



# MONDI SCP (RUŽOMBEROK)

## STAKEHOLDER ENGAGEMENT CONVERSATIONS, 2023 EXECUTIVE SUMMARY

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## 1. INTRODUCTION

Mondi SCP located in Ružomberok, Slovakia, is part of the Mondi Group, a leading global packaging and paper producer. The mill is the largest integrated paper and pulp mill in the Slovak Republic and is also one of the largest employers in the region. Being part of and contributing to a thriving local economy is important to Mondi, and we remain committed to reducing our environmental footprint through sound production and environmental management practices.

We also work hard to understand key stakeholder perceptions and the impact (both positive and negative) our operations have on them. In October 2023, as part of this ongoing stakeholder engagement journey, the mill invited a cross-section of key stakeholders to participate in its Stakeholder Engagement Conversations. This process, previously referred to as "SEAT" (Socio-Economic Assessment Toolbox), is a series of face-to-face, open dialogues with stakeholders, and aims to better understand their relationship with Mondi and the mill's impact on them - within the business, in the town and in the region.

**Stakeholder Engagement Conversations form part of Mondi's stakeholder engagement and impact assessment methodology, and provide a strong foundation for continued and positive engagement and relations with its stakeholders.**

In Ružomberok, these meetings consisted of 29 dedicated conversations with 94 stakeholders, including employees, contractors, customers, suppliers, educational institutions, regionally elected officials, public authorities, local media, and representatives from trade unions, NGOs and external auditors. All conversations were facilitated by an independent specialist, encouraging freedom of expression, transparency and objectivity.

After concluding these sessions, all input was evaluated by the independent specialist and Mondi representatives, and the findings presented to the mill's management. The insights gained support Mondi's ongoing commitment to enhancing its positive socio-economic impact.

This document offers a summary of the findings and management's response thereto, as well as a brief reflection of the mill's local operating context.

The document is available at [www.mondigroup.com](http://www.mondigroup.com) (in both English and Slovak), with more information about Mondi SCP and its operating context available at [www.mondislovensko.sk](http://www.mondislovensko.sk) (in Slovak).



# 2. Findings and management's RESPONSE



## THANK YOU

for your active participation in our Mondi SCP Stakeholder Engagement Conversations. Your support is appreciated and your contribution to ongoing improvement invaluable!



The following summary reflects key findings from Mondi SCP's Stakeholder Engagement Conversations as well as management's response thereto. The findings have been evaluated in terms of frequency of the issues raised and severity of those issues, and include both the positive sentiments as well as the concerns raised by stakeholders.

Anonymity was prioritised, and conversations were transparent and positively received.

While the below presents only a summary of the topics discussed, a more detailed account is shared with respective stakeholders.

## Overall positive feedback

Extensive positive sentiment emerged during the engagements, including:

- **Employees are professional and qualified** – this sentiment was shared by external, long-standing partners as well as employees
- **High standards of health and safety** – Mondi's strong culture of 'safety first' (applicable to employees, contractors and visitors alike) was appreciated by all
- **Investment in new technologies and significant environmental advancements** – Mondi's ongoing investment in mill technologies and, in particular, the resulting improvements in air quality and emissions were noted, with appreciation

- **A stable and reliable partner** – stakeholders reflected on Mondi's long-term cooperation, timely payments and, in particular, its firm adherence to contractual agreements
- **Support for communities** – stakeholders extended thanks to Mondi for its ongoing community investment and support in the region





## Challenges and concerns

The following concerns were raised:

- **Effective external and internal communication** – concern was raised at the limited proactive communication shared by the mill (both internally and externally), especially regarding ‘good news’ activities and impacts. Some stakeholders also felt that information regarding environmental topics was not easily accessible or effectively communicated

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- **Responding to industry and job market developments** – stakeholders shared a concern regarding the unwillingness of the younger generations to partake in manual labour and/or shift work. Some business partners also expressed concern regarding the impact of the current business context on long-term planning efforts

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- **Optimisation project** – at the time of the Stakeholder Engagement Conversations, the mill was running a cost-optimisation project which employees raised as an area of concern



## Management's response

Mondi SCP's management notes, with thanks, the sentiment shared by all participants, and confirms its ongoing investment in health and safety, production improvements, environmental advancements, and strengthening its role as a valued member of the community. To remain an attractive employer for the younger generation, we will continue to engage and collaborate with educational institutions, as well as strengthen Mondi's corporate brand.

Similarly, the mill's management takes heed of the concerns raised and is committed to generating an action plan and roadmap to address the feedback.

At the heart of these concerns was a call for improved communication (both internal and external). Mondi prides itself on adopting a transparent business approach and agrees with stakeholder sentiment that proactive communication helps to better inform stakeholders, reduces the risk of misinformation being shared, and consequently, helps to strengthen Mondi's support base. Appreciating that information shared is not always perceived to be sufficient, the mill undertakes to focus on stakeholder communication and embrace a proactive approach to sharing regular and relevant information timeously and with the right target audiences. We acknowledge that this is especially important when addressing employee-related issues and environmental concerns (and the associated trust earned).

# 3. Local CONTEXT

Ružomberok is located in Slovakia's Žilina Region, in the district of Ružomberok, approximately 190kms from Kosice in the east and 260kms northeast of Bratislava.

Ružomberok serves as a gateway to the Liptov Region, known for its exquisite landscapes and mountain ranges.



2022	Size (km <sup>2</sup> )	Inhabitants	% women	Unemployment rate (%)
Ružomberok Town	126.80	27,043	52.2	3.64
Ružomberok District	645.80	57,036	51.3	4.61
Žilina Region	6,807.20	689,525	50.8	4.75
Slovakia	49,026.70	5,434,712	51.1	6.1

Source: <https://datacube.statistics.sk/>

Slovakia's rail network runs from Bratislava to Košice, via Žilina and Poprad. The D1 highway, traversing the country (linking East and West), is currently under construction and will bypass Ružomberok, helping to further alleviate traffic congestion.

Automotive and machinery exports are Slovakia's largest industries, while for the Ružomberok district, paper and pulp production remains the dominant sector, with Mondi SCP the largest private employer.

Ružomberok is also considered a tourism hub with the attraction of beautiful landscapes, a host of sporting and outdoor activities (including hiking and skiing), and an abundance of rich cultural and historical landmarks.

The town is home to the specialist military hospital, numerous schools, as well as the Catholic University of Ružomberok.

# 4. About MONDI SCP

Mondi SCP (Ružomberok) is a fully integrated paper and pulp mill, producing uncoated fine paper, kraft paper (packaging grades), containerboard and market pulp.

The company is proud of the town's strong history of paper production, with Ružomberok having celebrated 143 years of local paper making tradition in 2023. Since 2000, Mondi SCP has operated as a joint venture between Mondi Group (with 51% ownership) and Eco-Investment (49% ownership)<sup>1</sup>.

Being the largest paper and pulp producer in Slovakia, Mondi SCP is committed to reducing its environmental footprint while at the same time optimising production. Mondi has invested more than €730 million in environmental improvements and green energy projects over the past 20 years. Mondi SCP remains committed to responsible forest management and sustainable sourcing of raw materials, with all its wood coming from controlled sources and 80% of it being FSC™ or PEFC™ certified.

One of the mill's most significant contributions to the Liptov region is as the largest private employer, with Mondi SCP having employed more than 1,400 people in 2022. Beyond this direct contribution to the livelihoods of its inhabitants, the magnitude of Mondi's Ružomberok operation also facilitates economic growth and prosperity for a number of ancillary businesses within Mondi's value chain (e.g. transport, logistics, maintenance, consumables, etc.). This again contributes directly to the district's socio-economic stability.

Mondi SCP supports various community-based initiatives, including investments in:



**Education** – Dual-education cooperation with the Polytechnical Secondary School; and Project Ruženka (promoting environmental education, in partnership with primary schools).



**Environment** – Hosting environmental and ecological days with various local stakeholders (contributing to the sustainability of the region).



**Infrastructure and community development** – Providing essential services (e.g. heat and waste water treatment) to the residents of Ružomberok.



**Health and wellbeing** – Financial support to the local military hospital, blood donations, and the Guardian Angel project.

<sup>1</sup> Eco-Investment is a Czech-based asset investment and holding company

For more information about Mondi SCP and its operating context, see <https://www.mondigroup.com/locations/slovakia/mondi-scp/>



Mondi SCP a.s  
Tatranská cesta 3  
03417, Ružomberok, Slovakia



+421 44 436 2222

[www.mondigroup.com](http://www.mondigroup.com) [www.mondislovensko.sk](http://www.mondislovensko.sk)