



Mondi's human trafficking and modern slavery statement 2020

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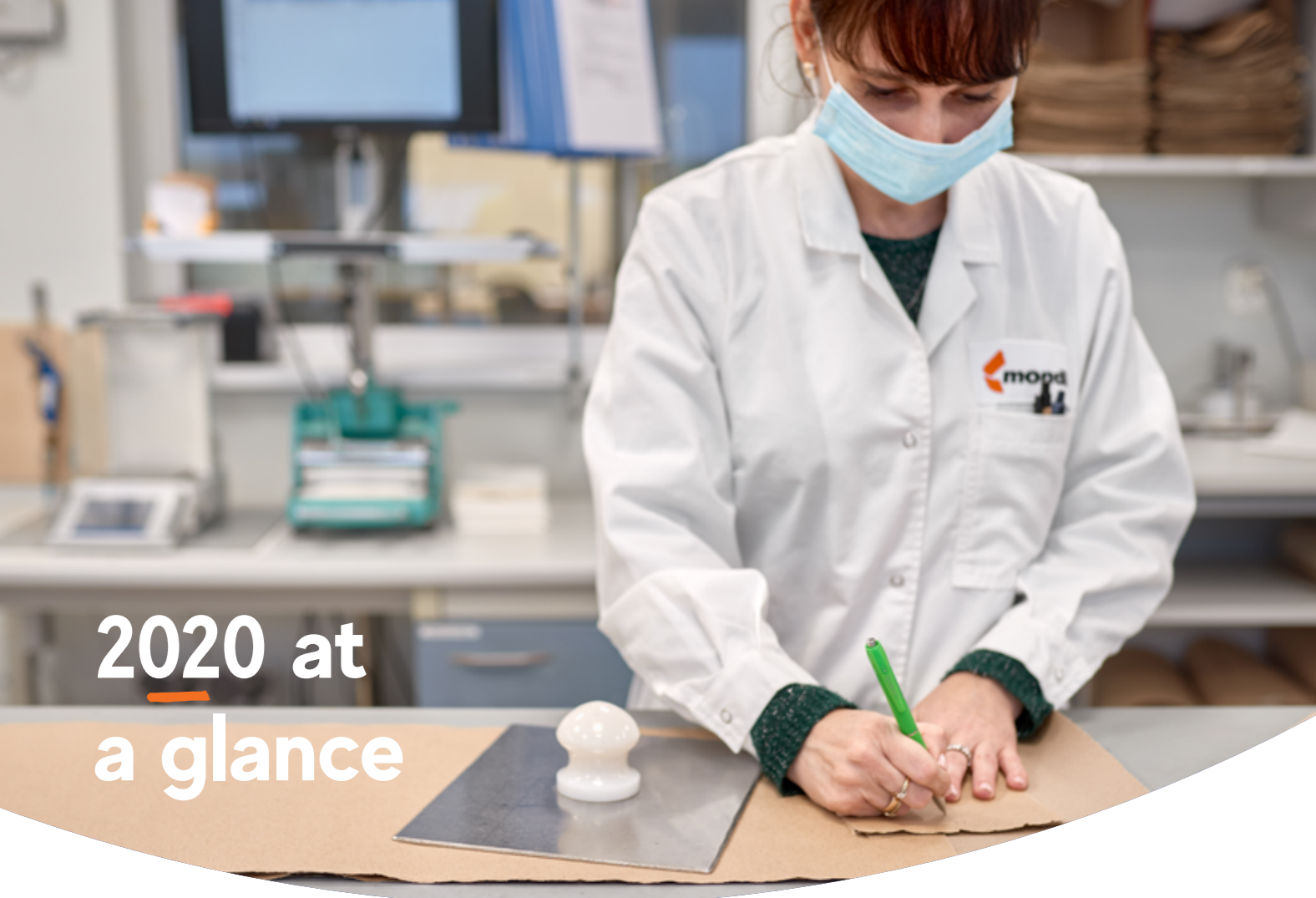
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Mondi's human trafficking and modern slavery statement 2020

This document is our 'human trafficking and modern slavery statement' for the 2020 financial year (1 January 2020 to 31 December 2020) required in accordance with Section 54 of the UK Modern Slavery Act 2015 (the 'Act'). This statement outlines the steps we have taken during the financial year as well as measures that we plan to put in place in the future to address potential risks of slavery, servitude, human trafficking and forced and compulsory labour within our operations and supply chain.

This statement is made on behalf of those legal entities within the Mondi Group that had a turnover exceeding £36 million during 2020 and had directly or indirectly provided goods or services to the UK in 2020. These legal entities are included in the Appendix to this statement on **page 25**.



2020 at a glance

In 2020, we continued to work, across our operations and supply chain to improve our response to the UK Modern Slavery Act. This response forms a part of our broader ambition to gain better visibility of our salient human rights issues, impacts and risks, and to identify ways to mitigate and remediate adverse human rights impacts.

Key developments during 2020 included:

1. Our response to the COVID-19 pandemic
2. Launch of our Mondri Action Plan (MAP) 2030
3. Concluded the second phase of our collaboration with the Danish Institute for Human Rights
4. Continued progress on our Responsible Procurement process

The COVID-19 pandemic had material impacts on our business, people and supply chains. Our priority was the health and safety of our employees and their families, and that jobs and livelihoods were secured. We took measures to safeguard the continuity of our operations and to meet the needs of our customers, to support local governments and clinics, to contribute to community relief and resilience, and to engage with and support our suppliers. Read more on page 10.

MAP2030, our sustainability framework to 2030, was launched in 2020, focusing our action on products, people and climate. As part of our Responsible Business Practices, we further formalised our commitment to responsible procurement, and introduced a number of human rights related targets to catalyse action across our operations and supply chain. Read more on [page 22](#).

We concluded the second phase of our collaboration with the Danish Institute for Human Rights (DIHR), which enabled us to take steps in preparation for an updated human rights due diligence process. The process was informed by a detailed human rights risk and gap analysis, to understand opportunities for improvement in our practices and management systems, and an assessment of countries where we may face risk due to divergence between international human rights and labour standards and national law. Read more about this collaboration on pages [13-15](#), [20-21](#) and [23](#).

Through Responsible Procurement, our supply chain sustainability programme, we screened and assessed the remaining 50% of our 2,000 key global suppliers against social and environmental risk, including modern slavery risk. This screening identified 1.3% of these suppliers as high risk (in at least one risk category – but none linked to modern slavery and human trafficking) and we undertook further assessments to understand the risks they posed to our business and to mitigate these risks by engaging with these suppliers directly. Read more about our approach on [page 21](#).

Our organisational structure, businesses and supply chain

Mondri is a global leader in packaging and paper, with revenues of €6.66 billion in 2020, employing around 26,000 people across 100 production sites in more than 30 countries. Our key operations are located in Europe, North America and Africa.

We manage 2.3 million hectares of forestry land in Russia and South Africa, where we source some of our wood requirements. We have group offices in London and Vienna.

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

- Corrugated Packaging producing Containerboard and Corrugated Solutions
- Flexible Packaging producing Kraft Paper, Paper Bags and Consumer Flexibles
- Engineered Materials producing Personal Care Components, Extrusion Solutions and Release Liner
- Uncoated Fine Paper producing office paper and professional printing paper

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

Our products serve a variety of industries, such as:

- Consumer and retail (around 50% of Group revenue),
- Building and construction (around 15% of Group revenue),
- Chemicals, industrial, agriculture and other (around 15% of Group revenue), and
- Paper for home, office and professional printing (around 15% of Group revenue).

The remaining portion of Group revenue is derived from market pulp, wood, newsprint and energy sales.

Structure and composition of the Group

The subsidiaries of the Group as at 31 December 2020, including their registered office, principal activities and percentage of shares held by the Group, are set out in note 11 of the Mondri plc parent company financial statements (page 221-225 of the [Integrated report and financial statements 2020](#)). The Group has no material joint ventures or associates.

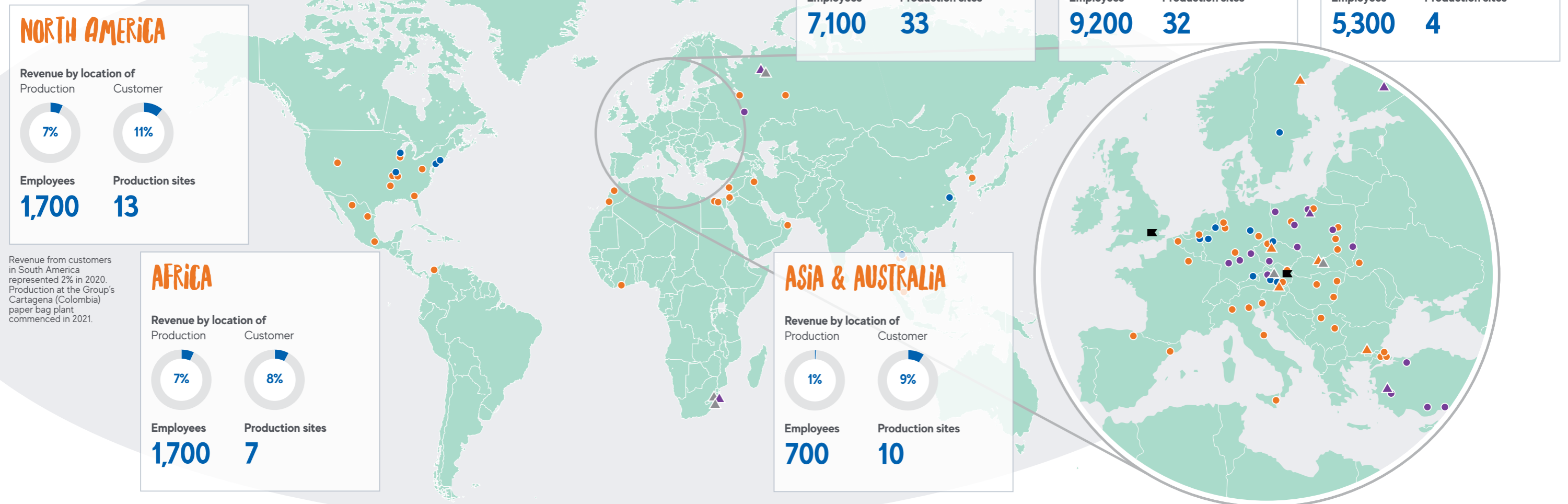


Mondri is a global leader in packaging and paper, employing around 26,000 people across 100 production sites in more than 30 countries.

Figure 1: 'Our global presence'

Our operations

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



Revenue from customers in South America represented 2% in 2020. Production at the Group's Cartagena (Colombia) paper bag plant commenced in 2021.

Production sites per business unit

Corrugated Packaging	▲ Mill (5)
	● Converting plant (16)
Flexible Packaging	▲ Mill (5)
	● Converting plant (57)
Engineered Materials	● Converting plant (15)
Uncoated Fine Paper	▲ Mill (6)

Group offices

London	■
Vienna	■

Production sites

Austria	● ▲ ● ● ▲
Belgium	●
Bulgaria	▲
China	●

Colombia	●
Côte d'Ivoire	●
Czech Republic	● ▲ ● ●
Egypt	●
Finland	▲
France	●
Germany	● ● ●
Hungary	●

Iraq	●
Italy	●
Jordan	●
Lebanon	●
Malaysia	▲
Mexico	●
Morocco	● ● ●
Netherlands	● ●

Oman	●
Poland	▲ ● ●
Russia	▲ ● ● ▲
Serbia	●
Slovakia	▲ ▲
South Africa	▲ ▲
South Korea	●
Spain	● ●

Sweden	▲ ●
Thailand	● ●
Turkey	▲ ● ●
Ukraine	●
USA	● ●

Employees

We had approximately 26,000 employees during 2020. In our significant locations of operation¹ we had:

- 16,142 permanent employees (21% female); in Europe (9,213), Russia (4,726), South Africa (1,384) and North America (819);
- 998 temporary² employees (24% female); in Europe (572), Russia (348), South Africa (4) and North America (74);
- 16,869 full-time employees (20% female) and 387 part-time employees (62% female); and
- 1,918 new employee hires during the year (21% female); in Europe (949), Russia (555), South Africa (150) and North America (264).
- An employee turnover of 1,149 (25% female); in Europe (699), Russia (285), South Africa (66) and North America (99).



Compliance with the law, respecting human rights beyond compliance, and being a fair employer are foundations of our employment practices. Internationally recognised standards, partnerships and control mechanisms support our approach, as reflected in our Labour and Human Rights Policy (see 'Policies and governance' below). More information can be found on pages 24-39 of our [Sustainable Development Report 2020](#).

Contractors

In addition to our 26,000 employees, we had an average of 14,539 contractors working for Mondi across our operations in 2020. While there are no significant variations in the numbers reported above for our employees during the year, the harvesting activities at our forestry operations and maintenance shutdowns at our pulp and paper mills involved considerable variations to our contractor numbers during the year. Other than in our forestry operations and during maintenance shutdowns, most activities at Mondi are performed by our own employees.

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

In terms of how our operations impact our contractors, our socio-economic assessment toolbox (SEAT) process for our pulp and paper mills and forestry operations (if and when a SEAT is conducted) provides insights. Facilitated by an independent third party, SEAT assessments comprise a series of focus group meetings and an opportunity for stakeholders, including employees, suppliers, contractors and their employees, to speak openly to a panel of Group and local management, and to the third-party facilitator. Third-party involvement, including during the reporting phase, brings neutrality, expertise, transparency



and credibility to the process. Since 2005, we have not had any findings pointing to modern slavery or human trafficking, or violation of labour and employment laws (see page 73 of our [Sustainable Development Report 2020](#) for more details on SEAT, and access all past SEAT reports on [our website](#)).

As with some of our own employees, our contractors are exposed to safety risks at work, due to the potentially hazardous nature of our business (involving working at heights, moving and rotating machinery, workplace transport, manual materials handling, working in confined spaces, exposure to chemicals and electricity, etc.). Regrettably, we had two fatalities in 2020 and these were employees of contractor companies. We continue to deepen our engagement with contract companies – especially during large projects and the annual shutdowns to eliminate fatalities and serious injuries from our business.

We have embedded clearly defined methodologies, procedures and robust controls to ensure everyone who has reason to be on Mondi sites, stays safe. We include contractors in our safety trainings and risk management practices, and include contractor safety statistics in our performance.

Together with contractor companies, we carry out robust investigations to understand the adverse health and safety events and to identify ways to prevent future occurrences of such incidents, and communicate the findings. More information can be found on pages 24-29 of our [Sustainable Development Report 2020](#).



In addition to our 26,000 employees, we had an average of 14,539 contractors working for Mondi across our operations in 2020

¹ Our Group offices in London (UK) and Vienna (Austria) and plants/mills with more than €70 million annual sales turnover located in Austria, Bulgaria, Czech Republic, Finland, Germany, Hungary, Mexico, Poland, Russia, Slovakia, South Africa, Sweden, Turkey and the US

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

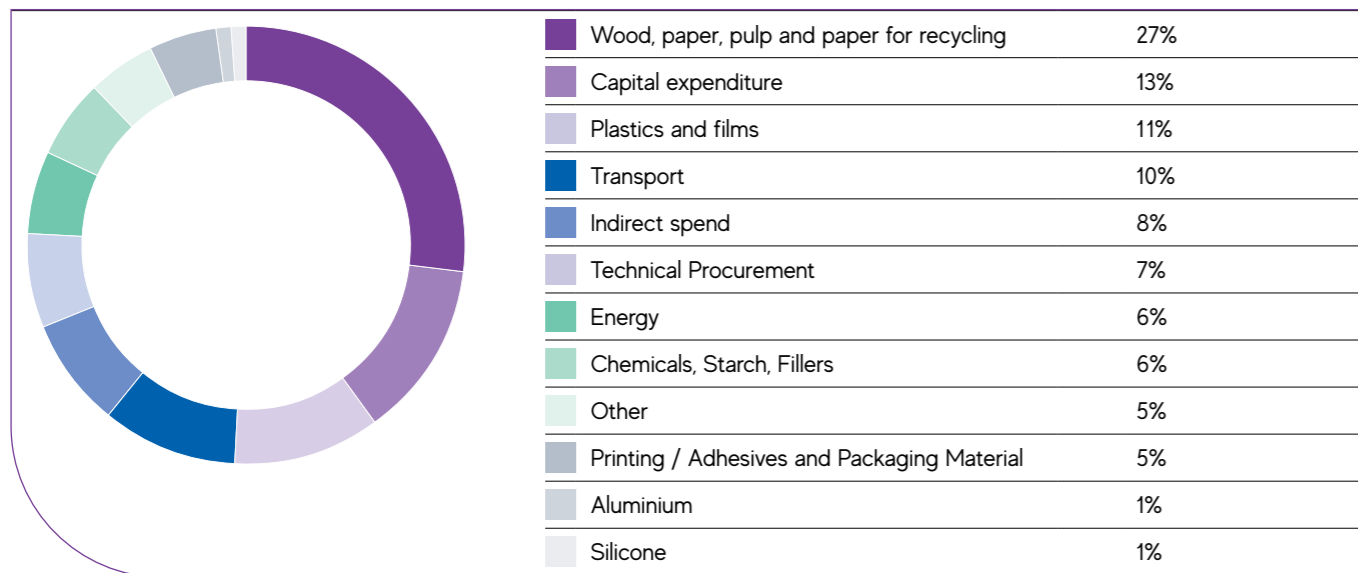


Our supply chain

Our global supply chain spans more than 13,000 tier one suppliers in 67 countries around the world. At Mondi, suppliers are defined as companies or persons manufacturing goods, trading with goods or rendering services, this includes suppliers of all materials and services, contractors, consultants, outsourcing services, distributors and business partners. In 2020, we procured €5.1 billion worth of goods and services from our suppliers. We follow a practical, risk-based approach when engaging with our 2,000 key suppliers¹ and smaller, regional suppliers. We operate a central procurement function in a number of key spend categories and manage the remainder regionally or locally. Products and services purchased locally² represented 58% of our overall spend in 2020. The breakdown of supply spend is in Figure 2 below.

Our key inputs (energy and material procured from tier 1 suppliers) and outputs (products and energy produced for sale to our customers; and waste, energy, water- and air emissions generated) are detailed in Figure 3.

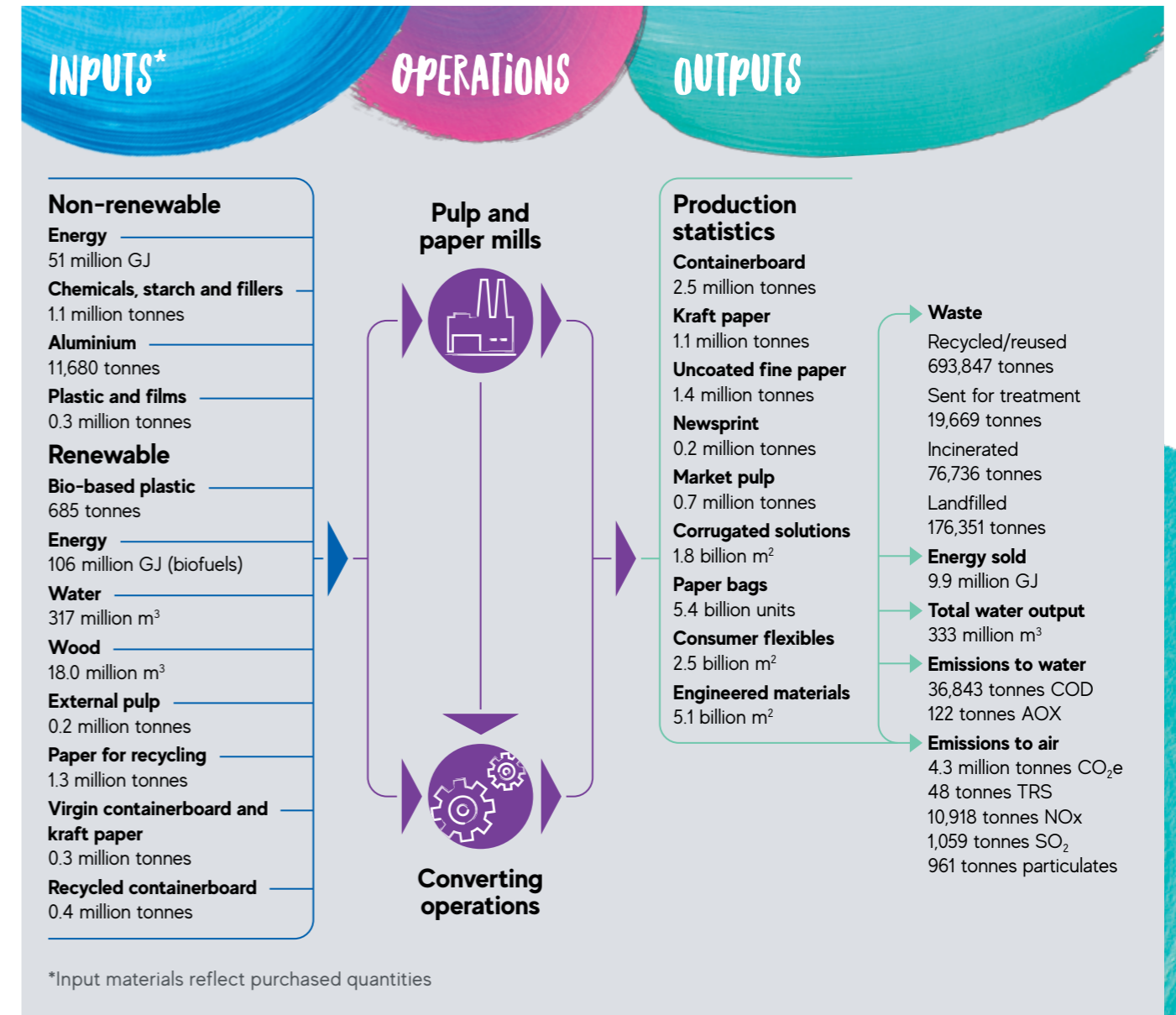
Figure 2: 'Breakdown of supply spend, 2020'



¹ 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.

² We defined 'local suppliers' of products and services as suppliers that are located close to our significant operations (all Mondi production sites such as mills and converting plants) within the same country.

Figure 3: 'Key inputs and outputs, 2020'



Responding to the COVID-19 pandemic

The rapid spread of COVID-19 has resulted in unprecedented health, social and economic measures being implemented by authorities around the world, all of which have materially impacted the Group's business.



These were the key components of our response:

- A multi-function response team closely monitored the latest developments, assessing risks, providing guidance, and implementing preventative policies in line with individual government regulations and recommendations in the countries in which we operate.
- We took action to safeguard employee, contractor and community health, secure jobs directly and indirectly, support and fund local clinics and hospitals, and to produce goods and services necessary in addressing the pandemic.
- We continuously monitored the impact of the pandemic on business operations, such as the Group's supply chain and business interruptions and implemented prompt interventions when necessary.
- We managed supply risk by providing 3-months rolling forecasts to key suppliers in order to secure our supply chain.

The Executive Committee of the Board met weekly to monitor the developments of the pandemic and oversee our response. We were kept informed of the labour risks and developments in our sector and beyond through the 'International Labour Organization (ILO) Monitor: COVID-19 and the world of work' series (published regularly during 2020 and into 2021) and similar sources, to make sure our response was effective and inclusive.

We secured jobs and livelihoods for our employees across Mondi. We had no permanent closures at any of our operations as a result of the pandemic, only temporary shutdowns at a few operations. We made limited use of short-time¹ work schemes in Austria and Germany, with between 2% and 6% short-time workdays in relation to regular workdays in the affected operations. We 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.

Many of our operations provided funds and in-kind donations to help tackle the local response with thousands of masks, personal protective equipment (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 continued our support of local health infrastructure, such as our mobile clinics in South Africa and Mondi Syktyvkar's healthcare centre. We 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.

Specifically in relation to modern slavery risk in the face of the COVID-pandemic, we have kept up-to-date with the UK government's guidance, which encouraged companies to be diligent in mitigating potentially heightened modern slavery risk as a result of the pandemic, and to report on their measures. The guidance highlighted the health and safety of workers, supporting suppliers, grievance procedures, recruitment, and emerging risks as key issues to look out for.

¹ Short-time work (STW) schemes are defined in a 2020 European Commission regulation proposal as 'public programmes that allow firms experiencing economic difficulties to temporarily reduce the hours worked while providing their employees with income support from the State for the hours not worked'

Health and safety of workers

We minimised the number of contractors and other non-operating people on our sites and adapted to local restrictions. **We adapted team rotation and shift models, introducing flexible shift times, providing nutritious meals and ensuring access to testing. We implemented personal protection measures at all of our sites with intensified hygiene and social distancing protocols that meet or exceed local and international guidelines, and, wherever possible, the option of remote working for employees.**

We applied all our safety and health measures, as well as the provision of PPE and access to testing, to both employees and contractors working on Mondi premises.

This was an unsettling time and we also took steps to look after the mental wellbeing of our people, for example we regularly communicated with and actively supported people to adapt to new ways of working, the isolation of lockdown, and balancing the pressures of work and home life. Our Employee Assistance Programme (EAP²) was promoted across the business.

Supporting suppliers

Many of our products are considered essential and our ability to secure raw materials was crucial to ensuring we were able to continue serving consumers. One particular challenge arose from the increased market demand for films, resins and solvents, which are the raw materials for producing products such as PPE, hygiene components and food packaging.

Our global network of procurement teams maintained close and effective communication with suppliers to manage and mitigate the risk to our business, as well as lending our support to suppliers if needed. **We did not withhold or delay payments to suppliers for orders already in production, and did not make late cancellations of orders.** We made the onboarding of new suppliers more efficient without compromising on our standards and risk procedures, and identified vulnerable and at-risk suppliers. Our central procurement market intelligence team conducted supplier liquidity screening, sharing the results with procurement teams. **We were prepared to provide at-risk suppliers with support funds if this had been required.**

² 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). Mondi employees and their families can use it free of charge 24/7/365.

Grievance procedures

We did not discontinue, roll back or in any way limit the capacity or accessibility of our grievance mechanism, SpeakOut, or any of our local hotlines in place at our operations, as a result of the COVID-19 pandemic.

We continue work on improving our reporting and grievance mechanisms such as SpeakOut, to enable them to identify potential human rights incidents in future. Read more about the initial steps we have taken in 2020 on [page 23](#).

Recruitment

We support the UK government's (and other bodies') calls on business to maintain rigorous checks during the recruitment process to ensure that vulnerable workers are not being exploited by third parties seeking to profit from heightened demand. Overall, the number of employees recruited and contractors engaged to work for Mondi or on Mondi premises during the year was fairly stable, with our usual standards, procedures and checks in place. **We did not relax or compromise on any of our recruitment standards in our operations or in working with our suppliers.**

Emerging risks

Since the COVID-19 outbreak, our Board has been closely monitoring its impact on our people, business and supply chain. During 2020 the Board identified the implications of a pandemic as a new principal risk.

We experienced an increased safety risk to employees and contractors due to changes in shift patterns and less interaction by leaders on the mill and plant floor. General health and mental health risks were also heightened by the pandemic. This is why the health, safety and welfare of our employees and our communities have remained our top priority.

As referenced above, we continuously monitored the impact of the pandemic on our supply chain and implemented interventions when necessary. **While we experienced a heightened risk of business interruptions due to supply risk, there has not been any evidence to suggest new or heightened risk of human rights violations, including modern slavery.** The onboarding of all new suppliers during the year was completed without relaxing or compromising on any of our standards, including the obligation to sign our Code of Conduct for Suppliers.

Policies and governance

Leadership and accountability for human rights

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

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

Policies

Our Sustainable Development (SD) Policies and processes help embed our commitment to human rights and apply to all our owned and managed operations. Our Labour and Human Rights Policy, Safety and Occupational Health Policy and Supply Chain and Responsible Procurement Policy support our approach to addressing modern slavery and human trafficking risks. Where local legislation conflicts with our Policy, we will uphold our

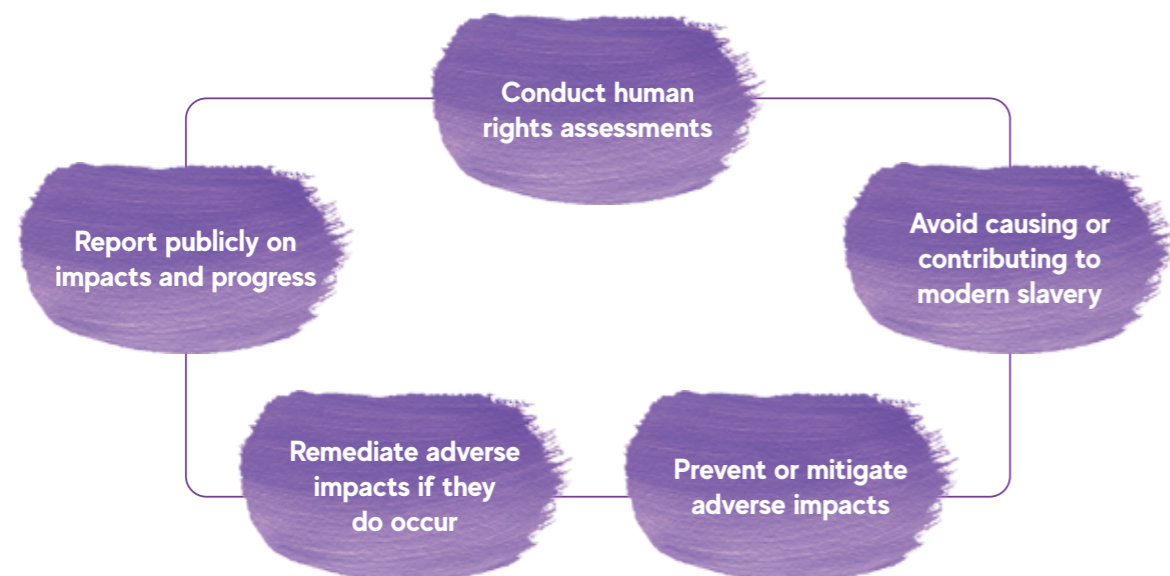
commitment to human rights without compromising our respect for the law, and provide examples of good practice through our own business conduct. We comply at a minimum with applicable national laws and industry standards on working hours and we do not tolerate inhumane treatment of employees or any form of forced labour, slavery, human trafficking, physical punishment or other abuse.

Our policy commitments with regards to human rights and modern slavery are detailed on [our website](#), and summarised in Figure 4.

We do not allow or condone the imposition of financial burdens on employees and contractors or withholding of wages, or the imposition of any other kind of recruitment fees on employees and contractors. However, while the information on our performance against this principle is available locally at our operations through the Human Resources function, we do not have centralised reporting or overview on possible risks, oversights or violations, nor have we undertaken a full group-wide assessment to determine these. We have drafted KPIs for central reporting on these matters to identify gaps and put in place measures to address any issues. We have begun to implement and roll out these KPIs in 2021, and will report on them in our future statements.

Between 2016 and 2020, in developing and reviewing our policies related to labour and human rights, which include modern slavery, we have consulted with stakeholders including internal departments, such as Sustainability, Human Resources and Procurement, and external stakeholders with expertise in the relevant areas of risks we are working to mitigate. More details on this process and the sources we have consulted in the last five years are available in our [previous statements](#). **Most recently, we have worked with the Danish Institute for Human Rights (DIHR) on a number of human rights topics, including to identify any policy and governance improvements. This work resulted in a number of recommendations by the DIHR, which we are working to address, some of which are listed below and mentioned throughout the report.**

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



DIHR policy recommendation	Mondi's response
Enhance alignment of our Labour and Human Rights Policy with the International Labour Organization's (ILO's) Core Conventions	We have more explicitly incorporated the ILO Core conventions in the policy, and linked our policy sources to the Universal Declaration of Human Rights, and the International Covenant on Economic, Social and Cultural Rights.
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. In high-risk jurisdictions (where there is greater risk of local law falling short of international standards) we will prioritise human rights impact assessments ¹ , and develop action plans together with local teams to address potential gaps.
Use of policy development and training, grounded in the UN Guiding Principles (UNGPs) on Business and Human Rights, to establish a common understanding of human rights across Mondi, and use of accessible language when communicating about human rights	We are developing a training concept grounded in the UNGPs to meet the needs of different employee groups. This training will be informed by the Human Rights Operating Standard and Practice Note (see page 14).

¹ A process for identifying, understanding, assessing and addressing the adverse effects of a business project or activities on the human rights enjoyment of impacted rights-holders such as workers and community members

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

Code of Conduct for Suppliers

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

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

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

In order to address the risk of modern slavery and human trafficking in the supply chain, among other things the Code covers aspects such as work permits and employment contracts, fair wages, trade unions, child labour, harassment, inhumane treatment, modern slavery and human trafficking.

In 2020, we updated the Code of Conduct 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 of Purchase**. 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.

Policy compliance and monitoring mechanisms

In 2019 we developed an Operating Standard, the second tier in our Sustainable Development Management System (SDMS), and in 2020 began work on its supporting practice note, grounded in the UN Guiding Principles on Business and Human Rights. The draft practice note has been part of the scope of our collaboration with and reviewed by the Danish Institute for Human Rights.

The Human Rights and Working Conditions Operating Standard considers the following aspects, as illustrated by Figure 5.

Figure 5: 'Aspects covered by our Operating Standard on Human Rights'



Consultation with the operations and a change management process to implement the operating standard and supporting practice note will follow. We also plan self-assessment pilots, training, risk assessment and due diligence, internal audits, and action plans to address any findings.

Whistleblowing and grievance mechanisms

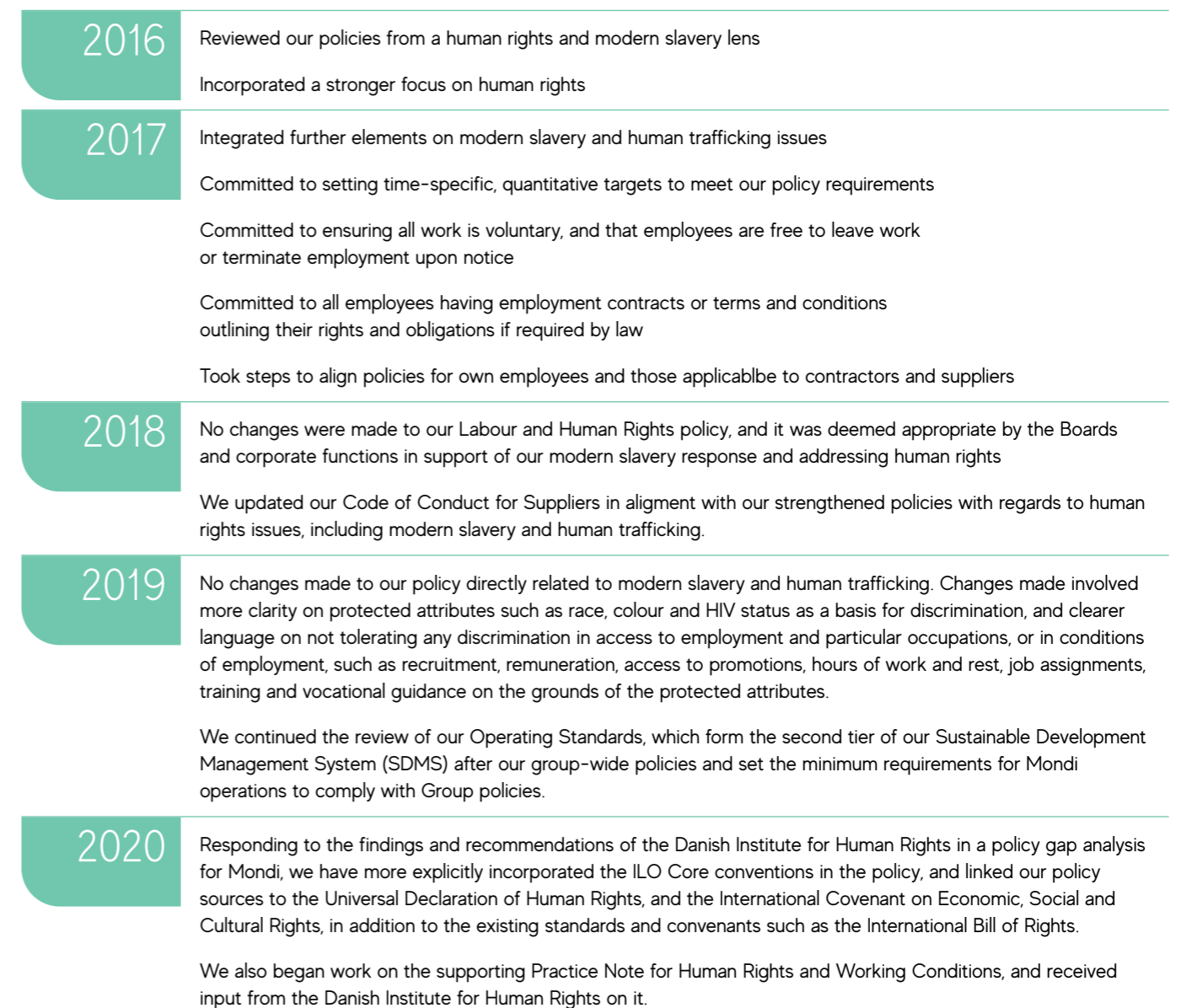
Another mechanism we have in place to identify instances of non-compliance is through our whistleblowing system, SpeakOut (see 'Evaluating the effectiveness of our approach' on page 22). SpeakOut findings of non-compliance with our policies and codes, including with our Labour and Human Rights Policy and Code of Conduct for Suppliers (should such instances of non-compliance be reported through SpeakOut), are investigated by Mondi's Internal Audit function, and appropriate action is taken to resolve the grievances, remedy any violation, and

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

Policy review process

The Board reviews the Group's policies on an annual basis. Our annual updates look to address any changes in the sustainability landscape, regulatory requirements and stakeholder expectations. Details of annual updates are outlined in Figure 6.

Figure 6: 'Annual policy updates to strengthen response to modern slavery risks'





Collaboration and partnerships

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

The results of the initial phase of our collaboration is outlined in [our previous statement](#). This work continued in 2020, during which we took steps in preparation for an updated human rights due diligence process with the support of the DIHR.

The process was informed by a detailed human rights risk and gap analysis, including interviews with Mondri's relevant functions and business leaders, a desktop review of our systems and practices to understand potential gaps, and an assessment of countries where we may face risk due to divergence between international human rights and labour standards and national law. A summary of the DIHR's recommendations can be found on page 36 of the [Sustainable Development Report 2020](#), and throughout this report.



Based on the DIHR's report, in 2021 Mondri will continue to work with internal and external stakeholders and experts on strengthening our human rights due diligence, impact assessment and governance. This work will include addressing DIHR's findings from its evaluation of SpeakOut against the effectiveness criteria of the UN Guiding Principles for Business and Human Rights.



Due diligence

We recognise that human rights risks (including modern slavery and human trafficking) are not limited to our own operations, but can occur anywhere along the value chain. Our impact on human rights can occur through our own activities or through our business relationships and suppliers.

We believe all those involved, suppliers, customers, distributors, partners and other key stakeholders, need to work together to develop practical, risk-based solutions for a responsible and inclusive supply chain.

Due diligence forms an integral part of our overall risk assessment and management process, and the reporting in this section should be considered in conjunction with the processes we describe in the 'Risk assessment and management' section on [page 20](#).

Due diligence and Responsible Procurement

Mondi's due diligence approach is prescribed by Responsible Procurement, an internal programme that aims to ensure a consistent process for the selection, evaluation, onboarding, monitoring and management of Mondi's suppliers based on their sustainability risk and performance (see 'Risk assessment and management' on [page 20](#)). This programme, run by our Group Procurement function, uses a risk-based approach to assess suppliers against certain requirements of our Code of Conduct for Suppliers.

Our evaluation process for suppliers is detailed in [our previous statements](#), and the 2020 results are reported in the following section of this statement.

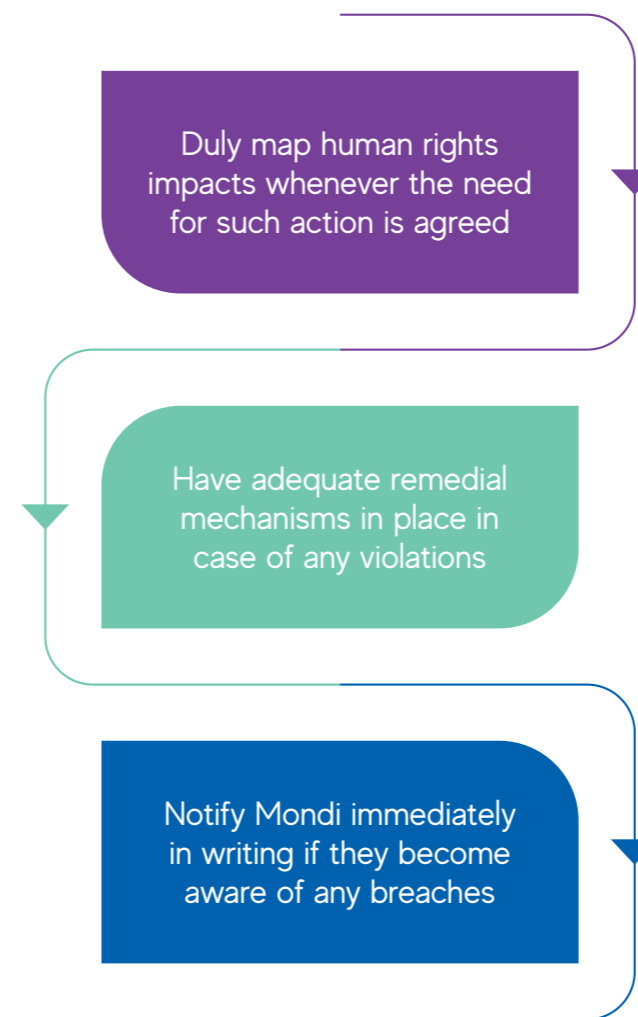
As we make progress in assessing our suppliers, we will take relevant action on the overall findings, and will report on the results of the monitoring process, including on the work we may undertake with suppliers to improve performance and to address risk. This may include audits, site visits and collaboration on joint initiatives, or a decision to stop sourcing from certain suppliers.

Due diligence commitments and ongoing work with suppliers

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

We continue to roll out our Code of Conduct for Suppliers to all of our suppliers, and require them to demonstrate that they have the following processes to address human rights violations in place, as illustrated by Figure 7.

Figure 7: 'What we expect from our suppliers when addressing human rights violations'



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

Our Group Procurement function is ultimately responsible for the Code and its roll-out. As this part of the business (supported where relevant by other functions), also implements the Responsible Procurement programme, we believe that this approach increases the effectiveness of our due diligence by virtue of a shared governance and policy structure.

Reporting mechanisms for grievances

We have existing internal processes and tools to facilitate the reporting, investigation and resolution of grievances. All our operations make formal grievance mechanisms available to the public. These include local hotlines and [SpeakOut](#), the Group's confidential reporting and whistleblowing hotline, which is operated by an independent third party (see the 'Policies' and 'Evaluating the effectiveness of our approach' sections in this document on [pages 12 and 22](#)). It provides a simple, accessible and confidential channel through which employees and other stakeholders, including our contractors and suppliers, can raise concerns without fear of retaliation. The system ensures full anonymity and confidentiality, and in the case that the reporter or whistleblower volunteers to identify themselves, the investigative team ensures protection of their identity against potential retaliation by other parties.

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



Risk assessment and management

In our own operations

To assess and understand the risks of modern slavery and human trafficking in our own operations, we have relied on the UNGP to inform our approach. Specifically, **in 2020 we integrated the UNGP into our updated Operating Standards and supporting Practice Note, to be able to identify the Group's most salient human rights issues in our operations, including potential risks of modern slavery and human trafficking.**

To date, none of our operations or significant investment agreements and contracts have been formally subject to human rights reviews or impact assessments. However, many existing assessment and procedures are already in place, typically involving health and safety issues, labour law compliance, community impact assessment and environmental due diligence. These existing procedures have strong links to human rights issues and contribute to our understanding of risk. We are considering formal internal measures in this regard and intend to outline these in our Human Rights & Working Conditions Practice Note, which we began to develop in 2020 and received input on from the DIHR.

In our supply chain

As part of our Responsible Procurement programme, we have developed a comprehensive methodology for assessing sustainability risks in our supplier base – including labour rights and modern slavery. Details of the various public databases/tools that we have incorporated into our processes to help us identify specific risks related to modern slavery and human trafficking, as well as how our Responsible Procurement process works, are outlined in the [previous statements](#).

Following the assessment of approximately 50% of all our Group suppliers using our Responsible Procurement methodology in 2019, we have assessed the remaining Group suppliers in 2020.

We screened 1,061 key (Group) suppliers across 1,525 production sites across a range of procurement categories during the year.

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

Based on the results of the questionnaire, and after the follow-up steps, a further 1.7% were de-escalated and 1.3% remained at high risk¹.

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.

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.

We will assess selected local suppliers and further procurement categories in 2021.

¹ Identified as being high-risk in one or more of the sustainability risk areas: labour rights, climate change, water and biodiversity



We are working to improve our approach by addressing the following recommendations:

1. Monitoring compliance with our Code of Conduct for Suppliers, integrating compliance concerns into the supplier management and monitoring processes and training suppliers (with a focus on human rights expectations)
2. Strengthening contractual obligations in supplier agreements for response to our sustainability questionnaires and potential audits
3. Taking steps to ensure that human rights in the supply chain is not framed exclusively as labour rights, and is also inclusive of environmental and community impacts in risk screening; and taking steps to map our supply chain beyond tier 1

Evaluating the effectiveness of our approach

The Board's SD committee discussed the progress Mondi is making to address its modern slavery risks, including an overview of Mondi's processes and procedures to minimise the risk of human trafficking and modern slavery, during 2020. The committee approved Mondi's UK Modern Slavery Act statement.

Our KPIs

We launched our Mondi Action Plan 2030 (MAP2030) in 2020. This is our sustainability framework for the next 10 years, driving action in the Products, People and Climate focus areas across our business and supply chain. Underpinning MAP2030 are our 'Responsible Business Practices' – our approach to governance and ethics, responsible procurement, communities, human rights and environmental emissions – which form the foundation of our sustainability approach. See page 20–21 of our [Sustainable Development Report 2020](#) for more details.

A number of the MAP2030 commitments and targets set under Responsible Business Practices support our human rights efforts, particularly under 'responsible procurement' and 'human rights' pillars where we commit to:

– Strengthen governance systems to prevent human rights violations and remedy any adverse impacts:

- › Develop due diligence and risk assessment methodology and guidance by the end of 2021
- › 100% of operations with a completed human rights due diligence & risk assessment, and action plan in place to address findings by 2025
- › 100% of operations to have addressed their human rights impacts (investigate, prevent future occurrences and remedy adverse impacts) by 2030

– Mitigate risks and create greater transparency in our supply chains through our responsible procurement process:

- › Minimise the supplier risk ratio year-on-year, defined as the number of residual high-risk suppliers, divided by the total number of suppliers screened

Further KPIs from other focus areas and existing practices support our human rights approach, from health and safety, to environmental emissions and incidents, community impact assessments, and SpeakOut results, among others. Details of our performance against these may be found in our [Sustainable Development Report 2020](#).

We will continue to review and evaluate the scope and effectiveness of the current mechanisms to improve risk assessment, identification and reporting of human trafficking and modern slavery risks in order to strengthen our approach going forward.

Whistleblowing and grievance mechanism

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

In 2020, we received 125 SpeakOut messages (2019: 162) relating to 74 cases (2019: 104), and two further cases through other channels. These covered a number of topics, in particular:

- human resources-related concerns,
- business integrity issues, and
- 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. SpeakOut reports in 2020 did not include findings related to modern slavery or human trafficking. While we welcome the absence of reports pointing to modern slavery or human trafficking, we recognise that such risks may exist and we need to ensure our mechanisms for identifying, mitigating and remediating them are appropriate.

Possible reasons for SpeakOut and similar reporting mechanisms not having identified human rights violations to date may include SpeakOut being inaccessible, unknown or untrustworthy in the perception of stakeholder groups, such as supplier employees.

For this reason we included an evaluation of our grievance systems in the scope of our collaboration with DIHR in 2020. We are working on an action plan to address findings and incorporate recommendations into our practices. We will report on these in future statements.



Recommendations included:

- Improve messaging, consistency and accessibility of SpeakOut communication material
- Communicate more clearly about how cases are handled, that the user's identity is protected, and that we ensure they are protected from possible reprisals
- Align SpeakOut with the specific requirements for a grievance mechanism imposed by human rights standards, in particular, the effectiveness criteria for grievance mechanisms as set out in Principle 31 of the UN Guiding Principles on Business and Human Rights

Training



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

As part of our commitment to raising awareness around modern slavery risks we have undertaken training of different employee groups since the introduction of the UK Modern Slavery Act. Details of training conducted between 2016 and 2019 are outlined in our previous statement, and include training of interested management teams and group functions on the Act, policy training for different employee groups, training of our buyers and procurement specialists on the Responsible Procurement process and the Code of Conduct for Suppliers. In 2020, we did not conduct policy training for employees, but trained 115 employees on our supply chain and responsible procurement approach.

Future training focus

Our existing approach to training, covering modern slavery and human trafficking risks, focuses on permanent employees of Mondi. We recognise that, going forward, the provision of training for our suppliers on our approach and on addressing risks,

including modern slavery and human trafficking, will be important in securing the integrity of our supply chain. Following our screening of 1,061 group suppliers in 2020, we have engaged with our high-risk suppliers to better understand their performance and any mitigating factors. We will continue to engage with suppliers in different ways, from usual channels of conducting business, to interaction through questionnaires, meetings, audits and potentially training and collaboration should the need arise.

Currently, we offer support to our front-line employees working with suppliers through individual training on demand, especially in relation to the new risk processes, tools and supplier questionnaires. As we roll out our Responsible Procurement process, we will continue to assess the need for and suitable approach to supplier training during 2021 and beyond.

Closing message

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 2020 and ending 31 December 2020. The Mondi Board has reviewed and approved the statement on 06 May 2021, and it has been signed on its behalf. The statement has also been confirmed by all obligated legal entities within the Mondi Group. A list of those legal entities has been attached.

Andrew King
Chief Executive Officer
06 May 2021

Appendix 1

Obligated companies by the UK Modern Slavery Act for the 2020 financial cycle

Corporate:

Mondi AG
Mondi Paper Sales GmbH

Uncoated Fine Paper:

Joint Stock Company Mondi Syktyvkar
Mondi SCP, a.s.
Mondi Neusiedler GmbH
Mondi South Africa (Pty) Limited

Engineered Materials

Mondi Ascania GmbH
Mondi Coating Steti a.s.
Mondi Coating Zeltweg GmbH
Mondi Gronau GmbH
Mondi Heerlen B.V.
Mondi Innocoat GmbH
Mondi Jülich GmbH
Mondi Örebro AB
Mondi Release Liner Austria GmbH

Corrugated Packaging:

Mondi Powerflute Oy
Mondi Simet Sp z o.o.
Mondi Swiecie S.A.
Mondi Szczecin Sp z o.o.
Mondi Tire Kutsan Kagit Ve Ambalaj Sanayi A.Ş.
Mondi Warszawa Sp. z o.o.
Mondi Wellpappe Ansbach GmbH

Flexible Packaging:

LLC Mondi Aramil
Mondi Bags Mielec Sp. z o.o.
Mondi Bags Swiecie Sp. z o.o.
Mondi Békéscsaba Kft
Mondi Dynäs Aktiebolag
Mondi Frantschach GmbH
Mondi Halle GmbH
Mondi Italia S.r.l.
Mondi Kale Nobel Ambalaj Sanayi Ve Ticaret A.Ş.
Mondi Korneuburg GmbH
Mondi Maastricht N.V.
Mondi Padova S.r.l.
Mondi Poperinge N.V.
Mondi Poznan Sp. z o.o.
Mondi Solec Sp. z o.o.
Mondi Stambolijski EAD
Mondi Steti a.s.
Mondi Steti White Paper s.r.o.
Mondi Styria GmbH
Mondi Szada Kft.
Mondi Trebsen GmbH

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