



**Mondi's human trafficking
and modern slavery
statement**

2016

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This document is our 'human trafficking and modern slavery statement' for the 2016 financial year (1 January 2016 to 31 December 2016) required in accordance with the UK Modern Slavery Act 2015 (the "Act"). This statement outlines the steps we have taken during the financial year as well as measures that we plan to put in place in future to address potential risks of slavery, servitude, human trafficking and forced and compulsory labour within our operations and supply chain.

In preparing our statement, we have worked together with the various businesses and corporate functions within the Group, including, among others, Sustainable Development, the Company Secretariat, Human Resources, Procurement, Operations, Internal Audit, Group Finance and Group Communications as well as with external consultants.

This statement is made on behalf of those legal entities within the Mondi Group that had a turnover exceeding £36 million during 2016 and had directly or indirectly provided goods or services to the UK in 2016.

Business organisation and structure

Mondi is an international packaging and paper Group with revenues of €6.7 billion in 2016, employing around 25,000 people across around 100 operations in more than 30 countries. Our operations are mainly located in central Europe, Russia, North America and South Africa.

We are fully integrated across the packaging and paper value chain – from managing forests and producing pulp, paper and compound plastics, to developing effective and innovative industrial and consumer packaging solutions. The Group is structured around five business units – Packaging Paper, Fibre Packaging, Consumer Packaging, Uncoated Fine Paper and South Africa. With over 100 products customised into more than 100,000 solutions across a variety of industries such as agriculture; automotive; building and construction; chemicals and dangerous goods; food and beverages; graphic and photographic; home and personal care; medical and pharmaceutical; office and professional printing; packaging and paper converting; pet care; retail and e-commerce; and shipping and transport.

Our supply chain is complex and globalised, with the main procurement areas being wood and fibre; resins, films and other raw materials and services; and transport and logistics. Our wood is sourced in Europe, Russia, South Africa and the US mostly from local/regional suppliers or from our owned or leased forestry land in South Africa and Russia. Chemicals and polymers are mostly sourced through a number of larger companies as well as some local suppliers close to our operations, with the majority of suppliers based in Europe with subsidiaries in Asia, Middle East and the US.

More information can be found on pages 63-70 of our online [Sustainable development report 2016](#).

Our approach

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

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We acknowledge our role in proactively addressing human rights issues, including modern slavery and human trafficking, and that we need to continually improve our understanding of our supply chain. As we continue to utilise our existing systems and procedures to manage potential risks related to modern slavery and human trafficking in our operations and supply chain, we will improve the mapping of our supply chain (by identifying salient human rights risks including modern slavery and human trafficking that could potentially be linked to our

supply chain practices, using credible global frameworks such as the UN Guiding Principles on Business and Human Rights as well as databases such as the Global Slavery Index), strengthen our risk assessment mechanisms (see details in the section ‘Our supply chain’) and introduce new measures where necessary (see details throughout the statement on future measures).

Policies and governance

Our Boards and committees provide the leadership necessary to implement the principles of good corporate governance across the Group so that all our decisions and actions are based on integrity, responsibility, accountability, fairness and transparency. The Boards approve our approach and review performance. This includes our approach and performance with regard to addressing risks related to modern slavery and human trafficking. While the Boards have ultimate accountability with respect to sustainability issues including human rights, modern slavery and human trafficking, the business units establish appropriate responsibilities and procedures at local level. This is done together with relevant central procurement teams where appropriate.

Our Labour and Human Rights Policy and Supply Chain and Responsible Procurement Policy support our approach to addressing modern slavery and human trafficking risks.

Our Sustainable Development Policies and processes help embed our commitment to human rights. These policies apply to all our owned and managed operations. Our Labour and Human Rights Policy and Supply Chain and Responsible Procurement Policy support our approach to addressing modern slavery and human trafficking risks.

In 2016 we updated our policies to include a much stronger focus on human rights in general, in both our own operations and our supply chain, in order to streamline our approach to addressing human rights and modern slavery risks. This update was done in accordance with internationally declared human rights and standards, including the UN Sustainable Development Goals, the ten principles of the United Nations Global Compact, the International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

The latest policy update in January 2017 further integrated elements that can strengthen our response to potential modern slavery and human trafficking issues. The Boards review the Group's policies on an annual basis. Our annual updates look to address any changes in the sustainability landscape, regulatory requirements and stakeholder expectations.

Our policies state that we will:

- Undertake human rights assessments, drawing on existing best guidance, to identify those areas of our business where there may be higher risk of human rights abuse, including modern slavery, forced labour and human trafficking;
- Avoid causing or contributing to modern slavery and other adverse human rights impacts through our own activities, and address such impacts – if they do occur – in a timely and appropriate manner;
- Seek to prevent or mitigate adverse human rights impacts that are directly related to our operations, products or through our business relationships; and
- If we identify that we have caused or contributed to adverse human rights impacts, provide for or cooperate in their remediation through legitimate processes.

More information can be found on pages 22-24 of the Sustainability governance section of our online [Sustainable development report 2016](#) and our updated SD policies are available on our Mondy group [website](#).

Grievance mechanisms

We have existing internal processes and tools to facilitate the reporting, investigation and resolving of grievances. All our operations make formal grievance mechanisms available to the public. These include local hotlines and [Speakout](#), the Group's confidential reporting and whistleblowing hotline, which is operated by an independent third party. It provides a simple, accessible and confidential channel through which employees and other stakeholders, including our contractors and suppliers, can raise concerns. These grievance mechanisms support us in identifying and reporting potential human rights, modern slavery and human trafficking risks and concerns.

The Boards' audit committee oversees the adequacy of the Speakout procedures, while internal audit is responsible for the day-to-day monitoring of the Speakout process. This enables management to be appropriately informed about reported issues and that risks are adequately managed.

Our own operations

Our overall approach to managing labour and human rights issues in the workplace and our existing policies (specifically the Safety and Occupational Health and Labour and Human Rights Policies) support us in mitigating and combating potential modern slavery and human trafficking risks and concerns.

Mondi does not tolerate inhumane treatment of employees or any form of forced labour, slavery, human trafficking, physical punishment or other abuse We comply with applicable national laws and industry standards on working hours and we promote a culture that fosters workplace flexibility and work/life balance. Mondri does not tolerate inhumane treatment of employees or any form of forced labour, slavery, human trafficking, physical punishment or other abuse. Responsibility for implementing these principles lies with local line management. More information can be found on pages 26-31 of our online [Sustainable development report 2016](#).

The safety and health of our employees and contractors is of paramount importance, which is why our goals are zero harm to employees and contractors and providing a safe and healthy workplace. We work very closely with our contractors on health and safety and other matters to manage our risks. We also include safety and health assessments in our supply audits and central Supplier Relationship Management (SRM) system. More information can be found on pages 32-36 of our online [Sustainable development report 2016](#).

Our supply chain

Our supply chain is complex and globalised. In managing our supply chain, we focus on three main procurement areas: wood and fibre; resins, films and other raw materials and services; and transport and logistics. Our wood is sourced in Europe, Russia, South Africa and the US mostly from local/regional suppliers or from our owned or leased forestry land in South Africa and Russia. Chemicals and polymers are mostly sourced through a number of larger companies as well as some local suppliers close to our operations, with the majority of suppliers based in Europe with subsidiaries in Asia, Middle East and the US.

Our Code of Conduct for Suppliers sets out minimum standards and expectations for environmental, social and ethical performance for all our suppliers, including modern slavery and human trafficking aspects. Our Code of Conduct for Suppliers sets out minimum standards and expectations for environmental, social and ethical performance for all our suppliers, including modern slavery and human trafficking aspects. We are currently developing an updated and extended Code of Conduct for Suppliers and will review how we can best use this Code of Conduct to help manage our relationships with suppliers.

Fibre

Fibre is one of our primary raw materials, and its procurement is governed by our Supply Chain and Responsible Procurement Policy, which uses forest certification to demonstrate sourcing from legal, ethical and responsible sources. Our long-term aim is to work with certification systems and stakeholders to enable certification to more directly address any potential risks related to modern slavery and human trafficking.

In the countries we consider high-risk (high-risk countries are identified using various filters, including: Global Forest Registry, Corruption Perception Index, and other relevant indices where considered necessary, as part of the Mondi due diligence system), we look to source wood from FSC® certified forests. We will look to strengthen human rights criteria (including modern slavery and human trafficking) where there are gaps in our fibre due diligence and audit protocols for our wood suppliers.

Other raw materials and services

Other raw materials in our production processes include polymers and resins, aluminium and other metals. Starch, fillers and other auxiliary chemicals are used mainly as additives in the papermaking process or as coating, and in other input materials for creating high performance, speciality packaging products. While we currently conduct audits of our suppliers, we will look to update our audit protocol and scope to strengthen the risk assessment, identification, reporting and addressing of potential modern slavery and human trafficking risks.

We are currently implementing and rolling out a central Supplier Relationship Management (SRM) system, which will assess our suppliers of resins, films and other raw materials and services, for potential modern slavery and human trafficking issues among other aspects.

Transport of our products and raw materials is a key procurement focus area, and the sustainability performance of our transport companies and suppliers will also be monitored in SRM, including potential modern slavery and human trafficking issues.

Other spend categories include energy, technical and production equipment, inks, dyes, adhesives, packaging material, fleece, silicone and contracted services including cleaning, catering and consulting.

A risk-based approach: risk assessment and due diligence

We emphasise and prioritise areas of highest risk to business and to people, therefore appropriate risk assessment is central to our supply chain management.

Principal risks

Our risk and internal control management framework is designed to address the significant strategic, financial, operational and compliance-related risks that could undermine our ability to achieve our business objectives in the future. The Boards are responsible for the effectiveness of the Group's risk management activities and internal control processes. They have put procedures in place for identifying, evaluating, and managing the significant risks that the Group faces.

We incorporate potential human rights issues into 'country risk', one of the Group's 14 principal risks monitored by the Boards. The introduction of the Act has further highlighted the need to identify and address potential risks of child labour, forced or bonded labour, modern slavery and human trafficking in our supply chain.

Read more about our principal risks on pages 32-39 of our [Integrated report and financial statements 2016](#).

Embedding the UN Guiding Principles

While the UN Guiding Principles on Business and Human Rights (UNGP) informs our governance structure including our Labour and Human Rights Policy and Supply Chain and Responsible Procurement Policy, we recognise that the UNGP will need to be better integrated into our current procedures for managing risks and mapping our supply chain. We will use the UNGP as a framework to identify the Group's most salient human rights issues in our operations and supply chain, including potential risks of modern slavery and human trafficking.

Risk assessments

On a business and local level, we conduct risk assessments for various procurement areas. Our risk-based due diligence system for fibre covers the wood-based products that we source. It provides a framework for gathering and recording information, conducting risk assessments and mitigating risk where appropriate.

We are looking to incorporate further databases/tools into our processes that are more likely to identify and flag specific risks related to modern slavery and human trafficking, and with higher accuracy where we consider this appropriate. These include, but are not limited to, the [Global Slavery Index](#), the World Bank's [Worldwide Governance Indicators](#), and the [Corruption Perception Index](#).

We will look to develop high level risk-rating and risk assessment procedures through our SRM system for our other raw material and service suppliers based on the nature of their industry/products, location of operations, and other criteria inherent to their business utilising the same credible indices and databases mentioned above for fibre.

We will assess our suppliers' performance – covering, among other criteria, human rights aspects, including modern slavery and human trafficking.

Audits and evaluation

In addition to formal and informal meetings and day-to-day interactions with our suppliers, in order to strengthen our understanding and assessment of our suppliers, we will incorporate more specific criteria related to human rights (including modern slavery and human trafficking) into our audit protocols.

Evaluation and compliance

Our current reporting mechanisms (such as our whistleblowing system, Speakout, as well as other incident monitoring and reporting channels across the Group) form part of Mondy's key performance indicators to monitor and measure the performance of human rights and anti-slavery actions undertaken by the business. We will review and evaluate the scope and effectiveness of the current mechanisms to improve risk assessment, identification and reporting of human trafficking and modern slavery risks in order to strengthen our approach going forward. We will also look to introduce further indicators specific to modern slavery and human trafficking aspects in future, such as training, audits and risk assessments and actions identified and undertaken to address potential findings.

Training

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

In 2016 we provided external third party training to all relevant senior managers with responsibility for supply chain-related areas within the Group, and all central functions (including, among others, Sustainable Development, the Company Secretariat, Human Resources, Procurement, Operations, Internal Audit, Group Finance and Group Communications) on the implications of the Act and agreed how to address these going forward.

Furthermore, the Group SD team briefed the procurement teams and other teams involved in supply chain practices on the Act and more generally in further incorporating human rights aspects into our management processes.

During the year, our Europe and International wood and pulp procurement teams and converting procurement teams participated in update training provided by an external consultant, during which we also discussed the implications of incorporating human rights elements in general, and our response to the Act in particular. We have now extended this training to our converting operations and plan to provide further training for our US teams.

Going forward, we will also provide specific training on human rights including modern slavery and human trafficking for those people working with suppliers.

Going forward, we will also provide specific training on human rights including modern slavery and human trafficking for those people working with suppliers, and general training related to our updated Labour and Human Rights Policy to everyone across the group.

This statement is made in accordance with Section 54 of the UK Modern Slavery Act 2015 and constitutes Mondi's statement for the financial year commencing 1 January 2016 and ending 31 December 2016. The Boards of Mondi Limited and Mondi plc have reviewed and approved the statement and it has been signed on their behalf. The statement has also been confirmed by all other obligated legal entities within the Mondi Group. A list of those legal entities has been attached.

A handwritten signature in black ink, appearing to read "Peter J Oswald".

Peter J Oswald
Chief Executive Officer
May 2017

Mondi plc and Mondi Ltd human trafficking and modern slavery statement 2016

Obligated companies:

Mondi AG
Mondi Ascania GmbH
Mondi Békéscsaba Kft.
Mondi Coating Štětí a.s.
Mondi Coating Zeltweg GmbH
Mondi Consumer Goods Packaging UK Ltd
Mondi Dynäs AB
Mondi Frantschach GmbH
Mondi Gronau GmbH
Mondi Halle GmbH
Mondi Heerlen B.V.
Mondi Inncoat GmbH
Mondi Jülich GmbH
Mondi Kale Nobel Ambalaj Sanayi ve Ticaret A.Ş.
Mondi Korneuburg GmbH
Mondi Neusiedler GmbH
Mondi Örebro AB
Mondi Paper Sales GmbH
Mondi Poznań Sp. z o.o.
Mondi Release Liner Austria GmbH
Mondi SCP a.s.
Mondi Solec Sp. z o.o.
Mondi Štětí a.s.
Mondi Štětí White Paper s.r.o.
Mondi Styria GmbH
Mondi Świecie S.A.
OJSC Mondi Syktyvkar
Mondi Szada Kft.
Mondi Tire Kutsan Kağıt Ve Ambalaj Sanayi A.Ş.
Mondi Wellpappe Ansbach GmbH