-based GHG reduction target is based on the energy efficiency (e.g. modernisation of our manufacturing and energy generation equipment) and low carbon energy investments we expect to implement to reach our targets by 2025. Our ongoing investment in low carbon technology and energy efficiency will reduce the regulatory risk of insufficient CO2 allowances, especially at our EU-based operations.</td>
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<tr>
<td>Changing customer behaviour</td>
<td>The drive to replace plastic packaging with fibre-based alternatives is a significant opportunity for our business. However, certain plastic-based products within our portfolio could face lower demand due to the shift from plastic to paper. A significant proportion of the Group’s flexible plastic-based packaging is focused on value-added segments, serving mainly food, pet food and other consumer end-users. There are currently limited paper-based alternatives for a significant proportion of these products, which contain barrier properties (such as moisture, grease gas properties, etc.) to preserve and protect products. We estimate the potential operating profit impact due to loss of some commodity paper businesses to be around €15 million per annum.</td>
</tr>
<tr>
<td>Timeframe: short- to long-term</td>
<td>We collect detailed information on GHG emissions from our mills and ensure the cost of carbon is factored into our investments. Our science-based GHG reduction target is based on the energy efficiency (e.g. modernisation of our manufacturing and energy generation equipment) and low carbon energy investments we expect to implement to reach our targets by 2025. Our ongoing investment in low carbon technology and energy efficiency will reduce the regulatory risk of insufficient CO2 allowances, especially at our EU-based operations.</td>
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### Our climate-related opportunities

<table>
<thead>
<tr>
<th>Description of the opportunity</th>
<th>How we realise the opportunity</th>
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<tr>
<td><strong>Avoided GHG emissions and secondary raw materials</strong>&lt;br&gt;Instead of incinerating by-products from pulp production, low-carbon, biomass-based chemicals can be sold as secondary raw materials.</td>
<td>The extraction and sale of renewable by-products from the kraft pulping process is part of our circular economy approach. We are exploring options to further utilise these renewable by-products. Additional investment is needed to extract and purify these by-products. For example, we have upgraded our tall oil extraction plant at our mill in Spitzyk, which has enabled us to increase the volumes and improve our efficiency. Depending on the existing infrastructure at our other mills, further investments may be required. See case study on page 46.</td>
</tr>
<tr>
<td><strong>Reduced operating costs through energy efficiency</strong>&lt;br&gt;Identify and realise energy savings using global experts across our energy network.</td>
<td>Investing in optimising energy and process efficiencies in our operations has been a long-standing focus. Since 2015, we have invested around €500 million in energy efficiency measures and in increasing biomass-based energy usage in our mills. We plan further investment projects to meet our science-based GHG reduction targets over the coming years. They will reduce our specific energy costs and allow the utilisation of materials with high energy content, which are currently treated as waste.</td>
</tr>
<tr>
<td><strong>Substitution of natural gas with biogas</strong>&lt;br&gt;Reduced energy costs by using biogas from the anaerobic wastewater process.</td>
<td>In 2020, we avoided 7,798 tonnes of CO2e by substituting natural gas with 0.14 million GJ biogas generated in anaerobic wastewater treatment plants at our mills. To realise the full potential of this opportunity, we would need to install new anaerobic wastewater treatment plants (where feasible).</td>
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<tr>
<td><strong>Changing customer behaviour</strong>&lt;br&gt;Trend towards recyclable, low carbon, renewable (fibre-based) products instead of plastic.</td>
<td>The drive to replace plastic packaging with recyclable, low carbon and renewable fibre-based alternatives is creating significant opportunities for fibre-based packaging producers. Mondi, as a leading packaging paper producer, is strongly positioned to benefit from the increased demand for fibre-based solutions that are recyclable and recyclable by design. Based on third-party reports, the Group has estimated that the market opportunity in Europe for fibre-based packaging solutions replacing plastic could potentially be in the region of €4-€8 billion over the next decade. The Group has not quantified the specific opportunity to Mondi but believes it is well positioned to take advantage of this opportunity.</td>
</tr>
<tr>
<td><strong>Transition of plastic-based products</strong>&lt;br&gt;The growing customer demand for recyclable plastic-based products and/or the amount of recycled content contained within these solutions.</td>
<td>As a leading producer of both paper and flexible plastic-based packaging, Mondi is in a unique position to leverage the Group’s innovation capabilities, leading market positions and strong customer base. We actively collaborate with customers using our EcoSolutions customer-centric approach to develop innovative solutions that are Sustainable by Design. This includes developing our range of recyclable functional barrier papers as an alternative to plastic-based solutions. We are investing in our asset base and increasing our cost-advantaged paper capacity to meet growing demand. Initiatives include a €57 million investment to convert a containerboard machine at our Štědrá mill to produce specialty kraft paper for shopping bags and a €370 million investment in a new kraft top white machine and related pulp mill upgrade at our Rudolfovec mill. See case study on page 58. We are leveraging strong partnerships to bring about positive change and drive the transition to a circular economy.</td>
</tr>
<tr>
<td><strong>Our climate-related opportunities</strong>&lt;br&gt;Around €50 million per annum (excludes the potential opportunity from changing customer behaviour and the transition to plastic-based products, which have not yet been quantified)</td>
<td>The Group has a strong focus on developing sustainable plastic-based flexible packaging to drive the development of recyclable products and those that contain a sufficient proportion of recycled content. To realise the opportunity, we will continue to partner with our customers, collaborate with other industry players and invest in strategic initiatives.</td>
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</table>

The risks and opportunities that we have outlined in these tables represent the outcome of our evaluation in 2020. Our evaluation does not yet cover all risks or opportunities that our business may face. In line with TCFD recommendations, we will continue to develop our understanding of climate-related risks and opportunities and improve our quantification thereof. This means that our reporting will also be updated in line with our evolving understanding in the coming years. We believe that Mondi is well positioned to capitalise on climate-related opportunities in the coming years.
We support the transition to a low-carbon economy. In 2019, our science-based GHG reduction targets were approved by the Science Based Targets initiative (SBTi). The two targets together cover more than 95% of Mondi’s total Scope 1 and 2 emissions.8

**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.

This target covers total Scope 1 and 2 emissions of our pulp and paper mills and aligns with the pulp and paper sector reduction pathway under a 2°C scenario within the Sectoral Decarbonisation Approach.

**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.

This covers the Group’s total Scope 2 emissions and aligns with a 2°C scenario within the Absolute Contraction Approach.

We are exploring a science-based GHG reduction target for our Scope 3 emissions, which takes into account the GHG emissions in our value chain. Mondi has also committed to support the global transition to a low-carbon economy by positively influencing the sector and policy makers through responsible engagement on climate policy. Read more on the We Mean Business homepage.9

“Climate change is one of the biggest threats to our future. Rapid and deep cuts to greenhouse gas emissions are urgently needed. It is essential that science-based targets become embedded in standard business practice and businesses like Mondi are central to this transition.”

Lisa Simon
Head of Climate & Sustainable Finance Programme, WWF Austria
Our industry is energy intensive. We combine strategic energy-related investments at 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.

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

Targeted energy-related investments and improvements are planned in the short, medium and long term across our mills. Investments in energy efficiency at our plants and shifting our fuel mix towards renewable biomass offer the most significant potential for reducing our GHG emissions.

We identify energy efficiency projects through our internal energy efficiency programme, called DIANA. Projects are assessed against the investment required, potential financial, energy and CO₂ savings and their contribution to energy security.

We have invested around €500 million in energy efficiency since 2015. We have also engaged with electricity providers to increase the share of renewable energy in our purchased electricity and reduce our Scope 2 emissions by lowering the CO₂ factor per MWh purchased. In 2020, 5% of our purchased electricity was generated by renewables.

In the second half of 2015, we commissioned a new recovery boiler, turbine and a biomass boiler at Mondi Świecie (Poland). In 2018, we started up an evaporation plant, recovery boiler and turbine at Mondi Štětí (Czech Republic). In 2019, we modernised the energy plant at Mondi Syktyvkar (Russia).
Climate change

Increasing energy efficiency and reducing emissions

Energy balance from our pulp and paper mills

- Elec. purchase: 3,468 TJ
- Internal biofuels: 90,491 TJ
- External biofuels: 15,947 TJ
- Fossil fuels: 52,356 TJ
- Heat purchased: 68 TJ

- Black liquor: 75,573 TJ
- Int. biofuels excl. black liquor: 14,918 TJ
- Natural gas: 42,421 TJ
- Coal: 9,240 TJ
- Fuel oil: 676 TJ

Own electricity generation = 104%
Biofuel share = 67%

Paper mill
Electricity: 11,948 TJ
Heat: 26,852 TJ

Pulp mill
Electricity: 9,009 TJ
Heat: 46,707 TJ

Sales
Electricity: 4,380 TJ
Heat: 3,900 TJ

Non core business*
Electricity: 4,461 TJ
Heat: 2,630 TJ

* Including finishing, power generation, utilities and others

Energy consumption of our pulp and paper mills

<table>
<thead>
<tr>
<th>Description</th>
<th>2020 GJ</th>
<th>2019 GJ</th>
<th>2014 baseline GJ</th>
<th>% change 2019-2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy consumed by pulp and paper core processes in the form of heat and electricity at our operations</td>
<td>94.5</td>
<td>91.1</td>
<td>90.7</td>
<td>3.8%</td>
</tr>
<tr>
<td>Electricity purchased by our mills from external sources</td>
<td>3.5</td>
<td>3.6</td>
<td>7.6</td>
<td>-4.3%</td>
</tr>
<tr>
<td>Total electricity requirements for producing pulp and paper</td>
<td>21.0</td>
<td>19.8</td>
<td>20.0</td>
<td>-5.7%</td>
</tr>
<tr>
<td>Total heat requirements for producing pulp and paper</td>
<td>73.6</td>
<td>71.3</td>
<td>70.7</td>
<td>3.2%</td>
</tr>
<tr>
<td>Energy sold to the local grids</td>
<td>8.3</td>
<td>8.3</td>
<td>10.8</td>
<td>0.3%</td>
</tr>
<tr>
<td>Total energy sales including green fuel sales</td>
<td>9.9</td>
<td>9.8</td>
<td>12.8</td>
<td>0.7%</td>
</tr>
<tr>
<td>Our mills' electricity self-sufficiency10</td>
<td>104%</td>
<td>102%</td>
<td>95%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Renewable energy in mills' fuel consumption (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>63%</td>
<td>65%</td>
<td>64%</td>
<td>64%</td>
<td>67%</td>
</tr>
</tbody>
</table>
**Climate change**

**Increasing energy efficiency and reducing emissions**

**GHG emissions**

<table>
<thead>
<tr>
<th>Emissions</th>
<th>2020</th>
<th>2019</th>
<th>2014 baseline</th>
<th>% change 2019-2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Absolute Scope 1 emissions of mills</td>
<td>3.5 million tonnes CO₂e</td>
<td>3.9 million tonnes CO₂e</td>
<td>4.3 million tonnes CO₂e</td>
<td>-9.7%</td>
</tr>
<tr>
<td>Absolute Scope 2 emissions of mills</td>
<td>0.43 million tonnes CO₂e</td>
<td>0.46 million tonnes CO₂e</td>
<td>1.0 million tonnes CO₂e</td>
<td>-6.0%</td>
</tr>
<tr>
<td>Specific GHG emissions of our mills (per tonne of saleable production)</td>
<td>0.64 tonnes CO₂e</td>
<td>0.71 tonnes CO₂e</td>
<td>0.84 tonnes CO₂e</td>
<td>-9.6%</td>
</tr>
<tr>
<td>Specific Scope 1 emissions of our mills (per tonne of saleable production)</td>
<td>0.57 tonnes CO₂e</td>
<td>0.64 tonnes CO₂e</td>
<td>0.69 tonnes CO₂e</td>
<td>-9.9%</td>
</tr>
<tr>
<td>Specific Scope 2 emissions of our mills (per tonne of saleable production)</td>
<td>0.07 tonnes CO₂e</td>
<td>0.07 tonnes CO₂e</td>
<td>0.15 tonnes CO₂e</td>
<td>-6.2%</td>
</tr>
</tbody>
</table>

**GHG emissions from our pulp and paper mills**

Our GHG reporting boundaries are defined according to the ‘operational control’ principle. This is in line with the recommendations of the World Business Council for Sustainable Development (WBCSD) GHG Protocol. See page 105 for further details of our GHG emissions scope and boundaries.

Scope 1 GHG emissions are related to production (for pulp and paper mills) and energy sales. In 2020, the Scope 1 emissions of our mills were reduced by 9.7%, mainly due to our investments in energy efficiency projects and modernisation of our energy plant in Syktyvkar.

Our mills’ Scope 2 emissions decreased significantly by 6.0% as a consequence of increased electricity self-sufficiency and increased purchase of renewable electricity for our Austrian operations.

45% of the Group’s Scope 1 emissions are reported in regions with limits on GHG (e.g. EU ETS, South Africa’s CO₂ tax).

**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 34.2% of the Group’s total Scope 2 emissions. The current focus of our converting operations is on increasing energy efficiency and the purchase of electricity from renewable sources.

**Energy sales-related GHG emissions**

Energy sales-related GHG emissions were 0.8 million tonnes CO₂e (2019: 0.9 million tonnes) and accounted for 20% of the Group’s total CO₂e emissions in 2020. Our energy efficiency investments allowed us to generate energy with a lower carbon intensity, resulting in a 24% reduction compared with the 2014 baseline in the energy-sold related CO₂ factor and a reduction in CO₂e emissions.

**Scope 3 emissions**

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 2020, Scope 3 emissions were estimated at 3.3 million tonnes CO₂e. In recent 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 Climate Savers and an external consultant to evaluate a potential science-based Scope 3 reduction target.

**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 2020, we avoided emissions of some 0.12 million tonnes of CO₂e through the sale of approximately 162 million GJ green fuels (including pitch fuel, sulphate soap, tall oil and turpentine). We avoided 7.8 thousand tonnes of CO₂e by substituting natural gas with 0.14 million GJ biogas generated in anaerobic wastewater treatment plants at our mills. We also avoided about 0.08 million tonnes of CO₂e by sending 61,450 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 Cepi’s 10 Toes Framework for the development of carbon footprints for paper and board products.

We can also provide customers with a carbon footprint for our plastic-based products in line with ISO 14067 as part of our new life cycle assessment tool. See page 80.

As a member of the We Mean Business Coalition, 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 and through our WWF Climate Savers partnership.
Constrained resources and environmental impacts

We are committed to developing circular systems that use less energy and water and produce less waste. By investing in the latest technologies, we are reducing our impacts on the environment and communities. We believe we will achieve more by working in partnership to drive large-scale change across the value chain.

Why is this important?
The way our society uses raw materials causes resource scarcity, pollution, biodiversity loss and climate change. We must work together to reverse environmental degradation and develop innovative technologies that support a circular economy. Our manufacturing is resource-intensive and we see every emission to water, air and land as a lost resource.

Together we are...protecting the environment and reducing water use and eliminating waste

What’s our impact?
We are proud to have achieved almost all the environmental commitments we set for our last five-year period.

We missed our ambitious contact water reduction target due to some process disruptions at our Richards Bay mill (South Africa) and the startup of the upgraded pulp mill in Ružomberok (Slovakia).

Overall resource efficiency of our manufacturing operations has been improved by finding innovative ways to avoid, reuse or recycle our waste. In 2020, we sent 25.4% less waste to landfill than in 2015.

We reduced specific NOx emissions from our pulp and paper mills by 13.7% compared with 2015, by making significant investments in new biomass boilers and modernising our energy plants.

We achieved an 18.4 % reduction of COD in 2020 compared with 2015 – mainly due to investments at our mills in Świecie (Poland) and Syktyvkar (Russia).

Despite these successes, we have faced some challenges during the past five years, such as the impact of an extended drought in South Africa. Water is vital to our manufacturing processes, therefore we will strengthen our focus on water use, especially in water scarce regions, in the future.

Our commitments to 2020

<table>
<thead>
<tr>
<th>What’s our impact?</th>
<th>Our commitments to 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduce specific contact water consumption from our pulp and paper mills by 5% from a 2015 baseline</td>
<td>Reduce specific contact water consumption from our pulp and paper mills by 5% from a 2015 baseline</td>
</tr>
<tr>
<td>2016</td>
<td>2017</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduce specific waste to landfill by 7.5% from a 2015 baseline</td>
<td>Reduce specific waste to landfill by 7.5% from a 2015 baseline</td>
</tr>
<tr>
<td>2016</td>
<td>2017</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduce specific NOx emissions from our pulp and paper mills by 7.5% from a 2015 baseline</td>
<td>Reduce specific NOx emissions from our pulp and paper mills by 7.5% from a 2015 baseline</td>
</tr>
<tr>
<td>2016</td>
<td>2017</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduce specific effluent load to the environment (measure COD) by 5% from a 2015 baseline</td>
<td>Reduce specific effluent load to the environment (measure COD) by 5% from a 2015 baseline</td>
</tr>
<tr>
<td>2016</td>
<td>2017</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

What’s next?
As part of our new MAP2030 commitments, we will continue to improve the environmental performance of our operations. We have set targets for 2025 to reduce waste to landfill, COD and NOx emissions, and contact water use.

Endnotes appear when mouse hovers above and hyperlink to page 114 when clicked.
**Using resources efficiently**

**From product design to responsible sourcing, resource efficiency is central to many of our material issues. It is also fundamental to achieving our Growing Responsibly commitments.**

We adhere to the principle of resource efficiency as defined by the United Nations Environment Programme (UNEP). Over the last decade, our investments in Best Available Techniques (BAT) have significantly improved our resource efficiency. Our approach includes:

- reducing emissions to air and water;
- encouraging the recycling, reuse and substitution of natural resources with secondary raw materials;
- increasing energy efficiency and reducing the energy intensity of processes;
- increasing our use of renewable energy;
- using by-products from our manufacturing processes for energy generation and as renewable raw materials; and
- using water efficiently and responsibly.

**Management systems and certification**

Our precautionary approach ensures we make decisions that minimise or eliminate negative impacts on the environment and comply with applicable environmental regulations and permits. Our Sustainable Development Management System (SDMS) supports our operations, mills and converting operations to manage their impacts and improve environmental performance. It includes policies, standards and requirements for all aspects of sustainable development. 100% of our pulp and paper mills and forestry operations (2019: 62%) and 64% of our converting operations (2019: 62%) are certified to the international environmental management system standard ISO 14001.

**Water**

Access to safe and clean drinking water is essential to human wellbeing and is recognised as a basic human right. Manufacturing pulp and paper is water-intensive; our mills and converting operations may impact water resources and local communities through their water withdrawal and use. Water is also required for the growth of forests, which is the main source for our primary raw material, fibre.

We manage our water impacts by reducing 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 at our mills; investing in best available techniques (BATs) to treat and return our waste water without negatively impacting water quality; and developing partnerships with other water users to manage risks across entire catchments.

We recognise the need for collective action in response to the complex challenges facing water resources globally. In 2020, Mondi joined the Alliance for Water Stewardship (AWS) – a global membership collaboration comprising businesses, non-governmental organisations (NGOs) and the public sector. AWS members contribute to the sustainability of local water resources through their adoption and promotion of a universal framework for the responsible use of water – the International Water Stewardship Standard (or AWS Standard) – which drives, recognises and rewards good water stewardship performance.

With AWS and WWF, we developed a Group water stewardship standard that is designed to set out how our mills will use operation- and catchment-based context to determine a contextually appropriate level of water stewardship response. This work was guided by the current version of the AWS Standard and considers each mill’s exposure to water-related risks using WWF’s Water Risk Filter.

As a first step, we assessed the physical, regulatory and reputational risks for each mill to determine the potential risks they pose to surrounding water basins. We have completed water stewardship assessments for some of our South African operations and will continue to conduct assessments for our other mills and forests. We will begin to roll out our Group water stewardship standard across our operations in 2021.

Based on the findings of our previous water impact assessments, we are not aware of any mills that are significantly affecting water bodies and related habitats.

**Our water footprint**

We calculate the water footprint of our wood supply chain using widely accepted data sources and request water footprint data from our pulp suppliers annually. The water footprint chart shows our freshwater use for production and our indirect water use from our value chain (e.g. from our raw material supply).

93% of the blue water we withdraw from freshwater resources is released back to the environment (88% to rivers and lakes, 5% to the sea). The remaining 7% evaporates during production or is included in our products.

In 2020, we withdrew 97.9 million m$^3$ in water-stressed countries (South Africa, Czech Republic and Poland). Our water withdrawal in water-stressed regions reduced by 2.9% – the main contributing factor was the improved stability of operations at our Richards Bay mill.

---

**Water footprint by type 2020**

<table>
<thead>
<tr>
<th>Water Type</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green water (from purchased wood)</td>
<td>62.9</td>
</tr>
<tr>
<td>Green water (from own wood)</td>
<td>15.1</td>
</tr>
<tr>
<td>Green water (from purchased pulp)</td>
<td>1.0</td>
</tr>
<tr>
<td>Green water (from recovered paper)</td>
<td>14.4</td>
</tr>
<tr>
<td>Blue water (ground water)</td>
<td>0.2</td>
</tr>
<tr>
<td>Blue water (surface water)</td>
<td>2.6</td>
</tr>
<tr>
<td>Blue water (ground water)</td>
<td>0.2</td>
</tr>
<tr>
<td>Blue water (second-class water)</td>
<td>0.1</td>
</tr>
<tr>
<td>Grey water</td>
<td>3.6</td>
</tr>
</tbody>
</table>

* Representing a total of approximately 10.4 billion m$^3$
Understanding our water-related risks

Our manufacturing processes require a high volume of good quality water and our pulp and paper mills are mostly located near rivers with sufficient water availability. We have the potential to impact other water users through our water withdrawal and use. Our operations located close to rivers may also be at risk of flooding.

We assess water-related risks using the WWF Water Risk Filter and the WBCSD Global Water Tool. We consider water availability using local historic and current data, FAO data and data provided by utility companies and governments.

We also look at catchment-wide quality and availability parameters. We assess risks that result from water discharge from our manufacturing sites using the WWF Water Risk Filter.

Reducing our water use

Withdrawal of water from freshwater ecosystems can impact 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.

The cost of the water we use and treat as waste water can be significant. Uncertainties over water availability can be a risk factor in some locations. We expect future water regulation to become stricter due to the impacts of global warming. For these reasons, reducing fresh water use is a priority, particularly in water-stressed and water-scarce regions.

Reducing water discharge

We aim to reuse and recycle water to reduce water withdrawal, discharge and wastewater treatment costs. This supports local and national goals for managing water supply, which is especially important in water-scarce areas such as South Africa. Recycling water can also help reduce energy consumption by using the heat content of water to improve energy efficiency.

Waste water quality

We closely monitor the volume and quality of the waste water we discharge to minimise its impact on the aquatic environment. We treat waste water from production in wastewater treatment plants and release it at a quality level that does not negatively impact the receiving water body. At some locations, such as Ružomberok and Syktyvkar, our facilities also treat the waste water from local communities. Since 2013, we have invested around €75 million in upgrading our wastewater treatment plants, including at our mills in Świecie and Syktyvkar.

Our commitment is to reduce the specific load (COD) of waste water by 5% by 2020 (compared with a 2015 baseline). Our focus on improving the quality of our waste water at our plant in Richards Bay resulted in a significant 39% reduction of COD in 2020 (13,576 tonnes COD) against 2019 (22,214 tonnes COD). The overall Group-specific COD reduction was 18.4% compared with 2015.

The investments made in our wastewater treatment plants have, since 2015, also significantly reduced emissions of eutrophication pollutants (e.g. phosphorus). For example, at our Syktyvkar mill where we also treat municipal waste water, we utilise this source of nitrogen and its phosphorus as nutrients in our wastewater treatment plant. This resource-efficient process significantly reduces eutrophication pollutants and avoids the addition of industrially manufactured nutrients.
Constrained resources and environmental impacts

Using resources efficiently

Water use (million m³)

Sources

<table>
<thead>
<tr>
<th>Water source and -scarce regions*</th>
<th>Non-potable water</th>
<th>Potable water</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surface water</td>
<td>192.2</td>
<td>3.9</td>
</tr>
<tr>
<td>Ground water</td>
<td>19.4</td>
<td>3.9</td>
</tr>
<tr>
<td>Second class water</td>
<td>3.9</td>
<td>3.9</td>
</tr>
<tr>
<td>Non-potable water</td>
<td>0.0002</td>
<td>3.5</td>
</tr>
<tr>
<td>Potable water</td>
<td>73.8</td>
<td>20.6</td>
</tr>
</tbody>
</table>

Water input

<table>
<thead>
<tr>
<th>Water use</th>
<th>Contact water</th>
<th>Non-contact water</th>
<th>Water used for non-primary activities</th>
<th>Waste water from third parties</th>
</tr>
</thead>
<tbody>
<tr>
<td>205.0</td>
<td>108.2</td>
<td>0.15</td>
<td>36.2</td>
<td>11</td>
</tr>
</tbody>
</table>

Water output

<table>
<thead>
<tr>
<th>Water use</th>
<th>Ocean</th>
<th>Irrigation</th>
<th>River</th>
<th>Sent to third parties for treatment</th>
</tr>
</thead>
<tbody>
<tr>
<td>16.4</td>
<td>0.04</td>
<td>351.0</td>
<td>11</td>
<td></td>
</tr>
</tbody>
</table>

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

- Non-contact water
- Contact water

COD emissions

- Specific kg COD per tonne of saleable production
- 2020 Specific COD commitment 6.95

93% of the fresh water used by our operations is returned to the environment.

* Included are our pulp and paper mills in Czech Republic, Poland and South Africa.
We are committed to minimising impacts resulting from air emissions from our operations. We carefully manage our emissions and invest in modernising our plants using latest technologies to reduce negative impacts from emissions, including those on quality of life for our local communities.

Our recovery, bark and auxiliary boilers and our lime kilns are significant sources of air pollutants, including dust, NOx, SO2 and CO2. In some cases, they emit gases that smell, despite high-efficiency combustion and efficient flue-gas cleaning. This can cause an odour nuisance for people living nearby.

Air emissions associated with the combustion of fuels for energy production remain a challenge for the pulp and paper sector. We are working to reduce these emissions from our production processes. For example, to reduce acidifying pollutants (e.g. SO2), we have invested in the modernisation of our energy plants. This resulted in an 81% reduction of SO2 emissions in 2020 (1,059 tonnes SO2) compared with the 2015 baseline (5,604 tonnes SO2).

We have reduced ozone depleting substances (ODS) by substituting refrigerants with high ozone depleting potential with environmentally-friendly alternatives and by modernising our cooling equipment. By 2020, we reduced our ODS by 43% (4 tonnes) compared with 2015 (7 tonnes).

We use ISO standards to monitor, analyse and calculate absolute emissions of specific pollutants. We are committed to introducing BAT standards (techniques approved by legislators or regulators for meeting output standards for a particular process) as part of our new investments.

At Mondi Syktyvkar, we have reduced our specific NOx by 10.2% compared with 2015, as a result of our €135 million investment in new boilers as part of the modernisation of our energy plant.

### Air emissions

<table>
<thead>
<tr>
<th>NOx emissions</th>
<th>2020</th>
<th>2019</th>
<th>2015</th>
<th>% change 2019–2020</th>
<th>% change 2015–2020</th>
<th>Reason for the change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specific NOx emissions (per tonne of saleable production)</td>
<td>1.77 kg</td>
<td>1.79 kg</td>
<td>2.05 kg</td>
<td>-1.3%</td>
<td>-13.7</td>
<td>Investments in recovery and energy boilers (Świecie, Syktyvkar)</td>
</tr>
<tr>
<td>Total reduced sulphur (TRS) emissions and malodorous gases</td>
<td>48.2 tonnes</td>
<td>44.0 tonnes</td>
<td>71.1 tonnes</td>
<td>+9.6%</td>
<td>-32.1</td>
<td>Świecie combusted malodorous gases in the new recovery boiler</td>
</tr>
<tr>
<td>SO2 emissions</td>
<td>1,059 tonnes</td>
<td>1,276 tonnes</td>
<td>5,604 tonnes</td>
<td>-17.0%</td>
<td>-81.1</td>
<td>Modernising our energy boilers (Świecie, Štětí, Syktyvkar)</td>
</tr>
<tr>
<td>Fine dust emissions</td>
<td>961 tonnes</td>
<td>928 tonnes</td>
<td>1,500 tonnes</td>
<td>+3.5%</td>
<td>-35.9</td>
<td>Investments in exhaust air purification systems of our energy boilers</td>
</tr>
<tr>
<td>Ozone depleting substances (ODS)</td>
<td>4 tonnes</td>
<td>16 tonnes</td>
<td>7 tonnes</td>
<td>-74.4%</td>
<td>-43.2</td>
<td>Refurbishment of three large chillers in the chemical plant at our Richards Bay mill</td>
</tr>
</tbody>
</table>

At Mondi Syktyvkar, we have reduced our specific NOx by 10.2%
Reducing waste and promoting the circular economy

Our goal is zero waste to landfill. We work with partners and invest in initiatives to achieve this and support greater resource efficiency within and beyond our operations.

We work closely with partners such as the WBCSD, WWF, the New Plastics Economy initiative and Cepi to support the transition to a circular economy see page 82.

We strongly 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 ensure the most efficient use of wood and fibre resources. We also work with Cepi and its 4evergreen alliance to lobby for European waste policies that promote paper recovery and improve the flow of recycled fibre into the supply chain.

Managing our waste
Mondi follows a waste hierarchy to avoid waste and recycle as much as possible. We see landfilling as wasted raw material and we divert unavoidable waste from being landfilled where possible and feasible. We monitor the volume of operational waste (by waste type and waste routes) across all operations.

Hazardous waste represents a direct threat to the environment and any living organism. Hazardous waste can create future liabilities, particularly when deposited in landfills. There are strict laws in most countries on how hazardous wastes must be managed – including storage, treatment, transportation and disposal.

Non-hazardous waste can also have a detrimental environmental impact and may give rise to significant treatment and disposal costs.

Working towards zero waste
We are constantly looking for ways to avoid, reuse or recycle our remaining waste streams as we pursue an ultimate goal of zero waste to landfill. We work with industry partners to explore opportunities for our waste to be used as secondary raw material in production processes. For example, some of our waste ash (e.g. ash from our bark boilers) is used as a secondary raw material in the production of cement and bricks. See our case study on page 46 on how we are avoiding GHG emissions and supplying renewable secondary raw materials to the chemical industry.

We committed to reduce the waste we send to landfill by 7.5% by 2020, compared with the 2015 baseline. In 2020, we reported a 23.1% decrease compared with the previous year and a 25.4% decrease compared with the 2015 baseline.

Where it is not currently possible to reuse or recycle a waste stream, we dispose of it responsibly. Disposal options include: 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 (e.g. the new bark boiler in Syktyvkar), preferably in combination with energy recovery; and, as the last resort, disposal to landfill. We either dispose of the waste ourselves in accordance with our waste permits, or use reputable waste disposal contractors who provide information on the waste disposal method.

At the end of January 2021, we started up the new 300,000 tonne kraft top white machine at Ružomberok (€370 million investment including the pulp mill upgrade commissioned in the second half of 2019). It will enable us to serve the growing markets for innovative and sustainable packaging solutions. This new containerboard grade called kraft top white combines the strength, printability and appearance of a white fresh fibre top layer with the economic and sustainability advantages of a recycled fibre bottom layer. By using the latest technology and a significant amount of recycled paper as a raw material, the machine will reduce the overall specific environmental footprint of the mill.

Bernhard Peschek, Mill Managing Director, Mondi SCP Ružomberok (Slovakia)
Constrained resources and environmental impacts

Reducing waste and promoting the circular economy

Production to waste balance

<table>
<thead>
<tr>
<th>Raw materials</th>
<th>Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wood 18.0 million m³</td>
<td></td>
</tr>
<tr>
<td>External pulp 0.2 million tonnes</td>
<td></td>
</tr>
<tr>
<td>Chemicals, starch, fillers 11 million tonnes</td>
<td></td>
</tr>
<tr>
<td>Aluminium 0.01 million tonnes</td>
<td></td>
</tr>
<tr>
<td>Polymers and films 0.3 million tonnes</td>
<td></td>
</tr>
<tr>
<td>Virgin containerboard and kraft paper 0.3 million tonnes</td>
<td></td>
</tr>
<tr>
<td>Recycled pulp 0.02 million tonnes</td>
<td></td>
</tr>
<tr>
<td>Recycled containerboard 0.4 million tonnes</td>
<td></td>
</tr>
<tr>
<td>Paper for recycling 1.3 million tonnes</td>
<td></td>
</tr>
</tbody>
</table>

Converting operations
- 1.8 billion m² of corrugated solutions
- 5.4 billion bags
- 2.5 billion m² of consumer flexibles
- 5.1 billion m² of engineered materials

Pulp and paper mills
- Saleable production: 6.0 million tonnes
  - With 1.0 million tonnes of containerboard and kraft paper used by our converting operations

Conversion and disposal
- Energy generation
- Reduction of waste
- Promoting the circular economy

Commitment on waste to landfill

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Specific waste to landfill per tonne of saleable production</td>
<td>28.57 kg</td>
<td>37.14 kg</td>
<td>38.28 kg</td>
<td>-23.1%</td>
<td>-25.4%</td>
<td>Re-cultivation of sludge pond in Syktyvkar and increased use of sludge for energy generation</td>
</tr>
<tr>
<td>Hazardous waste to landfill</td>
<td>297 tonnes</td>
<td>1,390 tonnes</td>
<td>814 tonnes</td>
<td>-78.6%</td>
<td>-63.5%</td>
<td></td>
</tr>
<tr>
<td>Non-hazardous waste to landfill</td>
<td>176,054 tonnes</td>
<td>227,196 tonnes</td>
<td>229,253 tonnes</td>
<td>-22.5%</td>
<td>-23.2%</td>
<td></td>
</tr>
</tbody>
</table>

Specific kg waste to landfill per tonne of saleable production

- 2020 specific waste to landfill commitment: 35.4 t

Waste to landfill

- 2016: 206.5 tonnes
- 2017: 191.9 tonnes
- 2018: 232.3 tonnes
- 2019: 228.6 tonnes
- 2020: 176.4 tonnes
We strive to be a responsible neighbour and to minimise and eliminate the potential negative impacts of our operations on local communities and the environment. When an impact is identified, we define appropriate mitigating measures to avoid harm to the environment. We record and thoroughly investigate every complaint.

Environmental incidents

Environmental incidents and failure to comply with legal requirements pose a risk to people and the environment. They can also result in 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.

Environmental incidents mainly arise from accidental releases. We have established management systems and procedures to avoid such incidents. Nearly all environmental incidents are captured in our SDMS.

In 2020, Mondi reported 82 (2019: 278) non-monetary sanctions for non-compliance with environmental laws and regulations. We paid fines totalling approximately €11,008 involving 6 cases. These cases were related to a leak releasing oil to the river (Štětí, in the Czech Republic, July 2019, €4,401), to exceeding the limits of NOx emissions (€879) and to non-compliances with sanitary standards in Syktyvkar (3 fines, totalling €4,475). One fine related to non-compliance with a regulation on hazardous waste transportation in Szada (Hungary, €1,253).

Listening to our stakeholders

Our production processes have the potential to give rise to concerns or grievances from local communities, NGOs and other stakeholders. The complaints we receive primarily relate to odour and noise.

In addition to our formal SpeakOut mechanism, some operations have dedicated telephone lines that connect the complainant directly with the relevant person at the operation. Immission-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.

Environmental incidents

Environmental incidents with impacts outside our boundaries in 2020

<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>Brief summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>25.02</td>
<td>Richards Bay</td>
<td>During a partial mill shut there was a moisture build-up in a gas line, resulting in incomplete combustion of odorous gases and the release of total reduced sulphur gas via the incinerator stack. The incident resulted in 13 odour complaints.</td>
</tr>
<tr>
<td>26.03</td>
<td>Richards Bay</td>
<td>During planned maintenance of the lime kiln, there was incomplete combustion of odorous gases. The plant was shut to reduce the impact of odour on the community and investigate further. A total of 33 odour complaints were recorded for this incident.</td>
</tr>
<tr>
<td>30.05</td>
<td>Richards Bay</td>
<td>The mill’s internal electricity supply to odours gas burning zones failed. The gases vented to atmosphere, resulting in 60 odour complaints.</td>
</tr>
<tr>
<td>10.06</td>
<td>Kuopio</td>
<td>About 30 m³ of fresh water was added to the ammonia water tank. The lines were rinsed with this water. When the lines were emptied of rinsing water, the smell of ammonia was detected at the end of the discharge line. About 1.5 m³ of ammonia water (24.5%) is estimated to have entered the soil.</td>
</tr>
<tr>
<td>01.08</td>
<td>South African forests</td>
<td>Firebreak maintenance was completed using a tractor-drawn mower. The mulching operation impacted on more area than was intended, causing unplanned damage to natural vegetation and some soil disturbance impacts to varying degrees in a 5-10m zone. Our active rehabilitation plan was approved by the iSimangaliso Wetland Park World Heritage Authority and has commenced.</td>
</tr>
<tr>
<td>26.10</td>
<td>Syktyvkar</td>
<td>Tall oil stock residues at the plant were identified in an above-ground pipeline, which flowed into a nearby sewage manhole and into the local river. At the concentration levels measured, it is a non-toxic water-insoluble ointment-like malodorous substance.</td>
</tr>
<tr>
<td>01.11</td>
<td>Stamboljski</td>
<td>During our annual maintenance shut, a malodorous gas burner failed. At the same time, due to an increase in pressure in the gas line, the automatic pressure relief was activated. The attempt to close the valve was unsuccessful due to the malfunction of the automatic closure valve, which consequently led to the uncontrolled release of malodorous gas into the atmosphere causing a strong unpleasant odour in the town of Stamboljski.</td>
</tr>
<tr>
<td>16.12</td>
<td>Štětí</td>
<td>The fan transporting weak odorous gases into the recovery boiler for incinerating failed. Odorous gases could not be incinerated and had to be emitted via bypass to the atmosphere. The authorities were proactively informed and no odour complaints were received.</td>
</tr>
</tbody>
</table>

Environmental complaints

<table>
<thead>
<tr>
<th>2020</th>
<th>2019</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reports of minor non-compliances</td>
<td>82</td>
<td>278</td>
</tr>
<tr>
<td>Major environmental incidents</td>
<td>32</td>
<td>35</td>
</tr>
</tbody>
</table>

Environmental incidents with impacts outside our boundaries in 2020: % change 2019–2020

<table>
<thead>
<tr>
<th>2020</th>
<th>2019</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total complaints</td>
<td>287</td>
<td>305</td>
</tr>
<tr>
<td>Odour complaints</td>
<td>216</td>
<td>225</td>
</tr>
<tr>
<td>Noise complaints</td>
<td>66</td>
<td>68</td>
</tr>
<tr>
<td>Other complaints</td>
<td>5</td>
<td>12</td>
</tr>
</tbody>
</table>

Read more about our stakeholder engagement on page 85.
Biodiversity and ecosystems

We believe thriving ecosystems are essential to the future of our planet. We protect and enhance biodiversity and natural capital in our forestry landholdings and around our manufacturing sites. Everything in nature is interconnected and we proactively engage and collaborate beyond our operations to enhance ecosystem stewardship at scale.

Why is this important?

The World Economic Forum’s 2020 Global Risk Report places biodiversity loss in the top five global risks. Nature is declining at an unprecedented rate, adversely impacting the ecosystems that we and all other species need to survive. Reduced biodiversity in forests and other ecosystems means lost opportunities for medicines, food, raw materials and local economic development.

Together we are...

promoting biodiversity and ecosystem resilience across entire landscapes

What's our impact?

Our commitment to ecosystem stewardship has motivated us to promote Ecological Networks (ENs) and protect high conservation value (HCV) areas with other stakeholders. We set aside and/or manage around one quarter of our landholdings for conservation. We ensure reforestation of all logging sites across our productive forestry landholdings.

We pioneered a landscape approach to ecosystem stewardship in collaboration with WWF and local partners. We have actively promoted best practices in freshwater ecosystem stewardship in South Africa and terrestrial ecosystem stewardship in Russia.

We also co-founded the WWF New Generation Plantations Platform and the WWF Russian Boreal Forest Platform to support the exchange of best practices between national and international forestry stakeholders.

Status reports on the biodiversity and ecosystems of our forestry operations and surroundings of our mills are enabling us to understand our impacts and dependencies and are informing practical actions on the ground.

We have worked with leading companies and organisations, such as WBCSD’s Forest Solutions Group and the Natural Capital Impact Group (NCIG) of the Cambridge Institute for Sustainability Leadership (CISL) to develop methods to evaluate material impacts of our industry on biodiversity and natural capital across the value chain.

Our commitment to 2020

Promote ecosystem stewardship in the landscapes where we operate through continued multi-stakeholder collaboration

<table>
<thead>
<tr>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tbody>
</table>

Our strategic SDGs and targets

SDG 6 Clean water and sanitation
- Target 6.5 Implement integrated water resources management
- Target 6.6 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 global resource efficiency and endeavour to decouple economic growth from environmental degradation

SDG 12 Responsible consumption and production
- Target 12.2 Achieve sustainable management and efficient use of natural resources
- Target 12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature

SDG 15 Life on land
- Target 15.1 Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services
- Target 15.2 Promote the sustainable management of all types of forests, halt deforestation, restore degraded forests and increase afforestation and reforestation globally
- Target 15.5 Reduce the degradation of natural habitats, halt the loss of biodiversity and protect and prevent the extinction of threatened species
- Target 15.8 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 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

What’s next?

We will continue to safeguard biodiversity and water resources within and beyond our operations to promote climate resilience. Through our MAP2030 commitments, we will conduct water stewardship and biodiversity assessments at all our mills and forestry operations by 2025, introducing action plans where necessary. We are exploring ways to define science-based targets for our impacts on nature.

Endnotes appear when mouse hovers above and hyperlink to page 115 when clicked.
Our businesses have an impact and are dependent on biodiversity and healthy, functioning ecosystems. Our most significant biodiversity and ecosystems impacts and dependencies occur upstream, in our forestry landscapes.

Managed landholdings
Wood fibre is one of our most important raw materials and we rely on access to sustainable sources. Significant areas of land are required to secure a sustainable wood fibre supply and forestry operations constitute a major part of our management activities. We manage around 2.3 million hectares of natural forestry landholdings in Russia and 254,000 hectares of plantation forestry landholdings in South Africa.

Operational landscapes
The long-term productivity and resilience of production landscapes depend on thriving and resilient terrestrial and freshwater ecosystems and the protection of biodiversity and natural capital. We promote freshwater and terrestrial ecosystem stewardship across forestry landholdings, agriculture farms and other land use types through collaboration with non-governmental organisations, scientific institutions and different land users across the landscapes where we operate.

Products value chain
We aim to evaluate and address biodiversity and ecosystems impacts and dependencies along the entire value chain. This includes exploring ways to link material biodiversity impacts to product footprint assessments. We engage and collaborate with others to enable market-driven transformational change and by offering an expanding choice of sustainable products.

In focus: Intact forest landscapes and natural forest dynamics
Local community users (fishing, hunting)
SME forest companies

In focus: Water stewardship, HCV areas and ecological networks
Small forest growers
Agricultural industry

Our landscape-level approach to biodiversity and ecosystems stewardship
60-100 years rotation
Slow-growing, low-intensity
Natural forests management
2.3 million ha
RUSSIA
254,000 ha
Plantation forestry
Fast-growing, high-intensity
7-15 years rotation
SOUTH AFRICA

We go beyond the fence because nature does not recognise any boundaries
Forestry operations
When well designed and managed, our forestry landholdings can have significant benefits for biodiversity and ecosystems. We play a leading role in developing robust land management practices to manage and mitigate the impacts of forestry activities and other natural and man-made impacts.

Credible third-party certification is an essential part of our management approach. It assures compliance with internationally recognised standards for responsible forest management (see page 44).

In 2020 we successfully maintained Forest Stewardship CouncilTM (FSC™) Forest Management and ISO 14001 certifications in our forestry operations in Russia and South Africa in line with our SD policy requirements.

Our forestry landholdings’ management objectives aim to ensure the integrity of natural ecosystems by maintaining and managing ecological networks (ENs) on a local and landscape scale. Well-designed and managed ENs are an essential component of our Sustainable Working Forest model.

The proportion of land managed for conservation purposes varies across different types of landscapes. Around 25% of our forestry landholdings in Russia and South Africa are set aside or managed for conservation. This exceeds the international Aichi Biodiversity Target of at least 17% of terrestrial ecosystems and inland water ecosystems to be conserved by 2020.5

Managing impacts from our manufacturing
We started exploring the potential biodiversity and ecosystems impacts and dependencies of our pulp and paper mills in 2015. Following engagement with local stakeholders, we have been working to develop biodiversity status reports for all our pulp and paper mills to describe the ecosystems surrounding our operations.

The status reports will be used as a basis for developing biodiversity action plans where needed. Creating a baseline inventory of biodiversity and ecosystems in the vicinity of our pulp and paper mills is a fundamental step towards assessing the biodiversity impacts of our operations.

We identified important biodiversity sites, including protected areas, valuable habitats, Important Bird Areas (IBAs), key biodiversity areas (KBAs), Natura 2000 designated sites and the IUCN Red List of Threatened Species around our operations. We considered the direct impacts in a radius of 10 km around our mills as well as sources of pollution nearby.6

Our aim is to have conducted biodiversity and water stewardship assessments of all our mills and forestry operations by 2025, and to implement required actions where necessary.

Together we are...
managing the biodiversity impacts of our Syktyvkar mill in Russia

We’ve been working with the Institute of Biology at Komi Science Centre to assess the long-term impacts of our mill on the biodiversity of the surrounding area. The assessment covered 20 years of results from monitoring coniferous forest stands and field and laboratory studies on the ecological status of terrestrial and freshwater ecosystems. Next, we will identify rare plant, lichen and animal species and habitats in the areas for assessment and monitoring. We’ll use the outcomes to zone the area according to the degree of biodiversity and ecosystems transformation that has occurred.

We will also develop a biodiversity database and maps of sensitive habitats and species using Geographic Information System (GIS). This will enable us to monitor changes in the state of freshwater and terrestrial ecosystems resulting from our activities. All of this will be invaluable in shaping our internal guidelines on how to define habitats and implement proactive conservation measures to reduce biodiversity impacts.

Dimitry Ocheretenko, Chief Environmental Manager, Mondi Syktyvkar

High Conservation Value areas and Ecological Networks are essential for sustainable working forests

Read more on how we monitor our nature conservation network in Russia

Discover online how we monitor functionality of our ecological networks in South Africa
Biodiversity and ecosystems

Promoting ecosystem stewardship across landscapes

We go beyond the boundaries of our operations and landholdings to promote sustainable stewardship of freshwater and terrestrial ecosystems by other land users. Our long-term partnerships in Russia and South Africa bring land users and other stakeholders together to identify shared challenges and develop meaningful landscape-scale solutions.

Promoting stewardship of freshwater ecosystems

In Russia, we support local fishing communities who are vulnerable to declining fish resources in rivers. In 2020, Mondi supported the Silver Taiga Foundation’s work to publish an overview of ten years of historic information and statistical data on the Mezen river fish resources and human impacts, collected as part of the Model River Mezen project. The Russian-language publication includes practical recommendations for the sustainable management of the river basin. Silver Taiga Foundation shares learnings with other settlements and other key partners in the South African uMhlathuze Water Stewardship Partnership. This collaboration between business, government and civil society was established with the support of the WWF-Mondi Water Stewardship Partnership to address water security challenges facing the region.

Promoting stewardship of terrestrial ecosystems

Russia has vast areas of Intact Forest Landscapes (IFLs) that have not been significantly altered by human development. They play a crucial role in carbon storage and provide a unique opportunity in the world for large-scale conservation. We are committed to protecting areas of high biodiversity importance and high conservation value in Russia, which do not have official protection status and are under threat.

In 2020, in collaboration with WWF Russia and Silver Taiga Foundation we developed and tested a regional methodology to identify and verify rare ecosystems in Komi Republic. We also published an overview of practical nature conservation approaches in boreal forests – from landscape scale to the level of logging sites. These guidelines are in Russian language and will help other forest companies in the region to enhance their nature conservation practices.

Together we are... developing landscape approaches to ecosystems stewardship

For the past seven years, in partnership with WWF South Africa, we promoted ecosystem stewardship beyond our own forestry landholdings using a landscape approach pioneered by WWF, Mondi and other key partners in the South African uMhlathuze catchment. Our WWF-Mondi Water Stewardship Partnership included the development of the Monitoring, Evaluation and Learning (MEL) tool. This vital adaptive management tool improves project and outcomes monitoring while enabling a structured way to reflect on and implement learnings. It has the potential to be replicated by landscape-level partnerships in other regions in South Africa, as well as other countries.

Brent Corcoran, Certification & Environmental Manager – Forestry, Mondi South Africa

In South Africa, we work with WWF South Africa to promote best practice in water stewardship with local farmers including sugarcane, citrus and macadamia growers, as well as with livestock farmers. An example of successful catchment-wide implementation of water stewardship practices is the uMhlathuze Water Stewardship Partnership. This collaboration between business, government and civil society was established with the support of the WWF-Mondi Water Stewardship Partnership to address water security challenges facing the region.

In South Africa, we continue to promote the management of ecological networks (ENs) on our forestry landholdings. The findings from our research partnership with Stellenbosch University, with some local adaptation, could be applied to other land use types and commodities in South Africa and could also be applied to plantation forestry and agricultural landscapes elsewhere in the world.

We support the work of the New Generation Plantations (NGP). The NGP principles include maintaining high conservation values and ecological integrity in plantation forestry landscapes. Based on our research with Stellenbosch University, we believe that well-designed and managed ecological networks are a critical precondition to ensure sustainable and resilient ecosystems in plantation forestry and other intensively managed landscapes. The results of the implementation of the WWF-MWSP and NGP approaches in South Africa were communicated at the Austrian World Summit 2020 as a part of the Climate Action Stories.

Learn how we protect valuable boreal ecosystems and species in Russia

Read online how we promote ecological networks through our NGP-IUFRO cooperation
Developing biodiversity metrics to assess the impacts of products and value chains is a relatively new and complex area of focus. Many of our products are produced using wood fibre sourced from a wide range of geographies and forest types. This makes it difficult to develop a consistent approach to assessing their biodiversity impacts.

A number of emerging global frameworks offer methods of biodiversity and natural capital accounting. We have joined the EU Business @ Biodiversity Platform, which helps companies explore available frameworks and understand their applicability for different purposes. As a member of the WBCSD, we have contributed to a global team of experts working to develop initial guidance for business on setting up science-based targets for nature.

Typically, life cycle assessments consider land use metrics as a key parameter because the extent and type of land use determine the impacts on wildlife habitat and biodiversity. Generally, these land use metrics focus on land transformation and land occupation.

As a minimum, our managed forests and external wood fibre sources are not associated with any form of deforestation or illegal logging. We do not carry out forestry in the tropics and we do not use tropical species or those listed by the Convention on International Trade of Endangered Species (CITES). We also do not use wood fibre from genetically modified trees.

Land transformation (land use change):
Deforestation (permanent tree cover loss) leads to the most significant loss of biodiversity dependent on forests. Wood fibre sourced from sustainable forestry landholdings does not result in deforestation and there is no change of land use from “forest” to “non-forest”. We are committed to a deforestation-free wood fibre supply chain.

In addition to the evaluation of “forest – non-forest” land use change, together with an external consultant we investigated more specific land use change within forest land use types, based on official FAO statistics for the last 20 years. We focused on the decrease of primary forests due to the expansion of managed forests and assessed our main wood sourcing countries. Negative land use change was identified only in Russia, however, not in the Komi Republic where we operate.

Land occupation (land use):
Any management activity on land that changes its natural state is deemed a pressure. Choosing pristine state as a baseline is a “golden rule”, but not practical at scale because this implies abandoning forest management and preserving all land for conservation. We believe a more workable approach is to choose a practical baseline state from a reasonably recent time in the past and to ensure that there is no decline in the key forestry parameters. Sustainable working forests ensure that continuous forest growth cycles are maintained, harvesting does not exceed growth, logging sites are regenerated and protected, and ecological networks maintain critical biodiversity. This represents a sustainable bioeconomy.

Read about how we measure the impacts of our products with our life cycle assessment tool on page 80.
Together we are... 
working to make our global supply chain responsible and transparent
Our global supply chain is crucial to sustainable business growth; it includes more than 13,000 suppliers\(^1\) in 67 countries. Working collaboratively via a risk-based approach enables us to support meaningful change across issues like labour rights, carbon emissions and water stewardship.

We identify sustainability risks and assess supplier performance to improve transparency, minimise risk to the business and meet stakeholder expectations (see page 69). Our approach supports our response to the UK Modern Slavery Act and similar legal requirements in other jurisdictions.

As suppliers shift production to emerging markets, it is crucial that we manage our risks in countries that have potentially weaker governance of sustainable development. We follow a practical, risk-based global approach when engaging with our 2,000 key suppliers\(^2\) and smaller, regional suppliers. Our central procurement function manages a number of key spend categories and the remainder are managed regionally or locally.

In 2020, we procured €5.1 billion worth of goods and services from our suppliers (2019: €5.5 billion). Products and services purchased locally\(^3\) represented 58% of our overall spend in 2020 (2019: 55%).

We received a score of A in CDP’s 2020 Supplier Engagement Rating. Read more here www.cdp.net
**Breakdown of supply spend (%)**

- Wood, paper, pulp and paper for recycling: 27%
- Capital expenditure: 13%
- Plastics and films: 11%
- Transport: 10%
- Indirect spend: 8%
- Technical procurement: 7%
- Energy: 6%
- Chemicals, starch and fillers: 6%
- Printing/adhesives and packaging materials: 5%
- Other: 5%
- Silicone: 1%
- Aluminium: 1%

**Key areas of spend and major procurement categories**

- **Wood and pulp**: Wood fibre is one of our primary raw materials. We procure it from sustainable sources through a transparent supply chain that is assured by forest and Chain-of-Custody (CoC) certification, controlled wood and our DDMS. We source locally for the majority of our fibre needs. Read more on page 42.
- **Plastic and films**: Plastic sourcing includes different types of polymers, films and fabrics. Our Group procurement team is responsible for strategic sourcing projects and negotiations with Group plastic suppliers. Together with our suppliers, we aim to source material which is suitable for downgauging, lightweighting, compostability and recycling.
- **Chemicals, starch and fillers**: We use starch, fillers and chemicals in combination with other materials to manufacture high-performance paper and packaging. We source chemicals through a number of large companies and local suppliers close to our operations. The majority are based in Europe with subsidiaries in Asia, Middle East and the US.
- **Transport and logistics**: We use rail, combined rail-road, road and sea freight solutions to transport our supplies and products. We monitor indirect CO2 emissions (Scope 3 emissions) arising from our supply chain, of which transport – both upstream and downstream – is a significant contributor.

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**Together we are... keeping our supply chain agile in response to the pandemic**

Many of our products are considered essential and our ability to secure raw materials during the pandemic is crucial to continue serving consumers. With COVID-19 disrupting global supply chains, we saw the benefit of a procurement team that’s been trained to develop lean and agile processes. One challenge was the increased market demand for films, resins and solvents. This market supplies raw materials for producing products such as personal protective equipment (PPE), hygiene components and food packaging. To manage the risk to our supply chain, our global network of procurement teams worked together and maintained close and effective communication with suppliers.

Central category managers and local buyers collaborated in new and creative ways to optimise stock and manage potential disruptions. We shifted raw materials between operations to meet short-term increases in customer orders.

At the same time, we made onboarding new suppliers more efficient and identified vulnerable and at-risk suppliers. Our central procurement market intelligence team carried out supplier liquidity screening and shared the results with procurement teams.
We are committed to mitigating supply chain sustainability risks for our business and stakeholders along the entire value chain. To achieve this, we continue to roll out our Responsible Procurement process to key suppliers in specific categories.

Our procurement teams are trained on how to engage with suppliers to achieve our objectives. We begin by sharing our sustainability values through the Code of Conduct for Suppliers (see page 70). High-risk suppliers identified through our screening process go through an evaluation, which leads to further measures where necessary. We apply due diligence in our procurement practices as prescribed by our Responsible Procurement process. This aims to ensure a consistent process for the selection, evaluation, onboarding and monitoring of suppliers based on their sustainability risk and performance. The process is run by the Group procurement function and supported by Group sustainable development. It uses a risk-based approach to assess suppliers against the requirements of our Code of Conduct for Suppliers. The Code is part of our contractual agreement with all new suppliers. Moving forward, existing suppliers will be selected via risk assessment to be periodically reviewed.

Our initial screening tool is designed to give Mondi an indication of which suppliers are high-risk in one or more of three areas: labour and human rights violations, weak regulation of environmental practices and waste disposal, and controversial sourcing of raw materials. Other risks are inherent in the nature of products and location of operations. Sourcing from countries with weaker governance can increase the risk of labour and human rights violations, weaker regulation of environmental practices and waste disposal, and controversial sourcing of raw materials. Other risks are inherent in the nature of products and location of operations.

We apply due diligence in our procurement practices as prescribed by our Responsible Procurement process. This aims to ensure a consistent process for the selection, evaluation, onboarding and monitoring of suppliers based on their sustainability risk and performance. The process is run by the Group procurement function and supported by Group sustainable development. It uses a risk-based approach to assess suppliers against the requirements of our Code of Conduct for Suppliers. The Code is part of our contractual agreement with all new suppliers. Moving forward, existing suppliers will be selected via risk assessment to be periodically reviewed.

**Our risk-based approach**

We take a targeted, risk-based approach to managing our supply chain. We have developed risk rating and risk assessment procedures for our procurement categories based on criteria including the nature of products and location of operations. Sourcing from countries with weaker governance can increase the risk of labour and human rights violations, weak regulation of environmental practices and waste disposal, and controversial sourcing of raw materials. Other risks are inherent in the nature and production of a product or service - for example, the risk of illegal logging in the wood fibre supply chain. We consider these risks when we determine the overall risk for each category, making use of credible third-party risk ranking data.

Our initial screening tool is designed to give Mondi an indication of which suppliers are high-risk in one or more of three areas: labour and human rights, environment and climate change, and water stress.

We digitalised our Responsible Procurement assessment in 2020 using our digital e-sourcing platform used for tender processes. Questionnaires are now shared via the digital platform and supplier responses are handled and tracked through it. This has made our supplier interactions more efficient, transparent and auditable.

**Managing risks and increasing transparency**

We send a questionnaire to high-risk suppliers including one or more of the following five modules:

- **General** – external assessment and management systems, raw material sourcing, compliance, environmental topics and community impacts. This module is sent to all high-risk suppliers.
- **Labour** – human rights and working conditions/employment aspects
- **Climate change** – emission figures, transparency approach, public targets, carbon tax schemes and climate risk
- **Biodiversity** – ecosystem and natural capital impacts, reporting and management
- **Water** – water management for water-intensive suppliers or those operating in water-scarce areas, including consumption and emissions processes.

In early 2020, we were faced with the challenge of getting face masks to our frontline employees quickly and safely. With the global lockdown causing transport delays, export restrictions and a dramatic reduction in air transport capacity, our safety and health and procurement teams sprang into action. We turned the Group office in Vienna into a distribution centre. With supplies secured, distributing masks and PPE, thermometers, sanitary equipment and other essential goods took place steadily to all Mondi plants where local laws and regulations allowed us to import products. This meant our people could continue to work safely and efficiently, with the right protection.
Supplier conduct and responsible procurement

Managing risks and increasing transparency

**Code of Conduct for Suppliers**

Our Code of Conduct for Suppliers covers social, environmental, governance, legal and ethical issues. All our companies and business units worldwide, including joint ventures where we have a controlling interest, are required to apply this Code as a minimum standard to their suppliers of goods and services, irrespective of the jurisdiction in which they operate and the laws applicable to the jurisdiction. Where we have a non-controlling interest, we encourage the application of the Code with our business partners. We also encourage our suppliers to apply similar requirements for their own suppliers.

In 2020, we updated the Code to make it easier to understand and comply with, and to assist us to enforce it among our suppliers.

We also updated our General Terms and Conditions. We added a provision to encourage suppliers to use SpeakOut to raise concerns about any potential infringement of EU law and included a stipulation regarding compliance with Mondi’s General Supplier Quality Requirements and Code of Conduct for Suppliers. The Code is available in English, German, Polish, Czech, Turkish and Russian on our website.

**Supplier quality management**

Our Supplier Quality Management involves a set of processes to ensure our suppliers meet our quality and sustainability expectations throughout the life cycle. These include supplier risk management, non-conformity management, supplier evaluation, and supplier audits.

The risk management process covers financial and supply chain risks as well as sustainability and human rights issues. Through supplier evaluation, we assess supplier performance annually and drive improvements.

**Supplier audits**

Following an assessment of our practices in 2019, we improved our systems and approach in 2020. We have developed a common supplier auditing process and standard operating procedure for use by all our operations. The new centrally aligned supplier audit programme will provide transparency over audits as well as standardised audit reports, self-assessment tools and other documentation. The redesigned audit questionnaire accommodates the new requirements of our Responsible Procurement process. We provided training on this during 2020 at our Korneuburg operation (Austria) for colleagues representing four plants, with the other trainings moved online due to the pandemic.

**Upholding human rights in our supply chain**

Our human rights risks can arise at any point in the value chain through our business impacts, relationships and suppliers. Understanding and managing our potential human rights impacts enables us to reduce the risks to our business, customers and supply chain.

We are strengthening our monitoring and reporting of potential issues in our operations and supply chain, embedding labour and human rights risks into our Responsible Procurement process.

**UK Modern Slavery Act**

We comply with the UK Modern Slavery Act, which addresses the crimes of holding another person in slavery, servitude, forced or compulsory labour, or trafficking a person.

Our latest statement, published in 2020, details progress made in 2019 in identifying and managing potential human rights risks including modern slavery and human trafficking. For this statement, we improved the structure, visuals and layout of our reporting to make the statement more accessible to different stakeholders. The statement reflected progress made through continued work on our Responsible Procurement programme including key supplier risk screening and assessment, developing our internal human rights due diligence processes in collaboration with the Danish Institute for Human Rights (DIHR); and training for procurement teams and relevant employees.

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. Through our Responsible Procurement process, we are taking steps to address suppliers with high labour and human rights risk exposure or potential non-compliance with our Code of Conduct. Based on input from DIHR, we will be working with internal and external stakeholders to strengthen our human rights due diligence, impact assessment and governance, including the identification of potential and actual gaps in our procurement practices (read more on page 36).

**Responsible Procurement in 2020 in figures**

Risk screening

1,061 key suppliers (the remaining 50% of all key suppliers) located across 1,525 different sites.

Supplier questionnaire

7% of supplier sites were assessed as high-risk and, with 4% de-escalated, 3% were requested to fill in a supplier questionnaire.

Evaluation and follow-up

Based on the results of the questionnaire, and after the follow-up steps, a further 17% were de-escalated and 13% remained at high risk.

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.
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 enterprises
- Target 8.5 Achieve full and productive employment and decent work for all women and men, and equal pay for work of equal value
- Target 8.6 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, to support economic development and human wellbeing
- Target 9.3 Increase the access of small-scale industrial and other enterprises to financial services, and their integration into value chains and markets

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

What’s our impact?
As a major local employer and tax payer in many of our locations, engaging and investing in the communities in which we operate has always been important. Our impact assessment and engagement tools, including our in-depth Socio-economic Assessment Toolbox (SEAT), are invaluable in allowing us to deep-dive into local contexts and understand stakeholder views.

We have conducted five SEATs since 2015 in South Africa, Russia, Austria, Sweden and Poland, with SEATs in Czech Republic and Turkey delayed in 2020 due to the pandemic. They have provided us with crucial insights and our stakeholders with a credible platform through which to engage with our operations.

Our investments in education, health, enterprise and infrastructure – totalling €50 million since 2016 – have increasingly moved from cash donations to strategic collaborations. We have developed local multi-stakeholder projects involving communities, NGOs, government and other stakeholders around our largest mills and forestry operations.

Our commitment to 2020
Enhance social value in our communities through effective stakeholder engagement and meaningful social investments

<table>
<thead>
<tr>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
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</thead>
<tbody>
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<td></td>
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</table>

What’s next?
As soon as it is safe to do so, we will resume our scheduled SEAT assessments at our Tire mill (Turkey) and Štětí mill (Czech Republic). We will continue to look for opportunities to support communities where we operate to cope with the ongoing impacts of the pandemic.

Together we are... building strong relationships with communities and aiming to be a good neighbour
We support local livelihoods and businesses and aim to build strong proactive and trusting relationships with stakeholders. Understanding our social, environmental and economic impacts on local communities is crucial to identify opportunities and mitigate potentially negative impacts.

Who are our local stakeholders?
We focus our community engagement, investments and initiatives on the people who live adjacent to our operations, on or around our landholdings and within our zone of influence.

Our socio-economic impact
Depending on their size, Mondi’s operations potentially have a significant socio-economic impact on surrounding communities. Our management approach is based on understanding 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 regularly improve our understanding through impact assessments, monitoring and reporting. Our environmental and social management systems ensure we operate legally, inclusively and responsibly and mitigate potentially negative impacts on local communities.

Our pulp and paper mills and forestry operations are generally larger, employ more people and have a higher social and environmental footprint than our converting operations. Potential negative impacts may include: environmental incidents and 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.

As well as direct employment, we support local livelihoods through indirect employment and business opportunities. Some of our operations are in remote regions where there can be high levels of unemployment and limited access to jobs and infrastructure. Mondi is a key employer in some of these areas and an important investor in infrastructure.

We invest in improving local infrastructure and in voluntary social investments that target health, education, infrastructure and enterprise. Wherever possible, we deliver our investments and initiatives in partnership.

We support local development indirectly by paying local and regional taxes. In 2020, our direct taxes paid totalled €168 million, or 7% of our total value distributed. This year, we are reporting on our tax approach and governance (see page 76).

Our value distribution chart (opposite) shows our payments to different stakeholder groups including employees, shareholders and governments, as well as assets reinvested in the company.

Assessing impact
We use impact assessment tools to understand our relationships with, and impacts on, local communities. They include the SEAT and outcomes from ongoing stakeholder engagement. Direct outputs include SEAT reports, action plans and Community Engagement Plans (CEPs). Other engagement processes include targeted stakeholder surveys, impact assessments, social and environmental due diligence processes and direct engagement with local stakeholders. These inform and enable us to target our community development programmes, investments, initiatives and community forums.

Various committees and functions – such as works councils, safety and health committees and others – support our response to local impact assessments and engagement. To improve our performance, we report on our approach and measure, where possible, the inputs, outputs and impacts of our investments.
Supporting indigenous people in Russia
Respecting the rights of local communities living on and around our leased forestry land in Komi Republic (Russia) is embedded in our forest management practices and certification standards. We support social and cultural movements of local people. This includes our collaboration with ‘Komi Voytyr’, the public movement of the indigenous people in Komi. In line with certification standards, we preserve areas of forestry land that are important to local communities’ traditional way of life.

Land reform in South Africa
Portions of our landholdings in South Africa are subject to land claims under the Restitution of Land Rights Act. We cooperate with government around the settlement of 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 sustainably managed to retain credible certification.

Our baseline for reporting progress in settling these claims is 66 claims covering 112,726 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 2020, we had settled 21 out of 66 claims, covering approximately 37,182 hectares. We continue to work with stakeholders to settle the remaining 45 claims, covering 75,545 hectares. Of these, 28 claims covering 39,214 hectares have been gazetted by the State.

2020 Land reform status
- 33% of land settled to date
- Three claims were de-gazetted, one new claim was gazetted, and one claim moved from pre-gazette to gazette stage during 2020
- 40% of our owned land under claims to date

Relationships with communities
Understanding our local communities

Stakeholder consultation using SEAT
Our SEAT approach supports mills and forestry operations to create open and transparent dialogue with communities. Facilitated by an independent third party, SEAT assessments are carried out via meetings and provide opportunities for stakeholders to speak openly to a panel of Group and local management and a third-party facilitator. Third-party involvement brings neutrality, expertise, transparency and credibility to the process. Mondi management can be excluded from meetings to ensure stakeholders feel comfortable to give feedback. We share our response via a SEAT report, published in English and the local language and accessible to all stakeholders. Infrastructure projects and investments in our Russian and South African forestry operations are examples of action taken in response to SEAT assessments.

We have carried out five SEAT assessments across our operations since 2015. 12 of our 14 key operations (including mills and forestry operations) have completed a SEAT assessment at least once.

View our SEAT reports

In 2020, we completed two SEAT reports with details of the reviews conducted in 2019 for our Dynäs mill (Sweden) and our Świecie mill (Poland). We postponed scheduled assessments at our Tire and Štětí mills due to the COVID-19 pandemic. They will be carried out when it is deemed safe to do so.

Community Engagement Plans (CEPs)
In relevant locations, SEAT assessments can be used to inform annual CEPs. They set out topics, stakeholders and engagement activities to be undertaken by our operations. Due to potential inconsistencies in approach, we do not report the percentage of our operations that have a CEP in place.

Feedback and grievance mechanisms
We make formal grievance mechanisms available to employees and the public to ensure we are aware of and can respond promptly and effectively to issues. These include local hotlines and our Group-wide whistleblowing system, SpeakOut (see page 91).

Respecting indigenous rights
We must protect the cultural heritage of indigenous communities, 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 2020.

86% Mills and forestry operations have completed a SEAT assessment at least once
We use our resources to enhance social value by making meaningful investments in local communities. To scale our impact, we collaborate with others to share resources, know-how and skills. In 2020, we shifted our focus towards supporting interventions critical to the COVID-19 pandemic response.

The majority of our initiatives promote education, health, employment and enterprise support, or support local infrastructure and community development. Our voluntary investments go beyond monetary contributions; we create value by Mondi employees giving their time and expertise and sharing our core skills, networks and influence.

In 2020, many of our operations supported the local COVID-19 response. We donated thousands of masks, PPE, medical and surgical raw materials to local municipalities, health facilities and local organisations. Several of our larger operations provided one-time financial support for clinics, hospitals and governments, including €3.3 million in Russia, Poland and Slovakia. We enhanced health infrastructure and capacity, such as our mobile clinics in South Africa and the polyclinic at Mondi Šktyvkar (Russia). Across many communities, we supported public health information campaigns and initiatives to protect health workers, contractors and others, including with COVID-19 testing. For example, Mondi Štětí set up a COVID-19 testing centre in front of the mill during the summer, with 16,000 people tested and approximately 80% of these from the community.

Our operations helped meet wider community needs beyond the frontline health response. Our Ružomberok mill (Slovakia) donated 2,000 packages of office paper to The Central Military Hospital Ružomberok to support mass testing. In South Africa, we installed additional water tanks in our remote communities in order to increase fresh water supply, donated food parcels to over 2,250 vulnerable families and supported sustainable food gardens through funding and training. We also provided Maths and Science study books to 120 schools to support schooling during the crisis.

Many operations donated paper and computers to schools and families to support home education. Mondi Štětí also supported the local fire brigade through provision of food and PPE, while Mondi Neusiedler (Austria) enabled them to remain operational, sustaining 174 permanent and 75 temporary jobs to date.

Maintaining core businesses’ activities was another key way we supported communities. Mondi Syktyvkar continued to supply power, waste water treatment and district heating services to surrounding towns, and Mondi Ružomberok supplied power and waste disposal. Mondi Štětí prioritised procurement from local suppliers while Mondi Neusiedler (Austria) continued to provide summer jobs to local people. In Poland, Mondi Świecie provided heat to the local swimming pool and wastewater treatment services to surrounding towns, and Mondi Ružomberok supplied power and waste disposal.

We have invested €50 million in local community initiatives since 2016, including employee time and gifts in kind. In 2020, we supported a wide range of outcomes including: improving communities’ prospects; securing our supply chain; strengthening local relationships; and building trust in the Mondi brand.

Development focus areas

Our commitment to empowering communities is brought to life through practical support and assistance in 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. Attracting new employees can be a challenge in rural locations and competition for talent is high. Our mills engage and collaborate with schools and educational institutions to create a healthy flow of future talent.

‘Project Regiochem’ at our Ružomberok mill promotes science and chemistry education to school pupils aged 13 to 15. The project involves an annual competition which aims to inspire pupils to go on to study science and work in technical fields in future. Mondi Świecie has been supporting educational institutes with a focus on STEM for many years. The mill works in partnership with local technical schools and contributes through funding labs and educational aid and by providing teachers.

Our Stamboljski mill (Bulgaria) supports the Electrical Vocational school in Plovdiv, which in 2020 helped its participation in a national project aimed at creating STEM environments in schools.

In South Africa, we partnered with Ligbron Academy of Technology to address STEM educational gaps in rural communities by providing e-learning facilities in four high schools. 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.
Health
Public health provision can be a challenge in some remote communities and improving the health of our workforce and local communities is an important part of our community strategy. This need came to the fore in 2020 with the COVID-19 pandemic. We actively promote the health and wellbeing of our people through initiatives including:

- ‘Mondi for Life’ project at Štětí mill which supports 432 members of the workforce and the community to promote a healthy and active lifestyle;
- health programmes at our Syktyvkar mill including a medical treatment facility and family care programmes; and
- our Austria-wide health management programme for employees in collaboration with Fonds Gesundes Österreich (Fund for a Healthy Austria) to support safe and healthy working conditions and sustainable health management.

We operate nine mobile health clinics in South Africa in partnership with local NGOs and the Department of Health. They provide comprehensive healthcare for forestry contractor employees and remote communities, particularly focusing on outreach, awareness, testing and contact tracing in the rural communities during the COVID-19 crisis. Since 2018, five toy library trailers attached to the mobile clinics have provided early childhood development (ECD) services.

The project brings ECD services and support sessions for families in 129 remote villages. In total, we reached some 1,167 children under the age of five in remote areas in 2020.

Infrastructure and community development
Supporting infrastructure and community development improves access to vital services, empowers enterprise, facilitates health and education and supports our business operations. In some cases, our impact assessments highlight infrastructure improvement as a local need. For example, in Russia, we build 130 km and maintain 1,500 km of forest roads annually. Our mills, such as at Syktyvkar and Ružomberok, treat community wastewater. Some of our mills also provide electricity generated by the plant to the community. At Stamboljski, we support the local fire brigade. At Świecie, we provide funding for organisations that develop or provide local infrastructure, targeted at the purchase of medical, rehabilitation, sports and educational equipment. In Frantschach (Austria), the mill funds the local fire brigade.

Investment in agri-villages in South Africa
Agri-villages are sustainable rural developments that promote agriculture-based livelihoods and improve living conditions and alleviate poverty for people in isolated villages on our land. The Jabulani agri-village is now well-established and seven other agri-villages are in progress. The villages provide permanent residence to 2,019 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.

Mondi Zimele
In South Africa, our main channel for supporting enterprise development is Mondi Zimele. This Mondi-owned subsidiary aims to accelerate community empowerment in the forestry value chain and support small businesses around Mondi’s operations. Mondi Zimele’s small-scale timber grower programme has benefited over 3,200 growers and helped generate direct revenues of around €7 million to date. Through this programme, Mondi has distributed over 5.6 million seedlings and sourced approximately 426,000 tonnes of pulpwood timber from small-scale timber growers. In conjunction with various partners, this programme has also achieved a breakthrough in Forest Stewardship Council™ (FSC™) certification for small-scale timber growers.

Together we are... using our packaging expertise to help tackle hunger and food waste

With around one-third of the food produced in the world every year lost or wasted, we can play an important role by working in partnership with global organisations that work to address hunger and poverty. Our packaging contributes by helping to ensure food is packaged safely, efficiently and sustainably, and transported effectively. We also share our insights on how packaging can be made more sustainable. In 2020, we initiated a three-year partnership with the United Nations World Food Programme (WFP). By sharing our technical and sustainability expertise in corrugated solutions, flexible packaging and industrial bags, we aim to help improve the effectiveness of WFP packaging while minimising potential impacts to the environment. We will work together over the next three years to develop, test and improve packaging solutions for global food supply chains relevant to the work of the WFP.
As well as providing direct employment, we support local development through indirect employment and business opportunities, paying local and regional taxes, improving infrastructure, and through voluntary social investments.

We support global initiatives that promote tax transparency, such as the Global Reporting Initiative’s (GRI) Tax Standard. Taxes are important sources of government revenue, and play an essential role in achieving the UN SDGs. Reporting on taxes demonstrates our contributions to the economies in which we operate.

We have taxable presence in 42 countries and are subject to tax in each. During 2020, we paid corporate income taxes of €168 million. We pay are subject to tax in each. During 2020, we paid corporate income taxes totalled €168 million. In 2020, our corporate income taxes paid totalled €168 million. We pay corporate income taxes of €168 million. We pay corporate income taxes of €168 million. We pay corporate income taxes of €168 million.

Our tax strategy reflects our approach to tax. We respect the right of national governments to set and levy national taxes and, where those taxes impact cross border flows, the guidelines set down by the OECD and in double taxation treaties.

Our approach to tax
We aim to manage our tax affairs in accordance with national legislative provisions and within the guidelines set down by the OECD. Our objective is to structure our operations tax efficiently and take advantage of available incentives and exemptions provided by governments for eligible capital investments, R&D and similar expenditure.

We do not enter into any artificial arrangements. We respect the right of national governments to set and levy national taxes and, where those taxes impact cross border flows, the guidelines set down by the OECD and in double taxation treaties.

Our tax strategy reflects our approach to tax. The Board reviews and approves our tax strategy each year, and we make our tax strategy publicly available on our website.

The Board formally reviews tax in each year, and we make our tax statement publicly available on our website.

Tax governance, control & risk management
Whilst the Board is ultimately responsible for the conduct of the tax affairs of the Group, operational responsibility is delegated to the Executive Committee (Exco). At both Board and Exco, the Group CFO is accountable for the conduct of the Group’s tax affairs.

Local entities are responsible for the everyday conduct of business activities, including their tax affairs. The Tax Team supports local entities, coordinates tax matters and provides operational guidelines on tax for the whole Group.

The guidelines provide details of tax risks and how to manage them, building on the principles of the Tax Strategy. For example, the OECD rules stipulate that transactions between group companies should be undertaken on similar terms to transactions between independent parties, the so-called ‘arm’s length’ principle. The Tax Strategy makes clear that all transactions between different Mondi Group companies should take place at arm’s length. The operational guidelines set down the type of documentation that should be obtained to evidence the ‘arm’s length’ nature of the intra-Group transaction including external benchmark studies, where applicable.

The tax operational guidelines are the responsibility of and are maintained by the Group Tax team. The Board reviews and approves the guidelines on a regular basis.

The Group Tax team monitors tax risks and reports to the CFO and other members of Exco as issues arise. The Audit Committee formally reviews tax risks twice a year as part of the interim andyear-end reporting cycles. The Board formally reviews tax management activities on an annual basis.

As we operate in a number of countries with different tax systems, we are subject to changes in legislation and differing interpretation of legislation. This may lead to increased risk of double taxation. For example, the Group makes significant intra-Group cross-border charges for product sales (and other items) which are subject to scrutiny during tax audits. Often, tax authorities on both sides of an international boundary investigate the same cross-border transaction applying differing interpretations which, in some cases, can result in double taxation.

Please see our Integrated report and financial statements 2020 for more information on the Group’s risk management framework and control environment.

Stakeholder engagement and management of concerns relating to tax
We maintain constructive dialogue with tax authorities and aim to work transparently and collaboratively to resolve disputes. We seek to deal with queries from tax authorities as they arise to resolve any issues in a timely manner.

Our Business Integrity Policy sets out Mondi’s approach to unacceptable business practices. The policy includes ‘facilitation of tax evasion’ as a key corruption risk and states that the Group does not tolerate any form of tax evasion. The Policy encourages Mondi employees and stakeholders to report suspected violations or genuine concerns through dedicated channels, including through our SpeakOut mechanism (read more on page 91).
### Country by country reporting

In line with the OECD requirements, we prepare and submit our country by country reporting (CBCR) to the UK tax authorities annually. However, inclusion of comprehensive CBCR data beyond our current external reporting would represent disclosing commercially sensitive information.

As an alternative, we have included selected country information available to us as part of our Integrated report preparation process, which includes disclosures of effective corporate income tax rate per country and the main factors explaining any deviations to that country’s statutory rate.

The countries reported on this page are consistent with the Operating Segment analysis presented in the financial statements (see pages 172-173 of our Integrated report and financial statements).

### Definitions for CBCR data provided

- **External revenues**: these are external revenues per location of production as reported in the Operating Segment analysis (see page 172 of our Integrated report and financial statements).
- **Employees**: average number of employees by principal location of employment.
- **Statutory tax rate (STR)**: the applicable corporate income tax rate in the country.
- **Effective corporate income tax rate (ECITR)**: the ratio of accrued income tax compared with underlying profit-before-tax in the Mondi Group financial statements.

### Country-by-country analysis

<table>
<thead>
<tr>
<th>Tax Jurisdiction</th>
<th>External revenues € million</th>
<th>Employees thousands</th>
<th>STR %</th>
<th>ECITR %</th>
<th>Reason for significant difference between STR and ECITR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>1,062</td>
<td>2.5</td>
<td>25%</td>
<td>23%</td>
<td>The ECITR was reduced in the year primarily because of tax losses arising in prior years being offset against 2020 profits. The reduction was offset by withholding tax suffered on a dividend received from a subsidiary which increased the ECITR.</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>520</td>
<td>1.3</td>
<td>19%</td>
<td>5%</td>
<td>Due to the availability of tax incentives and accelerated tax relief for capital expenditure the ECITR is lower than the STR.</td>
</tr>
<tr>
<td>Germany</td>
<td>766</td>
<td>2.7</td>
<td>30%</td>
<td>33%</td>
<td>Expenses which are not deductible for tax purposes have resulted in a higher ECITR.</td>
</tr>
<tr>
<td>North America*</td>
<td>481</td>
<td>1.7</td>
<td>25%</td>
<td>13%</td>
<td>Tax losses arising in previous years have been offset against the 2020 profits thereby reducing the ECITR.</td>
</tr>
<tr>
<td>Poland</td>
<td>983</td>
<td>3.7</td>
<td>19%</td>
<td>17%</td>
<td>There are no significant differences between the tax rates.</td>
</tr>
<tr>
<td>Russia</td>
<td>796</td>
<td>5.3</td>
<td>20%</td>
<td>20%</td>
<td>There are no significant differences between the tax rates.</td>
</tr>
<tr>
<td>South Africa</td>
<td>409</td>
<td>1.4</td>
<td>28%</td>
<td>-10%</td>
<td>The negative ECITR arises because whilst the overall South African business was loss-making in the year, one company was profitable and had a corporate income tax liability. There is no possibility to consolidate the profitable company results and the loss-making companies' results.</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>28</td>
<td>0.2</td>
<td>19%</td>
<td>-12%</td>
<td>The negative ECITR arises because whilst the UK is loss-making during the period (meaning no corporate income taxes are due) withholding taxes suffered during the year.</td>
</tr>
<tr>
<td>Other</td>
<td>1,618</td>
<td>6.9</td>
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<tr>
<td>Total</td>
<td>6,663</td>
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* The North America STR and ECITR are the weighted average US and Mexico tax rates.

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**Relationships with communities**

**Adding value through taxes**

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Solutions that create value for our customers

Demand for responsibly produced products has never been higher. Our innovative design of packaging and paper solutions is supporting our customers to achieve their sustainability goals. Our commitment to using ‘paper where possible, plastic when useful’ will enable us to lead in the transition to a circular economy.

Why is this important?
The pandemic has accelerated the shift to online shopping and heightened consumer sensitivity to hygiene and food safety. As demand for sustainable products and packaging grows, our customers depend on us to deliver their sustainability goals. Developing sustainable products allows us to grow our business while tackling issues such as plastic pollution and food waste.

What’s our impact?
Over the last five years, we have evolved our approach to sustainable products from being primarily focused on lightweighting, product safety and avoiding food waste to include innovative packaging solutions in the area of functional barrier papers and mono-materials designed for recycling.

The market response to our customer-centric EcoSolutions approach ‘using paper where possible, plastic when useful’ has been positive with many customers and brands eager to improve the sustainability performance of their packaging and understand potential trade-offs.

Our Sustainable Products Criteria are now being applied across our packaging and paper businesses with a focus on developing metrics to measure our progress in making our products more sustainable.

In uncoated fine paper, the Green Range has grown from a few niche products in 2007 to cover 89 Mondi mill brands today.

We signed the New Plastics Economy Global Commitment in 2018 and we continue to report transparently on our progress. Since 2015 we have invested €130 million in R&D.

Our commitments to 2020

Encourage sustainable, responsibly produced products

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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Additional commitment added in 2018: Ensure 100% of plastic packaging is reusable, recyclable, or compostable by 2025

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
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For links to all other SDGs, see the full SDG Index

What’s next?
Through our MAP2030 commitment to offer circular-driven solutions, we will promote our EcoSolutions approach to support our customers’ sustainability goals. This will include making 100% of our products reusable, recyclable, or compostable by 2025 and working with others to eliminate unsustainable packaging.

8 WorldStar packaging awards for product innovations

Together we are... contributing to a better world by making packaging and paper that is Sustainable by Design
As the world continues to deal with the ongoing COVID-19 pandemic, issues such as hunger, poverty and food waste are competing with the need to reduce the environmental impacts of products and packaging. Innovative recyclable, renewable and responsibly produced packaging and paper products have a crucial role to play in building a circular economy that is fit for the future.

Leveraging our 50+ years of expertise in packaging and paper, we are committed to helping lead the transition to a more circular economy. Mondi is uniquely positioned to offer a wide range of high-performance paper-based, flexible plastic and hybrid packaging products. Our sustainable solutions offer functionality, maximise recyclability and minimise waste. Through our EcoSolutions approach we partner with customers to help them achieve their own sustainability goals.

**Sustainable Products criteria**

We have defined six criteria that reflect all stages of the value chain and represent the parameters we consider in relation to our sustainable products. These definitions have been applied by all of our business units to reflect the relevant scope of products and impacts, and will guide the progress across our businesses to innovate and develop more sustainable products and solutions in future.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Responsible sourcing</td>
<td>Products using responsibly sourced raw materials and services from suppliers that meet our social, environmental, legal and ethical criteria</td>
</tr>
<tr>
<td>Renewable materials</td>
<td>Products made with renewable material or feedstock</td>
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<tr>
<td>Recycled materials</td>
<td>Products made with recycled content without compromising quality or safety</td>
</tr>
<tr>
<td>Resource optimisation</td>
<td>Products designed, engineered and manufactured to best utilise available resources and reduce emissions to air, water or land</td>
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<tr>
<td>Enhanced product performance</td>
<td>Products and solutions (including substitution of materials) with sustainable features to reduce product loss and/or environmental impact in the supply chain</td>
</tr>
<tr>
<td>Next life</td>
<td>Products optimised for the most desirable end-of-life scenario to retain value into their next life – such as through reusability and recyclability, or compostability and biodegradability</td>
</tr>
</tbody>
</table>

**Examples of Sustainable Products**

- **EnvelopeMailer**
  - 100% renewable and fully recyclable
  - Avoids excessive packaging and plastic in e-commerce

- **Advantage smooth white strong**
  - Fresh fibre with PEFC™/FSC™
  - Paper-based window
  - Superior strength and printability

- **Recyclable Mono-material PP Pouch**
  - Fully recyclable (cyclos HTP certified)
  - Replaces multi-material laminates
  - Preserves shelf-life of food
For many applications, paper packaging can be the best choice. Paper is renewable and can be fully recyclable and biodegradable. It is part of a circular approach when sourced from responsibly managed forests, and reused and recycled for different applications.

“We initiative ‘Save plastic together with SPAR’ aims to avoid plastics completely or reduce them significantly. Mondi’s paper-based packaging creates innovative solutions for fresh products that could not be sold without packaging.”

Dr. Gerhard Drexel
SPAR CEO

We expect the recycled content of our total product portfolio to grow, particularly in our corrugated business. Our new paper machine at Ružomberok will process more than 200,000 tonnes of recycled paper mainly collected locally each year.

There are some applications for which plastic provides essential functionality that it is difficult to replicate using an alternative packaging material. This includes barrier properties which help to preserve food and other products by providing a barrier against oxygen, UV light, water vapour, odours or mineral oils.

The manufacturing footprint of our packaging products is only part of their total environmental footprint. By applying a life cycle approach, we aim to improve the sustainability performance and impact of our products across the value chain. We use comparative life cycle and environmental impact approaches to assess the benefits of paper- and plastic-based product solutions for each application. Irrespective of the base material, packaging that is lightweight and materially efficient reduces transport costs, emissions and environmental impacts. Whatever the chosen solution, we always consider potential trade-offs and impacts through to end-of-life.

Based on the feedback received in our last customer satisfaction survey regarding the importance of the sustainability and quality of products, we developed a new Product Impact Assessment (PIA) tool to calculate the life cycle impacts of our plastic- and paper-based products. Our PIA tool calculates a product’s water and carbon footprint and other environmental parameters using our own primary data.

The tool also enables a comparison of up to three different products, based on secondary average industry data. This tool complements our Product Carbon Footprint (PCF) tool for paper-based products which is based on the Cepi Framework for Carbon Footprints for paper and board products.

More than 130 PCFs were calculated in 2020.

To enable customers to compare relevant pulp and paper products across different suppliers, we offer Paper Profiles, a standardised environmental product declaration used by around 18 member companies.

Green Range
Green Range is our trademark for sustainable uncoated fine paper solutions. Launched in 2007, Green Range products meet several of our Sustainable Products criteria:

- **Responsible sourcing:** produced with Forest Stewardship Council™ (FSC™) or Programme for the Endorsement of Forest Certification™ (PEFC™) CoC certified wood fibre.
- **Recycled materials:** made with 100% recycled content from 100% post-consumer waste.
- **Resource optimisation:** produced totally chlorine free (TCF), reducing associated water emissions.

Some Green Range products also meet additional criteria, such as renewable materials and next life.

We kept the share of the sales volume of Green Range products stable in 2020, with 89 products in our Green Range.

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We kept the share of the sales volume of Green Range products stable in 2020, with 89 products in our Green Range.
There is no single route towards sustainable products – it is about finding the best solutions for our customers, their products and the planet.

As a leader in manufacturing packaging and paper solutions, we are uniquely positioned to offer paper where possible, plastic when useful.

We want to enable our customers to make conscious decisions about packaging that is Sustainable by Design. Our customer-centric EcoSolutions approach is designed to ensure packaging is fit for purpose and supports our customers’ sustainability goals. We apply a holistic view and an understanding of the trade-offs between different material choices.

Replace – Reduce – Recycle

Our approach can be described by three actions:

**Replace**
- less sustainable packaging following our principle of ‘paper where possible, plastic when useful’

**Reduce**
- by using less raw materials through sustainable design, operational efficiency and the right material choices

**Recycle**
- by developing fit-for-purpose solutions that are designed for recycling

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SalzburgMilch adopts PerFORMing Removable, a sustainable cheese packaging that can be recycled in waste paper streams

The current plastic packaging is replaced with a solution that consists of a high proportion of cardboard, reducing the amount of plastic by 70%. The wafer-thin plastic layer can be pulled off the cardboard tray and disposed of separately.

Zooplus’ own brand, ‘Wolf of Wilderness’, introduces mono-material recyclable packaging for e-commerce

Mondi is supplying zooplus with a pre-made FlexiBag Recyclable and BarrierPack Recyclable form-fill-and-seal (FFS) reel material, both certified as recyclable. This mono-material flexible packaging solution provides vital barrier properties with aesthetics and is suitable for e-commerce.

SalzburgMilch adopts PerFORMing Removable, a sustainable cheese packaging that can be recycled in waste paper 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 Kraft paper MailerBAG, with an easy opening and closing system, represents a value-adding and fully recyclable alternative to plastic shipping bags for non-breakable items, such as fashion items and accessories.

Darbo's new corrugated board solution eliminates plastic, is fully recyclable and made with 65% recycled content.

Austrian company, Darbo, previously packaged their jars in shelf-ready paper-based trays covered with a plastic film.

Our 100% corrugated board solution eliminates plastic and is made from 65% recycled content. Being a mono-material, the likelihood of incorrect disposal is reduced with a 60% global recycling rate for paper products.

Mondi and BIOhof replace plastic wrapping with fully corrugated solution for fresh produce

Mondi and BIOhof Kirchweidach, an organic farm in Bavaria, have designed a sustainable packaging solution for tomatoes on the vine to be distributed to PENNY supermarkets. Coral Tray fulfills BIOhof’s objective of replacing its previous plastic film packaging with a recyclable and plastic-free solution. This innovative new packaging is fully recyclable and made of renewable material and recycled corrugated board.

SalzburgMilch adopts PerFORMing Removable, a sustainable cheese packaging that can be recycled in waste paper streams

Mondi and BIOhof replace plastic wrapping with fully corrugated solution for fresh produce

“Consumers want goods that are sustainably packed. Innovation is the key. Together with Mondi we eliminated the use of plastic, switching to a fully recyclable mono-material corrugated solution that is more durable, helping to prevent food waste.”

Klaus Darbo
Head of Marketing, Darbo
Solutions that create value for our customers

Developing the circular economy

We collaborate with customers and partners who share our commitment to a circular economy. Paper-based solutions, when sourced responsibly, are an essential element of the circular economy. We are keen to help others understand sustainability trade-offs and show how plastic – when used for the right purpose and disposed of properly – can also be part of a circular economy to help meet the need for safe and hygienic sustainable packaging.

We believe stakeholders must come together to harmonise solutions to plastic waste across regions and drive innovative, systemic change throughout the value chain.

Climate-related legislation on packaging

The European Union Green Deal sets a roadmap towards carbon neutrality by 2050 by moving to a circular economy. One of the main elements relevant to packaging is the Circular Economy Action Plan (CEAP). Announced in March 2020, it targets the sectors that use the most resources and have a high potential for circularity. The action plan includes legislative and non-legislative measures. It combines existing regulatory measures, such as the Single Use Plastics Directive, with future development – for example on packaging waste and recycled content.

We are increasing our investment in R&D to drive deeper collaboration throughout the supply chain to move away from non-renewable and non-recyclable material. In 2020, we invested €23 million in R&D (€130 million since 2015). Through our strategic partnership with the Graz University of Technology related to Pulping and Paper technology, we are currently implementing the latest findings from science in order to reduce the energy consumption of the refining process. Our Group R&D paper strategic priorities relate to four areas: process technologies (raw material and energy efficiency, and zero waste), upcycling technologies (processes for bio-based materials and energy), food contact solutions, and wood and forest solutions (ensuring sustainable wood supply).

Collaborating across the value chain

We aim to support the shift towards circular thinking through collaboration with multi-stakeholder initiatives such as the WBCSD Forest Solutions Group and the Ellen MacArthur Foundation’s New Plastics Economy initiative.

As co-chair of the WBCSD Forest Solutions Group, we supported the development of The Circular Bioeconomy Report, launched in November 2020. It includes a Mondi case study highlighting a mono-biobased corrugated design replacing plastic for our customer Darbo. We also contributed to the Forest Sector SDG Implementation Report, published in December 2020. This report provides evidence of Forest Solution Group members’ commitment to implementing the actions in the SDG Roadmap.

We signed up to the Ellen MacArthur Foundation Global Commitment in 2018, committing to achieve 100% reusable, recyclable or compostable plastic packaging by 2025. To date we have achieved 16%. The 2020 Progress Report is available here. As a proportion of total plastic packaging volume, post-consumer recycled content is not yet significant. We expect it to increase through better quality and quantity of recycled material becoming available, allowing companies and retailers to commit to including recycled content in their products.

In 2019, we became a member of the 4evergreen alliance, launched by Cepi to boost the role of fibre-based packaging in a circular economy. The alliance now has more than 50 members including brand owners, manufacturers, recyclers and waste separators and aims to increase recycling rates of fibre-based packaging in Europe from 84.6% today to 90% by 2030.
We measure our performance and provide transparency by participating in a wide range of external benchmarking initiatives, including:

**CDP** – a global disclosure system on companies’ environmental impacts including data on climate change, deforestation and water security. In 2020 Mondi was one of only 10 companies globally to score a ‘Triple A’ across all three CDP reports.

**WWF’s Environmental Paper Company Index (EPCI)** – a bi-annual benchmark which evaluates the environmental policies, commitments and environmental performance of around 100 of the world’s most important pulp and paper manufacturers.

In January 2021, we will conduct a customer satisfaction survey covering all our businesses. This will include questions on the sustainability preferences and needs of our customers related to certification of sustainable products. We will report on the results in our 2021 report.

**Meeting safety, health and hygiene standards**

As part of our commitment to product quality, we maintain relevant and credible certifications at our operations to meet the requirements of different sectors and applications. They include ISO 9001 (quality management), ISO 14001 (environmental management) and food safety.

Our products and operations must meet all relevant safety, health and hygiene standards and other regulations as a basic requirement to ensure we provide compliant and value-added packaging to our customers. Our customers also rely on us to keep their data safe. A breach of customer privacy or security could impact Mondi both reputationally and financially. Failure to comply with marketing, advertising, promotion and sponsorship regulations and voluntary codes could also damage our reputation and result in financial penalties.

Where applicable, we communicate information on sourcing standards, production processes, product characteristics and certification through our own and external product labelling schemes.

**Food hygiene and product safety**

Our products are subject to increasingly stringent regulation and testing to maintain high safety and quality standards. We must meet many product safety laws to ensure compliance.

The Mondi Group Food Safety Laboratories in Graz and Frantschach (Austria) support the business to develop smart, customised packaging solutions that are optimised for food contact. Our expertise in sourcing safe and sustainable raw materials for innovative products offers significant value to our customers. We assess more than 10,000 chemical parameters every year. A key focus is on how the packaging interacts with packaged goods, depending on the intended application (dry, wet, fatty or frozen foodstuffs, or foods handled at ambient conditions or microwave heated).

To ensure an appropriate packaging application, the Mondi Group Food Safety Laboratory is accredited for the detection of mineral oil-based hydrocarbons in recovered paper and paper-based packaging and the detection of overall gas phase migration of paper and paper-based materials. The Mondi Group Food Contact central database contains internal and external data on products and raw materials, suppliers and regulatory requirements to ensure compliance of Mondi’s products.

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 Good Manufacturing Practices (GMP) Guidance. These are ongoing measures designed to ensure an effective overall approach to product quality control and risk management.

**EcoVadis** – a platform allowing companies to assess the environmental and social performance of its suppliers globally. It covers 21 criteria across four themes: environment; labour & human rights; ethics, and sustainable procurement. Mondi has a platinum rating and has consistently scored in the top 1% of its sector for five consecutive years.

**Compliance across our portfolios**

In 2020, 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.

Of the 71 sites in scope in 2020, 85% were certified to a recognised food hygiene standard (2019: 83%). All product categories, including products for the food industry, have also been assessed for safety and health.

**See all our external recognitions here**
Maintaining best-in-class services for our stakeholders this year has underlined the crucial role digitalisation plays in our global business.
Stakeholder engagement

Our stakeholders

Listening to, engaging and partnering with our stakeholders is a crucial enabler of change, trust and transparency. It ensures we understand external developments, challenges and market expectations and identify potential opportunities and risks.

We engage in meaningful global partnerships and multi-stakeholder collaborations that have the potential to bring about positive change. Sharing knowledge, resources and best practices opens up opportunities to find sustainable solutions along the entire value chain.

We define our stakeholders as internal and external individuals, groups, organisations and partners that are interested in, have influence over or are affected by (positively or negatively) our business decisions, policies and objectives.

We determine our key stakeholder groups through consultation with internal business functions and experts from our businesses. We carried out a materiality analysis to assess the relative importance of relevant sustainable development issues among key stakeholders (see page 87). In 2020, we also reviewed the sustainability topics that are important to our stakeholders to inform our new MAP2030 sustainability commitments.

For an overview of all key stakeholders and how we engage with them, see our Stakeholder Index online.

Stakeholder engagement in the age of social distancing

While face-to-face engagement is the preferred method of engagement for many of us, social distancing severely limited opportunities for meeting in this way in 2020. The restrictions underlined the vital role that digital communication platforms play in facilitating engagement and shaping the success of global business. We quickly adapted and enhanced our digital platforms to provide crucial support, engagement and training to our employees, customers, suppliers and others during the pandemic. For employees, virtual conversations – including with our CEO – kept people connected. The Mondi Academy adjusted all in-person academy training sessions to online, with the exception of local training that was possible to conduct safely on site.

New workshops were launched to help employees successfully adapt to new ways of working. To continue providing best-in-class service to our customers, we utilised new or improved digital Customer Relationship Management platforms. We developed and rolled out mymondi.net to our Corrugated Packaging customers – a secure 24/7 user-friendly e-commerce platform that enables customers to research Mondi’s product portfolio, place orders, track deliveries and manage other account functions. Another example is Corrugated Packaging’s Insight platform – designed to enhance the communication between customers and Mondi employees through speedy and transparent availability of current customer and market information.

Key issues raised and our response

The key themes that have dominated conversations about culture include feedback and recognition, collaboration and communication, and how we can become more diverse and inclusive.

With many people working remotely in 2020, staying connected was a priority for our employees. We improved digital infrastructure and updated technology to enable people to connect with their teams. The Employee Assistance Programme (EAP) held webinars to support employees and Mondi’s leadership increased communication. The Mondi Academy International adjusted in-person training sessions to online formats.

The Group-wide employee survey results raised employee engagement as a key issue – particularly the emotional connection our people feel to the company and their sense of purpose. We have focused on improving feedback and reward to foster a recognition-rich culture, including a new employee recognition scheme. You make Mondi.

Our employees

How we engaged in 2020

Increased employee engagement was crucial to maintaining successful operations during 2020. We launched the biennial employee survey in a fully digital format in March and carried out two pulse check surveys to understand the impacts of remote working. Other engagement included ongoing performance and development reviews, the Group-wide intrainet (planetmond) and targeted communications and campaigns.

How we engaged in 2020

We have continued to collaborate with customers to understand their needs, anticipate market trends, develop sustainable solutions, improve customer service and enhance product quality. We responded to customer information requests, participated in supplier sustainability rating platforms (EcoVadis) and transparency initiatives (CDP, Paper Profile and WWF’s Environmental Paper Company Index). Working with customers to develop innovative and sustainable packaging solutions remained a top priority.

Key issues raised and our response

The pandemic accelerated the shift to online shopping and heightened consumer sensitivity to hygiene and food safety, sustainable products and responsible sourcing. Key issues for customers were quality, the circular economy, plastic, recyclability and competitive advantage.

Our newly developed in-house Product Impact Assessment (PIA) tool will increase transparency of our products’ water and carbon footprint. We invested €23 million in research and development (R&D) in 2020 and continued our strategic partnership with the Graz University of Technology to advance research and education in Pulping and Paper Technology and in Food Contact Materials.

Reflecting the feedback from our customer satisfaction survey, collaboration with customers to develop more innovative and customised solutions is gaining momentum – for example, see page 80. The launch of our mymondi.net platform for our Corrugated Packaging business, is another example of our response to customer feedback for improved product availability.

Our customers
Stakeholder engagement

How we engaged in 2020

Our contract managers worked closely with contractors to provide safety guidance and support to close gaps and improve practices. We conducted regular supplier risk assessments and continued to work with local small and medium-sized enterprises (SMEs) to help build their capacity and offer secure contracts, where feasible. Participation in external platforms continues to improve access to credible forest certification systems globally.

Key issues raised and our response

Close liaison between contractors and the Mondi team saw 2.2 million hours worked by over 13,800 contractors during shifts and major projects, and we continue to embed our 24-hour safety mindset and focus on ‘Top Risks’ and trainings for various levels of the organisation and engagement with contractors. Our nine mobile health clinics in South Africa provided healthcare and support for forestry contractor employees and their families.

We digitalised our Responsible Procurement model and strong financial position, the Board was pleased to resume the payment of dividends. Despite the challenges posed by the pandemic, the Group delivered a robust trading performance in the first half of the year and given our resilient business performance towards supporting the local response.

We maintained open relationships with local communities and provided support during the COVID-19 pandemic, targeting our community investments towards supporting the local response. Scheduled socio-economic assessment toolbox (SEAT) assessments at our mills in Turkey and the Czech Republic were postponed due to the limitations imposed by the pandemic. Local hotlines and our whistleblowing system, SpeakOut, enabled communities to raise issues and concerns.

How we engaged in 2020

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Key issues raised and our response

Our operations supported a wide range of local priorities with many reinforcing the local COVID-19 response (see page 74). For example, we provided €3.3 million in financial support for clinics, hospitals and governments for COVID-19 relief efforts. Other efforts included donations of food packages, paper, masks, other personal protective equipment (PPE), medical and surgical raw materials.

In South Africa, Mondi Zmele intensified support for small businesses, benefiting over 3,200 small-scale timber growers. With one agri-village established and seven others in progress, sustainable human settlements provide permanent residence to 2,019 households.

We received 287 complaints from communities, including 216 odour-related and 66 noise-related complaints. We continue to invest in the latest technologies to reduce our impacts on communities.

How we engaged in 2020

We continued to engage with our investors throughout 2020, despite the challenges posed by the pandemic. Rather than physical roadshows, in-person meetings and conferences, engagement was held through virtual meetings. We maintained a high level of engagement throughout the year, ensuring continued dialogue between the Group and our investors on key topics such as Mondi’s response to the pandemic, the trading environment, our strategy and sustainability. Details of key investor events in 2020 can be found on page 56 of our 2020 Integrated report.

Key issues raised and our response

Shareholders were not able to attend our Annual General Meeting (AGM) due to COVID-19 restrictions. However, we maintained engagement in the lead up to the meeting, encouraging shareholders to submit their questions in advance.

In April, at the height of the first wave of the pandemic, the Board took the difficult but prudent decision to withdraw the recommendation to pay the 2019 final dividend, with a commitment to re-evaluate later in the year when the impact of the pandemic became clearer. In August, having delivered a robust trading performance in the first half of the year and given our resilient business model and strong financial position, the Board was pleased to resume the payment of dividends.

How we engaged in 2020

We engaged with Cepi, the WBCSD Forest Solutions Group, the New Plastics Economy initiative and others. We continued to work with WWF through our global partnership. We joined the Alliance for Water Stewardship and initiated a partnership with the United Nations World Food Programme. Locally, our operations engaged with NGOs, such as the Silver Taiga Foundation in Russia.

We have intensified our collaboration with IUFRO and continue to work with local scientific partners like Stellenbosch University.

Key issues raised and our response

To enable better sorting and recycling of packaging waste, we trialled digital watermarking with the HolyGrail 2.0 initiative and also engage with 4evergreen. In South Africa, WWF developed a Monitoring Evaluation and Learning (MEL) management tool based on learnings from the WWF-Mondi WSP. We have worked with the University of Stellenbosch to determine how our forestry lands conform with the design and management principles of effective ecological networks (ENs) derived from a decade of work with MENP.

Work with the Silver Taiga Foundation and WWF in Komi Republic led to the development of a regional methodology to identify and verify rare ecosystems. The Institute of Biology at Komi Science Centre completed an assessment of the biodiversity impacts of Mondi Syktyvkar in Russia.

Together with IUFRO and IIASA, we developed outlooks for Mondi’s main wood sourcing countries to inform our future wood supply strategies. Mondi and IUFRO agreed to launch a three-year partnership for Climate-fit Forests in 2021.
Materiality

Our long-term success depends on understanding the sustainability landscape and issues that will influence Mondi’s future strategic direction, impact and ability to create value.

Our material issues articulate what matters most to our business and our stakeholders. This is crucial to identify and manage our risks and opportunities and shape our effective response.

Identifying what matters

We continually monitor relevant business developments, risks and opportunities, sustainability trends, changes in legislation and the perspectives and needs of our stakeholders. In 2018, we carried out a comprehensive materiality assessment with internal and external stakeholders, using the GRI methodology. In 2019 we carried out in-depth interviews with senior leaders to explore the outcomes as part of our process to develop our post-2020 commitments. Participants 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.

For a detailed overview of our materiality process, please see page 23 of our 2019 Sustainable Development report

In 2020, we conducted a further review of the sustainability topics that are important to our stakeholders as part of benchmarking to inform our new MAP2030 commitments. We analysed insights and information from a range of external and internal sources to identify the issues most relevant to our business. Sources included: a review of sector and industry developments and responsible business practices, benchmarking of peers and ESG ratings, review of customer and investor requirements, analysing NGO expectations, reviewing the UN SDGs, and considering the outcomes of SEAT assessments.

Click here for more information on our MAP2030 commitments

Our material topics have remained relatively constant over the years, although some have increased in their significance to stakeholders – for example circular economy considerations for packaging and the imperative to increase efforts on climate action. In 2020, COVID-19 changed the sustainability context with certain social topics gaining importance. Our stakeholders are becoming more focused on topics such as employee wellbeing, community wellbeing, occupational health and safety, and inclusion and equality. A key topic during the year has been how Mondi treated its employees during the pandemic and maintained relationships with customers to continue to meet their needs. Responsibility in supply chains is still an important topic for our stakeholders and the pandemic further highlighted the vulnerability of global supply chains.

In recognition of the increasing importance placed on disclosure of sustainability performance by investors, we reported according to the Sustainable Accounting Standards Board (SASB) Standard this year as well. This focuses on enabling companies to identify the sub-set of sustainability information that is material for enterprise value creation. We aim to continue to provide more decision-useful climate-related information to our investors, in line with Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

See our GRI & SASB Index online
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 for a fair and inclusive 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.

The Board and committees provide the leadership necessary to implement the principles of good corporate governance across the Group, ensuring all decisions and actions are based on integrity, responsibility, accountability, fairness and transparency. The Board reviews the performance approach and outcomes. Our Board members bring a wealth of experience and expertise to the Group. They are diverse in origin, gender, race, education and experience, and reflect the broad nature of our activities and our operational territories. At the end of 2020, 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. These have authority to make decisions according to their terms of reference. We have developed robust internal and external mechanisms to evaluate and report on performance and the effectiveness of management approach and systems. These mechanisms include reporting systems, benchmarks and stakeholder engagement and collaboration at various levels.

The results 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.

While the Board is ultimately responsible, accountability for 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 Sustainable Development (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.

Mondi’s Group Sustainable Development (SD) function
The Group SD function provides guidance and defines actions required to achieve our SD goals. This includes monitoring and assessing risks and opportunities along with emerging changes to the regulatory environment, developments in our social and environmental operating context, and evolving stakeholder needs and expectations. It informs, challenges and supports our businesses to respond to stakeholder needs and expectations and shapes our long-term response to global trends.

The SD function oversees the management of the Sustainable Development Management System (SDMS) and facilitates sustainability reporting, external assurance and internal and external engagement.

Our Sustainable Development Management System
 Policies, procedures and management systems enable us to apply a consistent and standard approach to sustainability throughout our operations. We consider the environmental, social and governance implications of our business decisions. Our SDMS guides effective governance of our activities and 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 the SDMS and they are required to comply with our policies, standards and requirements.
Sustainability governance

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

Our Sustainability Governance Framework

Mondi Board

Management frameworks

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

Sustainable Development (SD) 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, climate change, labour, human rights, society and product stewardship
- Ensures alignment with global best practice

Executive Committee

- Management responsibility for sustainability performance within operations guided by the SD Committee
- Chaired by the Group CEO
- Ensures that business unit line management holds primary responsibility and accountability for sustainability performance

Other committees of the Board

- Including Audit Committee and Remuneration Committee

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

Read more in our 2020 Integrated report
See our website
Read more about the sustainability topics discussed by the SD Committee during 2020 on page 6
Sustainability governance

The Board, through the SD Committee, reviews the Group’s SD policies annually. The Board approved the updated Group SD policies in 2020, including proposed changes to policies to align with best practice and stakeholder expectations. The Group Diversity & Inclusion (D&I) Policy was subject to an update during the year, with changes aimed at strengthening governance of and collaboration on D&I issues throughout our operations and supply chain.

Read more about our D&I Policy on the website

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

How we manage SD risks and opportunities

Our Group-wide risk management framework is designed to address strategic, sustainable development, financial, operational and compliance risks that could undermine our ability to achieve our business objectives. We exercise due diligence prior to introducing new operations, practices, processes and products.

The 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. This 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 key impacts on our business and 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 page 46.

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 page 87 for more information on our material issues and page 18 for progress against our commitments.

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 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.
Sustainability governance

**SpeakOut hotline**

The Board, supported by the Audit Committee, oversees the adequacy of SpeakOut, our anonymous whistleblowing and grievance system for employees, customers, partners and other stakeholders to raise any concern relating to potential bribery, discrimination, fraud, corruption, environmental pollution, major safety and health violations, harassment or other significant topics. 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. Summaries of 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, and actions taken in response to any allegations which prove to be valid.

In 2020, we received 125 SpeakOut messages (2019: 162) relating to 74 cases (2019: 104 cases), and two further cases through other channels. These covered a number of topics, in particular HR-related concerns, business integrity issues, as well as environmental and safety topics.

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.

In 2020, we conducted a gap analysis of our human rights-related practices and approach, including our SpeakOut mechanism, with the Danish Institute for Human Rights (DIHR). We are working on an action plan to address the findings and to ensure increasing alignment of SpeakOut with Principle 31 of the UN Guiding Principles on Business and Human Rights.

**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 2020. 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 2020. 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, with regular updates. 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 complete competition compliance and business integrity training which covers anti-corruption. The number of relevant employees in 2020 was 2,919, with 773 (26%) receiving online training and testing during the year. Mondi’s definition of bribery, as defined in this policy, includes facilitation payments.

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 2020. 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.
Every year, we share robust data about our performance and environmental impacts. It’s crucial for building trust, transparency and improved performance.
## Consolidated performance data

### Financial performance

<table>
<thead>
<tr>
<th>€ millions, unless otherwise stated</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group revenue</td>
<td>6,662</td>
<td>7,096</td>
<td>7,481</td>
<td>7,268</td>
<td>6,663</td>
</tr>
<tr>
<td>Underlying EBITDA</td>
<td>1,366</td>
<td>1,482</td>
<td>1,764</td>
<td>1,658</td>
<td>1,353</td>
</tr>
<tr>
<td>Underlying operating profit</td>
<td>981</td>
<td>1,029</td>
<td>1,318</td>
<td>1,223</td>
<td>925</td>
</tr>
<tr>
<td>Operating profit</td>
<td>943</td>
<td>968</td>
<td>1,192</td>
<td>1,221</td>
<td>868</td>
</tr>
<tr>
<td>Basic underlying earnings per share (EPS) (euro cents)</td>
<td>1378</td>
<td>148.9</td>
<td>189.1</td>
<td>171.1</td>
<td>129.3</td>
</tr>
<tr>
<td>Basic EPS (euro cents)</td>
<td>131.8</td>
<td>137.9</td>
<td>170.1</td>
<td>171.1</td>
<td>120.0</td>
</tr>
<tr>
<td>Capital expenditure cash outflows</td>
<td>(465)</td>
<td>(611)</td>
<td>(709)</td>
<td>(757)</td>
<td>(630)</td>
</tr>
<tr>
<td>Net debt</td>
<td>1,383</td>
<td>1,532</td>
<td>2,220</td>
<td>2,207</td>
<td>1,791</td>
</tr>
<tr>
<td>ROCE (%)</td>
<td>20.3</td>
<td>19.3</td>
<td>23.6</td>
<td>19.8</td>
<td>15.2</td>
</tr>
</tbody>
</table>

### Diversity

#### Gender diversity 2020

<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>%</th>
<th>Female</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors</td>
<td>6</td>
<td>75</td>
<td>2</td>
<td>25</td>
</tr>
<tr>
<td>Senior managers</td>
<td>154</td>
<td>85</td>
<td>28</td>
<td>15</td>
</tr>
<tr>
<td>Employees¹</td>
<td>20,334</td>
<td>79</td>
<td>5,537</td>
<td>21</td>
</tr>
</tbody>
</table>

¹ As at 31 December 2020

#### Management by origin 2020

<table>
<thead>
<tr>
<th>Country</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>57</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>9</td>
</tr>
<tr>
<td>France</td>
<td>2</td>
</tr>
<tr>
<td>Hungary</td>
<td>1</td>
</tr>
<tr>
<td>Italy</td>
<td>11</td>
</tr>
<tr>
<td>Poland</td>
<td>32</td>
</tr>
<tr>
<td>Russia</td>
<td>14</td>
</tr>
<tr>
<td>Slovakia</td>
<td>5</td>
</tr>
<tr>
<td>South Africa</td>
<td>59</td>
</tr>
<tr>
<td>Turkey</td>
<td>17</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>7</td>
</tr>
<tr>
<td>Other nationalities</td>
<td>143</td>
</tr>
</tbody>
</table>
## Consolidated performance data

### Training

<table>
<thead>
<tr>
<th>Employee and contractor training hours</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>790,000</td>
<td>829,900</td>
<td>819,200</td>
<td>801,900</td>
<td>617,470</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Coverage of safety in training hours (%)</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safety-focused training</td>
<td>42</td>
</tr>
<tr>
<td>Other training</td>
<td>58</td>
</tr>
</tbody>
</table>

### Safety

<table>
<thead>
<tr>
<th>Number of work-related fatalities</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Contractors</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total recordable case rate (per 200,000 hours worked)</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>0.69</td>
<td>0.68</td>
<td>0.68</td>
<td>0.632</td>
<td>0.58</td>
</tr>
</tbody>
</table>

2 2019 figure has been restated to include the Kuopio mill and Egyptian paper bag plants acquired in 2018

### Communities

<table>
<thead>
<tr>
<th>Community and social investments (’000 €)</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health and wellbeing</td>
<td>653</td>
<td>1,959</td>
<td>2,079</td>
<td>984</td>
<td>911</td>
</tr>
<tr>
<td>Education</td>
<td>565</td>
<td>731</td>
<td>724</td>
<td>838</td>
<td>760</td>
</tr>
<tr>
<td>Infrastructure and development</td>
<td>6,425</td>
<td>6,509</td>
<td>4,697</td>
<td>10,721</td>
<td>5,680</td>
</tr>
<tr>
<td>Enterprise and employment support</td>
<td>254</td>
<td>432</td>
<td>431</td>
<td>548</td>
<td>1,022</td>
</tr>
<tr>
<td>COVID-19</td>
<td>3,140</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>7,897</td>
<td>9,631</td>
<td>7,931</td>
<td>13,090</td>
<td>11,513</td>
</tr>
</tbody>
</table>

3 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

<table>
<thead>
<tr>
<th>Forestry data 2020</th>
<th>Russia</th>
<th>South Africa</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total area of forestry landholdings (ha)</td>
<td>2,286,056</td>
<td>253,680</td>
<td>2,539,736</td>
</tr>
<tr>
<td>Proportion of land set aside for conservation (%)</td>
<td>25</td>
<td>28</td>
<td>25</td>
</tr>
<tr>
<td>Number of seedlings planted</td>
<td>3,405,500</td>
<td>20,840,725</td>
<td>24,246,225</td>
</tr>
<tr>
<td>Wood self-sufficiency potential (%)</td>
<td>48.8</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Fibre use

<table>
<thead>
<tr>
<th>Year</th>
<th>Wood (internal and external) (million m³)</th>
<th>Pulp (externally procured) (million tonnes)</th>
<th>Paper for recycling (million tonnes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>16.6</td>
<td>0.4</td>
<td>1.3</td>
</tr>
<tr>
<td>2017</td>
<td>16.9</td>
<td>0.3</td>
<td>1.3</td>
</tr>
<tr>
<td>2018</td>
<td>17.4</td>
<td>0.3</td>
<td>1.3</td>
</tr>
<tr>
<td>2019</td>
<td>17.6</td>
<td>0.3</td>
<td>1.3</td>
</tr>
<tr>
<td>2020</td>
<td>18.0</td>
<td>0.2</td>
<td>1.3</td>
</tr>
</tbody>
</table>

#### Fibre procured from FSC™- or PEFC™-certified sources 2020 (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>FSC</th>
<th>PEFC</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wood</td>
<td>47</td>
<td>29</td>
<td>76</td>
</tr>
<tr>
<td>Pulp</td>
<td>91</td>
<td>3</td>
<td>94</td>
</tr>
</tbody>
</table>

#### Certified wood procured (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>FSC</th>
<th>PEFC</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>46</td>
<td>21</td>
<td>67</td>
</tr>
<tr>
<td>2017</td>
<td>50</td>
<td>21</td>
<td>71</td>
</tr>
<tr>
<td>2018</td>
<td>49</td>
<td>22</td>
<td>71</td>
</tr>
<tr>
<td>2019</td>
<td>46</td>
<td>26</td>
<td>72</td>
</tr>
<tr>
<td>2020</td>
<td>47</td>
<td>29</td>
<td>76</td>
</tr>
</tbody>
</table>

#### Sustainable solutions

<table>
<thead>
<tr>
<th>Products that are reusable, recyclable or compostable</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of total revenue</td>
<td>76%</td>
</tr>
</tbody>
</table>

---

4 This percentage includes Mono-material plastics designed for recycling and all products consisting of at least 95% paper and therefore deemed widely recyclable. Additional Mondi products with lower fibre content may also be recyclable in certain systems, but have not been included.
Consolidated performance data

### Energy and climate

<table>
<thead>
<tr>
<th>Year</th>
<th>Total CO2e (tonnes)</th>
<th>Scope 1 (tonnes)</th>
<th>Scope 2 (tonnes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>4,739,035</td>
<td>4,067,788</td>
<td>671,247</td>
</tr>
<tr>
<td>2017</td>
<td>4,468,931</td>
<td>3,777,282</td>
<td>691,649</td>
</tr>
<tr>
<td>2018</td>
<td>4,388,727</td>
<td>3,805,696</td>
<td>583,031</td>
</tr>
<tr>
<td>2019</td>
<td>4,364,570</td>
<td>3,908,247</td>
<td>456,323</td>
</tr>
<tr>
<td>2020</td>
<td>3,958,720</td>
<td>3,529,550</td>
<td>429,170</td>
</tr>
</tbody>
</table>

### Specific CO2e emissions (tonnes per tonne of saleable production)

<table>
<thead>
<tr>
<th>Year</th>
<th>Specific total CO2e</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>0.76</td>
</tr>
<tr>
<td>2017</td>
<td>0.72</td>
</tr>
<tr>
<td>2018</td>
<td>0.72</td>
</tr>
<tr>
<td>2019</td>
<td>0.71</td>
</tr>
<tr>
<td>2020</td>
<td>0.64</td>
</tr>
</tbody>
</table>

### GHG emissions from our pulp and paper mills, by country 2020 (tonnes)

- Austria: 199,129
- Bulgaria: 68,406
- Czech Republic: 427,525
- Finland: 121,337
- Poland: 110,417
- Russia: 1,893,317
- Slovakia: 135,322
- South Africa: 866,277
- Sweden: 82,549
- Turkey: 54,441
- Total: 3,958,720
## Consolidated performance data

### GHG emissions from our pulp and paper mills 2020 (tonnes)

<table>
<thead>
<tr>
<th>Mill</th>
<th>Scope 1</th>
<th>Scope 2</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dynäs (Sweden)</td>
<td>21,149</td>
<td>61,400</td>
<td>82,549</td>
</tr>
<tr>
<td>Frantschach (Austria)</td>
<td>51,278</td>
<td>-</td>
<td>51,278</td>
</tr>
<tr>
<td>Hausmening (Austria)</td>
<td>84,396</td>
<td>22,728</td>
<td>107,125</td>
</tr>
<tr>
<td>Kematen (Austria)</td>
<td>34,221</td>
<td>6,505</td>
<td>40,726</td>
</tr>
<tr>
<td>Kuopio (Finland)</td>
<td>105,709</td>
<td>15,628</td>
<td>121,337</td>
</tr>
<tr>
<td>Merebank (South Africa)</td>
<td>152,576</td>
<td>148,060</td>
<td>300,636</td>
</tr>
<tr>
<td>Richards Bay (South Africa)</td>
<td>512,389</td>
<td>53,252</td>
<td>565,641</td>
</tr>
<tr>
<td>Rubomberok (Slovakia)</td>
<td>121,388</td>
<td>13,934</td>
<td>135,322</td>
</tr>
<tr>
<td>Štětí (Czech Republic)</td>
<td>398,717</td>
<td>28,808</td>
<td>427,525</td>
</tr>
<tr>
<td>Stambolijski (Bulgaria)</td>
<td>95,994</td>
<td>14,422</td>
<td>110,417</td>
</tr>
<tr>
<td>Syktyvkar (Russia)</td>
<td>1,893,317</td>
<td>-</td>
<td>1,893,317</td>
</tr>
<tr>
<td>Tire (Turkey)</td>
<td>33,847</td>
<td>20,594</td>
<td>54,441</td>
</tr>
</tbody>
</table>

### GHG emissions by activity (tonnes)

<table>
<thead>
<tr>
<th>Activity</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy sales-related GHG emissions</td>
<td>1,121,871</td>
<td>1,000,772</td>
<td>944,750</td>
<td>912,030</td>
<td>811,088</td>
</tr>
<tr>
<td>Mills Scope 1 excluding energy sales</td>
<td>2,945,916</td>
<td>2,776,510</td>
<td>2,860,946</td>
<td>2,996,217</td>
<td>2,718,462</td>
</tr>
<tr>
<td>Mills Scope 1 emissions from fuel combustion</td>
<td>3,928,820</td>
<td>3,614,281</td>
<td>3,606,254</td>
<td>3,724,295</td>
<td>3,390,534</td>
</tr>
<tr>
<td>Mills Scope 1 emissions from use of carbonates</td>
<td>8,066</td>
<td>11,945</td>
<td>11,052</td>
<td>11,307</td>
<td>11,520</td>
</tr>
<tr>
<td>Mills Scope 1 emissions from production-related mobile transportation</td>
<td>73,037</td>
<td>71,388</td>
<td>73,236</td>
<td>67,661</td>
<td>74,139</td>
</tr>
<tr>
<td>Mills Scope 1 emissions from landfills and wastewater treatment plants</td>
<td>44,330</td>
<td>67,516</td>
<td>94,116</td>
<td>72,693</td>
<td>45,391</td>
</tr>
<tr>
<td>Mills Scope 1 emissions from ozone depleting substances</td>
<td>13,535</td>
<td>12,152</td>
<td>210,399</td>
<td>32,290</td>
<td>7,966</td>
</tr>
<tr>
<td>Mills Scope 2</td>
<td>671,247</td>
<td>691,649</td>
<td>583,031</td>
<td>456,323</td>
<td>429,170</td>
</tr>
<tr>
<td>Converters Scope 1</td>
<td>140,001</td>
<td>146,845</td>
<td>147,493</td>
<td>142,490</td>
<td>137,470</td>
</tr>
<tr>
<td>Converters Scope 2</td>
<td>249,521</td>
<td>274,845</td>
<td>261,855</td>
<td>234,915</td>
<td>223,067</td>
</tr>
</tbody>
</table>

### Electricity self-sufficiency of our pulp and paper mills (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Own electricity produced</td>
<td>97.9</td>
<td>95.6</td>
<td>100.2</td>
<td>102.1</td>
<td>103.8</td>
</tr>
<tr>
<td>Electricity purchased</td>
<td>25.2</td>
<td>20.9</td>
<td>17.5</td>
<td>14.9</td>
<td>14.4</td>
</tr>
<tr>
<td>Electricity sold</td>
<td>23.1</td>
<td>16.5</td>
<td>17.7</td>
<td>17.0</td>
<td>18.1</td>
</tr>
</tbody>
</table>

### Fuel consumption of our pulp and paper mills (million GJ)

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Produced from our own biomass</td>
<td>87.2</td>
<td>87.8</td>
<td>84.3</td>
<td>86.4</td>
<td>90.5</td>
</tr>
<tr>
<td>Purchased fuel</td>
<td>71.2</td>
<td>68.6</td>
<td>70.3</td>
<td>71.3</td>
<td>68.3</td>
</tr>
</tbody>
</table>
Consolidated performance data

Total fuel consumption from non-renewable sources (GJ)

<table>
<thead>
<tr>
<th>Source</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black coal</td>
<td>11,657,239</td>
<td>9,066,155</td>
<td>7,044,927</td>
<td>6,923,940</td>
<td>5,168,909</td>
</tr>
<tr>
<td>Brown coal</td>
<td>2,776,219</td>
<td>2,653,284</td>
<td>2,836,275</td>
<td>3,254,698</td>
<td>3,143,412</td>
</tr>
<tr>
<td>Heavy fuel oil</td>
<td>902,649</td>
<td>729,227</td>
<td>863,764</td>
<td>1,209,792</td>
<td>614,073</td>
</tr>
<tr>
<td>Natural gas</td>
<td>44,777,286</td>
<td>44,025,729</td>
<td>46,785,317</td>
<td>46,035,922</td>
<td>42,421,112</td>
</tr>
<tr>
<td>Other fossil fuel</td>
<td>671,017</td>
<td>700,496</td>
<td>748,527</td>
<td>1,687,073</td>
<td>1,008,400</td>
</tr>
</tbody>
</table>

5 Fuels are reported according to their lower heating value (LHV); the emissions factor source is taken from ÜBPV (BGBl II Nr. 339/2007)

Total fuel consumption from renewable sources (GJ)

<table>
<thead>
<tr>
<th>Source</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biomass purchased</td>
<td>12,292,129</td>
<td>13,360,345</td>
<td>13,939,473</td>
<td>14,087,189</td>
<td>15,649,478</td>
</tr>
<tr>
<td>Black liquor/base liquor - thickened</td>
<td>73,311,150</td>
<td>74,032,219</td>
<td>71,468,423</td>
<td>72,833,265</td>
<td>75,573,074</td>
</tr>
<tr>
<td>Own biomass</td>
<td>11,021,724</td>
<td>10,674,486</td>
<td>9,872,304</td>
<td>10,029,633</td>
<td>11,132,981</td>
</tr>
<tr>
<td>Other renewable fuel</td>
<td>3,182,763</td>
<td>3,414,622</td>
<td>3,312,916</td>
<td>3,858,592</td>
<td>4,086,796</td>
</tr>
</tbody>
</table>

Fuel sources for our pulp and paper mills (%)

<table>
<thead>
<tr>
<th>Source</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewables</td>
<td>63</td>
<td>65</td>
<td>64</td>
<td>64</td>
<td>67</td>
</tr>
<tr>
<td>Black liquor</td>
<td>46.3</td>
<td>47.3</td>
<td>46.2</td>
<td>46.2</td>
<td>47.6</td>
</tr>
<tr>
<td>Biomass purchased</td>
<td>8.0</td>
<td>8.8</td>
<td>9.2</td>
<td>9.1</td>
<td>10.0</td>
</tr>
<tr>
<td>Own biomass</td>
<td>7.0</td>
<td>6.8</td>
<td>6.4</td>
<td>6.4</td>
<td>7.0</td>
</tr>
<tr>
<td>Other biofuel</td>
<td>1.8</td>
<td>2.0</td>
<td>1.9</td>
<td>2.3</td>
<td>2.4</td>
</tr>
<tr>
<td>Non-renewables</td>
<td>37</td>
<td>35</td>
<td>36</td>
<td>36</td>
<td>33</td>
</tr>
<tr>
<td>Natural gas</td>
<td>27.3</td>
<td>27.1</td>
<td>29.2</td>
<td>28.2</td>
<td>26.7</td>
</tr>
<tr>
<td>Black coal</td>
<td>7.4</td>
<td>5.8</td>
<td>4.6</td>
<td>4.4</td>
<td>3.3</td>
</tr>
<tr>
<td>Brown coal</td>
<td>1.8</td>
<td>1.7</td>
<td>1.8</td>
<td>2.1</td>
<td>2.0</td>
</tr>
<tr>
<td>Other fossil fuel</td>
<td>0.6</td>
<td>0.5</td>
<td>0.6</td>
<td>1.4</td>
<td>1.0</td>
</tr>
</tbody>
</table>

Production-related specific energy (GJ per tonne of saleable production)

<table>
<thead>
<tr>
<th>Source</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total energy consumption in our pulp and paper mills</td>
<td>16.52</td>
<td>16.46</td>
<td>16.64</td>
<td>16.25</td>
<td>16.46</td>
</tr>
<tr>
<td>Electricity consumption</td>
<td>3.98</td>
<td>3.98</td>
<td>3.97</td>
<td>3.97</td>
<td>4.12</td>
</tr>
<tr>
<td>Heat consumption</td>
<td>12.54</td>
<td>12.48</td>
<td>12.67</td>
<td>12.28</td>
<td>12.34</td>
</tr>
</tbody>
</table>
### Consolidated performance data

#### GHG emissions (further details) (tonnes)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1 GHG emissions from C&lt;sub&gt;7&lt;/sub&gt;</td>
<td>3,898,490</td>
<td>3,582,148</td>
<td>3,578,512</td>
<td>3,690,021</td>
<td>3,357,158</td>
</tr>
<tr>
<td>Scope 1 GHG emissions from CH&lt;sub&gt;4&lt;/sub&gt;</td>
<td>12,036</td>
<td>12,155</td>
<td>12,046</td>
<td>12,190</td>
<td>12,861</td>
</tr>
<tr>
<td>Scope 1 GHG emissions from N&lt;sub&gt;2&lt;/sub&gt;O</td>
<td>91,332</td>
<td>91,366</td>
<td>88,932</td>
<td>89,746</td>
<td>94,654</td>
</tr>
<tr>
<td>Scope 1 GHG emissions from ozone-depleting substances</td>
<td>12,167</td>
<td>8,117</td>
<td>19,655</td>
<td>32,290</td>
<td>7,966</td>
</tr>
<tr>
<td>Scope 2 market-based</td>
<td>671,247</td>
<td>691,649</td>
<td>583,031</td>
<td>456,323</td>
<td>429,170</td>
</tr>
<tr>
<td>Scope 2 location-based</td>
<td>1,083,687</td>
<td>806,945</td>
<td>570,382</td>
<td>441,333</td>
<td>380,665</td>
</tr>
<tr>
<td>Biogenic GHG emissions</td>
<td>12,752,816</td>
<td>12,954,968</td>
<td>12,571,767</td>
<td>12,812,150</td>
<td>13,518,291</td>
</tr>
</tbody>
</table>

6 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).

7 Scope 1 GHG emissions include those from fuel combustion and mobile transportation. Additional Scope 1 GHG emissions in 2020 derive from the operation of landfills and wastewater treatment plants (45,391 tonnes) and the use of carbonates (11,520 tonnes).

#### Energy use from our pulp and paper mills (GJ)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity purchased</td>
<td>6,277,050</td>
<td>5,217,232</td>
<td>4,250,850</td>
<td>3,623,860</td>
<td>3,468,404</td>
</tr>
<tr>
<td>Own biomass</td>
<td>87,913,849</td>
<td>87,791,377</td>
<td>84,334,769</td>
<td>86,413,615</td>
<td>90,493,076</td>
</tr>
<tr>
<td>Purchased biomass</td>
<td>12,613,917</td>
<td>13,690,293</td>
<td>14,258,347</td>
<td>14,393,349</td>
<td>15,949,253</td>
</tr>
<tr>
<td>Fossil fuels consumed</td>
<td>58,616,253</td>
<td>54,887,101</td>
<td>55,999,985</td>
<td>56,902,394</td>
<td>52,355,906</td>
</tr>
<tr>
<td>Heat purchased</td>
<td>16,206</td>
<td>63,996</td>
<td>83,545</td>
<td>73,088</td>
<td>67,916</td>
</tr>
<tr>
<td>Energy sales</td>
<td>(11,609,519)</td>
<td>(10,081,724)</td>
<td>(10,198,309)</td>
<td>(9,835,515)</td>
<td>(9,903,293)</td>
</tr>
<tr>
<td>Total</td>
<td>153,107,757</td>
<td>151,568,275</td>
<td>148,729,187</td>
<td>151,570,791</td>
<td>152,431,261</td>
</tr>
</tbody>
</table>

#### Energy use from our converting operations (GJ)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity purchased</td>
<td>1,881,472</td>
<td>1,965,292</td>
<td>1,948,379</td>
<td>1,866,083</td>
<td>1,812,319</td>
</tr>
<tr>
<td>Fossil fuels consumed</td>
<td>2,168,157</td>
<td>2,287,791</td>
<td>2,278,825</td>
<td>2,209,033</td>
<td>2,152,938</td>
</tr>
<tr>
<td>Heat purchased</td>
<td>187,220</td>
<td>174,977</td>
<td>182,561</td>
<td>195,472</td>
<td>203,891</td>
</tr>
<tr>
<td>Total</td>
<td>4,236,850</td>
<td>4,428,060</td>
<td>4,409,764</td>
<td>4,270,568</td>
<td>4,169,149</td>
</tr>
</tbody>
</table>

#### Electricity purchased from renewable sources (%)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8</td>
<td>2</td>
<td>2</td>
<td>9</td>
<td>5</td>
</tr>
</tbody>
</table>
## Consolidated performance data

### Scope 3 emissions (tonnes)

<table>
<thead>
<tr>
<th>Activity</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel and energy-related activities (not included in Scope 1 or 2)</td>
<td>399,966</td>
<td>385,613</td>
<td>589,834</td>
<td>628,002</td>
<td>613,511</td>
</tr>
<tr>
<td>Purchased goods and services</td>
<td>1,826,793</td>
<td>1,867,405</td>
<td>1,853,798</td>
<td>1,840,745</td>
<td>1,853,696</td>
</tr>
<tr>
<td>Employee commuting</td>
<td>48,514</td>
<td>49,469</td>
<td>49,851</td>
<td>48,984</td>
<td>49,412</td>
</tr>
<tr>
<td>Upstream transportation and distribution</td>
<td>435,692</td>
<td>447,613</td>
<td>483,037</td>
<td>465,425</td>
<td>477,332</td>
</tr>
<tr>
<td>Downstream transportation and distribution</td>
<td>260,035</td>
<td>259,998</td>
<td>253,453</td>
<td>256,647</td>
<td>257,363</td>
</tr>
<tr>
<td>Business travel</td>
<td>4,303</td>
<td>3,904</td>
<td>11,007</td>
<td>11,850</td>
<td>2,145</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,975,303</strong></td>
<td><strong>3,014,002</strong></td>
<td><strong>3,240,979</strong></td>
<td><strong>3,251,652</strong></td>
<td><strong>3,253,460</strong></td>
</tr>
</tbody>
</table>

### Water, air and waste

#### Water

<table>
<thead>
<tr>
<th>Category</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total water input (m³)</td>
<td>309,031,879</td>
<td>307,071,545</td>
<td>303,459,107</td>
<td>306,299,800</td>
<td>317,270,746</td>
</tr>
<tr>
<td>Potable water input</td>
<td>23,135,191</td>
<td>22,620,731</td>
<td>24,332,544</td>
<td>27,180,356</td>
<td>24,449,849</td>
</tr>
<tr>
<td>Non-potable water</td>
<td>285,716,688</td>
<td>284,450,814</td>
<td>279,126,563</td>
<td>279,119,444</td>
<td>292,820,897</td>
</tr>
<tr>
<td>Second-class water</td>
<td>11,217,052</td>
<td>11,928,377</td>
<td>9,290,059</td>
<td>8,218,302</td>
<td>7,402,517</td>
</tr>
<tr>
<td>Surface water</td>
<td>249,275,693</td>
<td>246,973,299</td>
<td>247,081,374</td>
<td>252,751,131</td>
<td>266,062,494</td>
</tr>
<tr>
<td>Ground water</td>
<td>25,223,943</td>
<td>25,549,137</td>
<td>22,755,130</td>
<td>18,150,011</td>
<td>19,355,887</td>
</tr>
<tr>
<td>Waste water from third parties and other Mondi operations</td>
<td>38,229,853</td>
<td>38,669,589</td>
<td>36,288,548</td>
<td>36,972,077</td>
<td>36,163,409</td>
</tr>
</tbody>
</table>

#### Emissions to water (tonnes)

<table>
<thead>
<tr>
<th>Category</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emissions to water, COD</td>
<td>43,879</td>
<td>42,711</td>
<td>48,349</td>
<td>48,549</td>
<td>36,843</td>
</tr>
<tr>
<td>Emissions to water, AOX</td>
<td>155</td>
<td>170</td>
<td>150</td>
<td>153</td>
<td>122</td>
</tr>
<tr>
<td>Emissions to water, TSS</td>
<td>9,503</td>
<td>7,259</td>
<td>11,417</td>
<td>9,307</td>
<td>5,793</td>
</tr>
</tbody>
</table>
## Consolidated performance data

### Effluent (water discharges) (m³)

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discharge via on-site or off-site treatment</td>
<td>235,945,906</td>
<td>231,652,362</td>
<td>228,523,805</td>
<td>235,836,629</td>
<td>234,436,270</td>
</tr>
<tr>
<td>Discharge direct to surface water without treatment</td>
<td>83,381,085</td>
<td>88,590,582</td>
<td>85,031,235</td>
<td>87,798,958</td>
<td>97,123,157</td>
</tr>
<tr>
<td>Discharge to irrigate land</td>
<td>51,367</td>
<td>50,645</td>
<td>54,660</td>
<td>50,474</td>
<td>42,777</td>
</tr>
<tr>
<td>Discharge sent to third parties for recycling or reuse of water</td>
<td>738,358</td>
<td>7,747,028</td>
<td>1,634,045</td>
<td>1,200,584</td>
<td>1,146,288</td>
</tr>
<tr>
<td>Total water output</td>
<td>320,116,716</td>
<td>328,040,616</td>
<td>315,243,745</td>
<td>324,886,644</td>
<td>332,748,492</td>
</tr>
<tr>
<td>Waste water from third parties and other Mondi operations</td>
<td>38,229,853</td>
<td>38,669,589</td>
<td>36,288,548</td>
<td>36,972,077</td>
<td>36,163,409</td>
</tr>
<tr>
<td>Total water output (excluding third parties)</td>
<td>281,886,862</td>
<td>289,371,027</td>
<td>278,955,197</td>
<td>287,914,568</td>
<td>296,585,082</td>
</tr>
<tr>
<td>Water discharged to ocean/sea</td>
<td>22,631,496</td>
<td>21,429,777</td>
<td>22,095,268</td>
<td>21,243,214</td>
<td>16,772,673</td>
</tr>
<tr>
<td>Water discharged to rivers</td>
<td>297,485,220</td>
<td>306,610,839</td>
<td>293,148,477</td>
<td>303,643,430</td>
<td>315,975,819</td>
</tr>
</tbody>
</table>

### Contact and non-contact water use (m³)

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contact water</td>
<td>206,763,090</td>
<td>205,435,261</td>
<td>202,783,297</td>
<td>203,736,411</td>
<td>205,031,869</td>
</tr>
</tbody>
</table>

### Air

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total NOx emissions from processes</td>
<td>11,591</td>
<td>11,048</td>
<td>10,398</td>
<td>11,031</td>
<td>10,918</td>
</tr>
<tr>
<td>TRS from processes</td>
<td>52</td>
<td>56</td>
<td>55</td>
<td>44</td>
<td>48</td>
</tr>
<tr>
<td>Total particulate emissions</td>
<td>963</td>
<td>921</td>
<td>1,023</td>
<td>928</td>
<td>961</td>
</tr>
<tr>
<td>Total SO₂ emissions from processes</td>
<td>1,985</td>
<td>1,447</td>
<td>1,567</td>
<td>1,276</td>
<td>1,059</td>
</tr>
</tbody>
</table>
## Consolidated performance data

<table>
<thead>
<tr>
<th>Particulate emissions from processes (tonnes)</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Particulate emissions from drying of pulp</td>
<td>5</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Particulate emissions from bark boiler</td>
<td>159</td>
<td>165</td>
<td>140</td>
<td>105</td>
<td>72</td>
</tr>
<tr>
<td>Particulate emissions from lime kiln</td>
<td>87</td>
<td>79</td>
<td>65</td>
<td>71</td>
<td>90</td>
</tr>
<tr>
<td>Particulate emissions from auxiliary boilers</td>
<td>210</td>
<td>161</td>
<td>158</td>
<td>157</td>
<td>126</td>
</tr>
<tr>
<td>Particulate emissions from recovery boiler</td>
<td>500</td>
<td>503</td>
<td>655</td>
<td>593</td>
<td>670</td>
</tr>
<tr>
<td>Particulate emissions from other sources (allocated to paper production)</td>
<td>0</td>
<td>11</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Particulate emissions from other sources (allocated to pulp production)</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>963</td>
<td>921</td>
<td>1023</td>
<td>928</td>
<td>961</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Emissions of ozone-depleting substances (kg)</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>HFC</td>
<td>6,262</td>
<td>4,289</td>
<td>10,101</td>
<td>15,949</td>
<td>3,917</td>
</tr>
<tr>
<td>HCFC</td>
<td>628</td>
<td>1,420</td>
<td>740</td>
<td>413</td>
<td>274</td>
</tr>
<tr>
<td>CFC</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Halons</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>PFC</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,890</td>
<td>5,710</td>
<td>10,841</td>
<td>16,361</td>
<td>4,191</td>
</tr>
</tbody>
</table>
## Consolidated performance data

### Waste

<table>
<thead>
<tr>
<th>Waste to landfill (tonnes)</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-hazardous waste landfilled</td>
<td>205,251</td>
<td>191,462</td>
<td>231,261</td>
<td>227,196</td>
<td>176,054</td>
</tr>
<tr>
<td>Hazardous waste landfilled</td>
<td>1,230</td>
<td>455</td>
<td>1,054</td>
<td>1,390</td>
<td>297</td>
</tr>
<tr>
<td>Total</td>
<td>206,481</td>
<td>191,917</td>
<td>232,315</td>
<td>228,585</td>
<td>176,351</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Hazardous waste (tonnes)</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hazardous waste treated</td>
<td>9,273</td>
<td>11,445</td>
<td>11,061</td>
<td>11,448</td>
<td>11,563</td>
</tr>
<tr>
<td>Hazardous waste incinerated</td>
<td>3,473</td>
<td>3,593</td>
<td>5,683</td>
<td>3,225</td>
<td>3,960</td>
</tr>
<tr>
<td>Hazardous waste recycled/reused</td>
<td>2,829</td>
<td>2,298</td>
<td>3,854</td>
<td>2,695</td>
<td>2,574</td>
</tr>
<tr>
<td>Hazardous waste landfilled</td>
<td>1,230</td>
<td>455</td>
<td>1,054</td>
<td>1,390</td>
<td>297</td>
</tr>
<tr>
<td>Total</td>
<td>16,806</td>
<td>17,792</td>
<td>21,653</td>
<td>18,757</td>
<td>18,394</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-hazardous waste (tonnes)</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-hazardous waste treated</td>
<td>2,949</td>
<td>7,247</td>
<td>7,007</td>
<td>7,175</td>
<td>8,106</td>
</tr>
<tr>
<td>Non-hazardous waste incinerated</td>
<td>61,346</td>
<td>49,400</td>
<td>52,447</td>
<td>62,702</td>
<td>72,777</td>
</tr>
<tr>
<td>Non-hazardous waste recycled/reused</td>
<td>831,846</td>
<td>846,862</td>
<td>825,364</td>
<td>745,255</td>
<td>691,273</td>
</tr>
<tr>
<td>Non-hazardous waste landfilled</td>
<td>205,251</td>
<td>191,462</td>
<td>231,261</td>
<td>227,196</td>
<td>176,054</td>
</tr>
<tr>
<td>Total</td>
<td>1,101,392</td>
<td>1,094,972</td>
<td>1,116,080</td>
<td>1,042,327</td>
<td>948,209</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total debris* (tonnes)</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-hazardous debris</td>
<td>0</td>
<td>91</td>
<td>153</td>
<td>287</td>
<td>6,363</td>
</tr>
<tr>
<td>Hazardous debris</td>
<td>22,102</td>
<td>57,911</td>
<td>74,928</td>
<td>260,571</td>
<td>67,686</td>
</tr>
<tr>
<td>Total</td>
<td>22,102</td>
<td>58,002</td>
<td>75,081</td>
<td>260,858</td>
<td>74,049</td>
</tr>
</tbody>
</table>

8 Process-related waste, which is disposed on landfill, is reported as "hazardous waste to landfill" or "non-hazardous waste to landfill". Debris from construction activities on-site (including soil) is also monitored, but reported separately.

<table>
<thead>
<tr>
<th>Total solid waste (tonnes)</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,140,299</td>
<td>1,170,765</td>
<td>1,212,814</td>
<td>1,321,943</td>
<td>1,040,652</td>
</tr>
</tbody>
</table>
About this report

This 2020 Sustainable Development report covers the financial year 1 January 2020 to 31 December 2020 and should be read in conjunction with our Integrated report and financial statements 2020. Our previous report was published in March 2020 for the financial year 1 January 2019 to 31 December 2019.

Reporting standards and format

This report provides a comprehensive view of our approach to sustainable development and our performance in 2020 with regard to environmental, social and governance issues. It has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option as well as the Sustainability Accounting Standards Board (SASB) Sustainability Accounting Standard for the Containers & Packaging Industry. We have applied the GRI Guidelines to our annual sustainability reports since 2009, and the GRI Standards since 2018. This year we have additionally applied the SASB Standards Application Guidance. We believe that these frameworks offer us the best way to present our most important sustainability information in a fully transparent, accurate and reliable way. Guided by the GRI Standards for structure and principles of reporting, the content is defined through various internal and external processes including risk management (see Sustainability governance on page 90), materiality assessment (see page 87) and stakeholder engagement at various levels (see page 85).

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 actual performance figures.

In addition, we report on progress against the commitments we made for the period 2016 to 2020 against a 2015 baseline. We achieved our initial greenhouse gas (GHG) reduction target to 2030 (against a 2014 baseline) early and so replaced it with a science-based GHG reduction target (retaining the 2014 baseline) in 2019.

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 progress made in 2020, towards 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, waste, water consumption, emissions to water and air, 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 and SASB 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 88) 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. See the GRI & SASB Index on our website for a more detailed overview of our reporting according to GRI Standards core criteria, and page 18 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 89) under ‘Our Sustainability Governance Framework’.

See our GRI & SASB Index online
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, non-governmental organisations (NGOs) and other stakeholders

Please refer to our business model on page 10 and see our 10 Action Areas on page 18 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)
- 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
- GHG emissions are reported according to the GHG Protocol, published by the WBCSD and the World Resources Institute. We adhere to the Science Based Targets initiative (SBTi) definition and framework for our GHG emissions targets
- 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)
- In our ‘Employee and contractor safety & health’ Action Area, the safety training hours reported exclude recent acquisitions, in line with all other safety data. The scope reported in our ‘A skilled & committed workforce’ Action Area includes recent acquisitions
- Financial information is reported in euros (€), for ease of reading and to allow comparisons
- Where we have reported wood volumes in m³, this figure reflects solid cubic metres

GHG emissions scope and boundaries

The calculation of our Scope 1 emissions is based on the fuel consumption in our energy plants as well as in Mondi-owned vehicles and the consumption of CO₂ emitting process chemicals (e.g. dolomite). Mondi takes into account the emissions of methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbon (HFC) and hydrochlorofluorocarbons (HCFC) emissions from refrigerant leakage, as well as emissions from sulphur hexafluoride (SF₆) 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. Scope 1 and Scope 2 emissions are calculated according to the GHG Protocol, published by the WBCSD and WRI, EU Emissions Trading Scheme (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 (sourced from databases like Ecoinvent) have to be used for the calculation of Scope 3 emissions. Scope 3 data are externally verified with limited assurance on an annual basis.

Biogenic emissions are calculated on the 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). In the calculation of our Scope 2 emissions, details such as inclusion of CO₂, CH₄, N₂O, HFCs, PFCs, SF₆ are currently not reflected.
External assurance

External assurance plays an important part in our reporting 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 Sustainable Development (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 SASB Sustainability Accounting Standard for the Containers and Packaging Industry 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 2020 financial statements.

For a detailed overview of our materiality process, please refer to page 23 of our 2019 Sustainable Development report.

Additional information

In addition to our online Sustainable Development report 2020, other information – including policies and standards, report archives, governance of sustainability, case studies, associations we support, useful links and sustainability contacts – can be found at www.mondigroup.com/sustainability

See our SDG Index and our Stakeholder Index for more information
ERM Certification and Verification Services (ERM CVS) was engaged by Mondi Group (‘Mondi’) to provide assurance in relation to Mondi’s 2020 Sustainable Development report (‘the Report’).

Engagement summary
Scope of our assurance engagement
1. Whether the Report is fairly presented in accordance with the Global Reporting Initiative (GRI) Standards Core option, and the Sustainability Accounting Standards Board (SASB) Sustainability Accounting Standard for the Containers & Packaging Industry.
2. Whether the 2020 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 Total Scope 2 (location-based and market-based) greenhouse gas (GHG) emissions (tonnes CO₂e);
   - Total Scope 3 GHG emissions from the following categories (tonnes CO₂e):
     - Category 2: Purchased goods and services
     - Category 3: Fuel and energy-related activities not included in Scope 1 or Scope 2
     - Category 4: Upstream transportation and distribution;
     - Category 6: Business travel
     - Category 7: Employee commuting
     - Category 9: Downstream transportation and distribution
   - Total water input (pulp and paper mills) (m³);
   - Total water output (pulp and paper mills) (m³);
   - Total contact and non-contact water use (m³);
   - 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);
   - General safety training completed (hours);
   - General training completed (hours);
   - Certified wood procured (percentage, m³);
   - Certified pulp procured (percentage, tonnes);
   - Managed land set aside for conservation purposes (percentage);
   - Ratio of male and female employees (%);
   - Community and social investments, by category (€).
3. Whether the reported performance compared to 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 2020 Integrated report and financial statements (‘Integrated report’).
5. Whether the disclosures relating to GHG emissions presented in the section ‘Climate change’ on pages 58–60 of the Integrated report comply with the requirements of the UK Companies Act 2006 (Strategic Report and Directors’ Report) Regulations 2013.

Reporting criteria
Global Reporting Initiative (GRI) Standards.
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 14064-3:2019 for the Scope 1 and Scope 2 GHG emissions.

Assurance level
Reasonable assurance: Total energy usage, Total Scope 1 and Total Scope 2 GHG emissions for Mondi’s pulp and paper mills.
Limited assurance: Total Scope 1 and Total 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 2020 Total energy usage, Total Scope 1 and Total Scope 2 GHG emissions for Mondi’s pulp and paper mills are fairly presented, in all material respects, in accordance with the reporting criteria.
Independent Assurance Statement to Mondi Group

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 and the Sustainability Accounting Standards Board (SASB) Sustainability Accounting Standard for the Containers & Packaging Industry;
- nothing has come to our attention to indicate that the 2020 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 58-60 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.
- Virtual visits to Mondi’s 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.
- 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.
- Virtual visits to Mondi’s 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.
- Virtual visits to 11 Mondi sites in Russia, Poland (2), Czech Republic, Sweden, Finland, Austria (2), Germany (2) and Hungary 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 employee and training indicators, and community and social investments.
- An analytical review and desktop testing of the year-end data submitted by all sites included in the consolidated 2020 group data for the KPIs.
- A review of the disclosures in the Report in accordance with the GRI Standards.
- A review of the disclosures in the Report in accordance with the Sustainability Accounting Standard for the Containers & Packaging Industry.
- 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.

In addition, for the Total Scope 1 and Total 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 2020 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 Total Scope 1 and Total 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 to Mondi Group

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 SD reporting section of Mondi’s corporate website, including controls used to achieve this, and in particular whether any changes may have occurred to the information since it was first published.

Due to travel restrictions as a result of COVID-19, our assurance work for the 2020 reporting period was conducted using a combination of desk-based reviews of information and data, and virtual interviews and meetings with the Mondi corporate reporting team and the sites selected for virtual visits. We did not undertake any in-person visits to Mondi operations.

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 in 2020 compared to 2019; however, there were two contractor fatalities 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.

– We note the new sustainability framework (Mondi Action Plan 2030, MAP2030) introduced in the Report, and encourage Mondi in its development of roadmaps to define the actions required to meet its MAP2030 targets and to specify the means by which progress against each individual target will be measured over the commitment period.

Beth Wyke
Partner, Head of Corporate Assurance
23 March 2021

ERMCVS
Informed Assured
ERM Certification and Verification Services, London
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Email post@ermcvs.com

ERMCVS is a member of the ERM Group. The work that ERMCVS conducts for clients is solely related to independent assurance activities and auditor training. Our processes are designed and implemented to ensure that the work we undertake with clients is free from bias and conflict of interest. ERMCVS and the staff that have undertaken work on this assurance exercise provide no consultancy related services to Mondi Group in any respect.
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.

Alliance for Water Stewardship
AWS is a global membership collaboration comprising businesses, NGOs and the public sector. AWS members contribute to the sustainability of local water resources through their adoption and promotion of a universal framework for the sustainable use of water – the International Water Stewardship Standard, or AWS Standard – that drives, recognises and rewards good water stewardship performance.

AOX
Adsorbable organic halogen compounds is a metric for emissions to water and is measured in tonnes.

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’.

Biodiversity
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).

Bioeconomy

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 high conservation value (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.

CEP
Community Engagement Plans provide the basis of our engagement and support for local communities and are updated annually by our mills.

CIEP
The Confederation of European Paper Industries is a Brussels-based not-for-profit organisation that represents the European pulp and paper industry, monitoring and analysing activities and initiatives in the areas of industry, environment, energy, forestry, and recycling.

CFCs
Chlorofluorocarbons – a greenhouse gas.

CIFS
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.

COD
Chemical oxygen demand is a measure of the oxygen-consuming capacity of inorganic and organic matter present in the waste water, quantifies the amount of oxidisable pollutants in 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 wood of known origin with a minimum risk that it is harvested in an unacceptable way. The Controlled Wood system defines the minimum standards for wood that can be mixed with FSC wood. Products made from such material can use the FSC Mix label.

Controversial sources
Mondi defines controversial sources 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.

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).

Converting operations
Operations for the conversion of corrugated packaging, industrial bags, extrusions coatings, release liner, consumer packaging and advanced films.

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.

EAP
Mondi’s Employee Assistance Programme is a confidential hotline for supporting employees and their families on professional and private topics ranging from work and occupation, personal and family topics, to addiction and dependency, financial issues and debt counselling.

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.
Glossary

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.

EN
An 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.

FAO
The Food and Agriculture Organization (FAO) is a specialised agency of the United Nations that leads international efforts to defeat hunger. FAO provides sound and timely statistics related to food and agriculture and the sustainable use of natural resources or to climate change.

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 of water, which have been in contact with process chemicals.

Habitat
The place or type of site where an organism or population naturally occurs.

HCFCs
Hydrochlorofluorocarbons – a greenhouse gas.

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.

HCV Resource Network
HCV Resource Network is a global network which promotes a practical, consistent approach to HCV methodology.

HFC
Hydrofluorocarbons – a greenhouse gas.

Human Rights Due Diligence
The process through which Mondi can identify, prevent, mitigate, and account for how we address our actual and potential adverse impacts on human rights, as an integral part of decision-making and risk management systems.

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.

Impact
The negative or positive effect of business activity on nature (e.g. on biodiversity, natural capital, etc.).

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.

ISO 14001
International standard created by the International Standards Organisation (ISO) for formal and certified environmental management systems.

ISO 45001
International standard created by the International Standards Organisation (ISO) for formal and certified occupational health and safety management.

IUFO
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.

JSE
Johannesburg Stock Exchange Limited.

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.

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.

Life cycle assessment (LCA)
A methodology for assessing environmental impacts associated with all the stages of the life cycle of a product, process, or service. Environmental impacts are considered from raw material extraction and processing (cradle), through the product’s manufacture, process waste disposal, logistic of raw materials and waste (gate). A cradle to grave LCA considers also the distribution of products, product use, and recycling/disposal. Mondi conducts LCAs in line with ISO 14040 and ISO 14044.

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 life-altering or fatal injury.

Hydrochlorofluorocarbons - a greenhouse gas.
Performance

constituents that cannot be removed by dry sorting, such as paper, which may include other suitable for recycling, consisting of paper in any shape or product paper recycling only. It is defined as natural fibre-based paper to highlight the intended use of this secondary raw material for Paper for recycling OHSAS 18001 layer in the stratosphere. Substances that contribute to the depletion of the natural ozone Ozone depleting substances (ODS) have management control are covered. which we hold a minimum 50% shareholding or over which we any key sub-contracted operations which are a core part of the day management control over GHG emission sources, including Mondi. We report emissions from operations where we have day-to contact with any raw material, intermediate product, waste product or finished product. Water used for cooling purposes. It does not come into direct contact with any raw material, intermediate product, waste product or finished product. 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. 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, which was replaced with ISO 45001 in 2018. 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. PEFCTM 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. PFC Perfluorinated compounds – a greenhouse gas. Plantation forest Planted forest that is intensively managed and meets all the following criteria at planting and stand maturity: one or two species, even age class, and regular spacing. Explanatory notes 1. Specifically includes: short rotation plantation for wood, fibre and energy. 2. Specifically excludes forest planted for protection or ecosystem restoration. 3. Specifically excludes: forest established through planting or seeding which at stand maturity resembles or will resemble naturally regenerating forest. Primary forest Naturally regenerated forest of native tree species, where there are no clearly visible indicators of human activities and the ecological processes are not significantly disturbed. Protected area A geographically defined area which is designated or regulated and has 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. Scope 1 emissions Total direct GHG emissions from sources owned or controlled by Mondi and its subsidiaries. This includes CO2e from fossil fuels and processes, company leased/owned vehicles, waste and wastewater treatment, make-up chemicals and other GHGs. Scope 2 emissions Total indirect GHG emissions from sources that are related to generation of purchased energy outside the company boundaries. Scope 3 emissions Total indirect 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), 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 loss of primary containment (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.
**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, dimethyl sulphide 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.

**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.

**Water catchment**
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**
A cellulosic element that is extracted from trees and used to make materials, including paper and packaging. It can be sourced in the 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.
Endnotes
Endnotes

7 Biodiversity and ecosystems  Pages 61-65
4 The total area of forest leases in Russia increased by 229,415 hectares in 2020 compared with 2019, due to additional forest leased areas granted by the State to support Mondi’s investment project, “Horizon”, to modernise and increase the Syktyvkar pulp and paper mill’s production capacity
7 Key information sources include: IBAT – Integrated Biodiversity Assessment Tool, World Database of Key Biodiversity Areas – managed by BirdLife international, BirdLife’s Data Zone, The IUCN Red List of Threatened Species, IPBES – Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services, data on land use and land cover, physical environmental information: topography, geology, soil types, rainfall and climate data, research on the applicable legislative framework at country level concerning biodiversity, ecosystems and their services, research on NGOs working on issues of biodiversity, conservation, climate change, research on conducted biodiversity and ecosystem conservation initiatives

8 Supplier conduct and responsible procurement  Pages 66-70
1 Direct suppliers that were active in 2020 with at least one purchase order, grouped into single entities
2 Key suppliers are categorised as high spend suppliers delivering their goods and services to more than one Mondi site, 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
4 Identified as being high-risk in one or more of the sustainability risk areas: labour rights, climate change, water and biodiversity

9 Relationships with communities  Pages 71-77
1 Located in Russia, South Africa, Poland, Czech Republic, Slovakia, Bulgaria, Turkey, Finland, Sweden and Austria
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 Based on the total of pre-gazette and gazetted land out of current owned land holdings
5 These are existing or long-standing initiatives. In those instances where an initiative was launched in 2020, it’s mentioned as such
6 http://www.mondizimele.co.za

10 Solutions that create value for our customers  Pages 78-83
1 76% of our product portfolio based on revenue is made up of products that are reusable, recyclable or compostable. This percentage includes mono-material plastics designed for recycling and all products consisting of at least 95% paper and therefore deemed widely recyclable. Additional Mondi products with lower fibre content may also be recyclable in certain systems, but have not been included
8 https://www.cepi.org/policy-area/sustainability-circularity/
9 WWF Environmental Paper Company Index, https://sppc.panda.org/results/mondi
10 Accreditation Austria ID 0404
11 The food hygiene standards that Mondi’s operations are certified against include: ISO 22000, EN 15593, BRC, HACCP and AIB

Governance & Stakeholder engagement
Sustainability governance  Pages 88-91
1 Employees in sales and marketing roles and those in positions that have, or may have, contact with competitors