



Mondi Group
Sustainable development report 2015

We are Mondi: IN TOUCH EVERY DAY

At Mondi, our products protect and preserve the things that matter.

We offer over 100 packaging and paper products, customised into more than 100,000 different solutions for customers, consumers and industrial end users – touching the lives of millions of people every day.

And we're determined to deliver the highest quality in everything we do, from managing forests and producing pulp, paper and compound plastics, to developing effective and innovative industrial and consumer packaging solutions. We work closely with our customers and other strategic partners to develop cutting edge solutions, while also prioritising the sustainable management of our resources.

This reports gives a comprehensive account of our approach to sustainable development, our performance in 2015 across our key focus areas, and our progress against our five-year commitments set in 2011. It is prepared in accordance with the Global Reporting Initiative (GRI) G4 core guidelines.

Our 2015 suite of reports

Please visit our online reporting hub where copies of our reports can be downloaded:
www.mondigroup.com/reports15



Integrated report and financial statements 2015

A balanced overview of Mondi's performance in 2015 and insight into how our approach to strategy, governance, people and performance combine to generate value in a sustainable way. Also available online at www.mondigroup.com/ir15



Looking back, moving forward: Sustainable development 2015

A printed publication reflecting on the progress made over the last five years since the launch of our second set of sustainable development commitments. Also available as a downloadable pdf at www.mondigroup.com/sdpublication15



Online Sustainable development report 2015

A comprehensive view of our approach to sustainable development and our performance in 2015, prepared in accordance with the GRI G4 core guidelines. Available online as an interactive pdf at www.mondigroup.com/sd15

How to use this report

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Overview

In this section we discuss our approach to sustainable development and share our key highlights from the year.

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Chairman of the DLC sustainable development committee and chief executive's statement

Another five years of investment, collaboration and learning

“Moving forward, we’ve taken the opportunity to reflect on our experiences and lessons learnt. We’ve considered and responded to global developments and sector challenges, and we’ve launched our next set of sustainable development commitments for 2020 and beyond.”

David Hathorn
Chief executive officer

“We’ve reached the end of our latest five-year commitment period – and we’ve got much to be proud of. There is without doubt still lots to be done, but looking back, we have built a sound foundation on which to continue growing responsibly.”

Stephen Harris
Chairman of the DLC¹ sustainable development committee



¹ Mondi has a dual listed company structure – primary listing on the JSE Limited for Mondi Limited and premium listing on the London Stock Exchange for Mondi plc.

Chairman of the DLC sustainable development committee and chief executive's statement

Our open and inclusive approach

We launched our second set of sustainable development commitments in 2011 to be achieved by the end of 2015, against a 2010 baseline. Looking back, it's clear that the pragmatic and comprehensive approach we took in setting those targets has paid off. We identified six material sustainability issues informed by feedback from our stakeholders. We involved our businesses in setting targets to mobilise their support and commitment. And we engaged with partners to scale up our positive impact.

This robust planning and engagement has been fundamental to our progress. It is an approach that we've again followed this year as we've worked together to identify our action areas and next set of commitments.



Read more about our approach
[page 16](#)



Safety marshal at our Syktyvkar forestry operations (Russia)

Delivering broad business benefits

Our commitment to sustainability has contributed to our strong performance across the business. We're reaping the rewards of major investments in safety, energy efficiency and carbon reduction. Our focus on operational excellence and people development has also delivered measurable results. From driving innovation and engagement to sustaining ecosystems and building trust with communities – we've seen improvements in risk management, our relationships strengthened, our culture more embedded across the Group, and significant cost savings delivered along the way.



Read more about our performance
[page 22](#)

Strengthening our safety culture

We're deeply saddened by the fatality of one of our employees in 2015. So, while we have made great progress in strengthening our safety culture over the last five years, our journey is far from over. Our increased focus on eliminating fatal and life-altering injuries at our operations has been central to our approach. We've seen outstanding commitment from all our businesses as they've worked hard to identify and engineer out their Top 5 Fatal Risks, and we now have a more engaged and risk-focused workforce, and are proud of the progress we've made.



Read more about our safety performance
[page 48](#)

Our global partnership with WWF

We've enjoyed a successful working association with WWF for many years and joined forces on a much larger scale by launching a global partnership in 2014. This partnership is enabling shared learning and collaborative action to promote ecosystem, manufacturing and product stewardship. Early results include: the launch of the WWF Boreal Forest Platform (WWF-BFP) in Russia with WWF-Russia and Silver Taiga, to explore effective ways of balancing increased commercial yields while protecting high conservation value (HCV) areas and benefiting local people; global cooperation between WWF's New Generation Plantations (NGP) platform and the WWF-Mondi Wetlands Programme (WWF-MWP) expanding the use of social learning and shared value; and a joint report mapping the cascading use of wood products. These successful partnership initiatives are helping to reduce our own environmental footprint and share sustainable practices across our industry, and beyond.



Read more about our work together on
[pages 25, 63 and 69](#)



Meeting the challenges ahead

As the world continues to change, there will be greater challenges ahead. Moving forward, we will continue to focus on our culture and people, promoting ecosystem stewardship, reducing waste and emissions, working with suppliers and customers, investing in our communities, and encouraging responsible consumption in all our markets. Collaboration, transparency and innovation will remain central to our approach.

We have developed a new model 'Growing responsibly' which outlines 10 action areas that will guide our 2020 sustainable development commitments.

We still have plenty to do. In looking back at our journey over the past five years, we're convinced that our responsible approach has played a major role in our success. Our new commitments will ensure it continues to do so long into the future.



Read more about our new commitments
[page 17](#)

Sustainable development highlights 2015

2015 commitment period ended

with achievements and learning
paving the way for our future

Developed 'Growing responsibly' model

Launched our 2020
commitments – 16 new
commitments across
our 10 action areas



Launched our Social
Sustainability Network
for a more strategic
approach to community
engagement

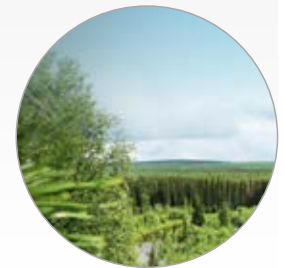


Conducted two
socioeconomic impact
assessments at our
Merebank (South Africa)
and Syktyvkar (Russia)
operations



Continued to promote responsible business practices

Our global WWF-Mondi
partnership continued to support
a landscape approach through
launching the WWF-Boreal
Forest Platform (Russia)
and our water
stewardship
work in
South Africa



Set new climate
commitment to 2030,
targeting a
15% reduction
of specific CO₂e
emissions
against a 2014 baseline



Included in the CDP
FTSE 350 Climate
Disclosure Leadership
Index (CDLI)
for the fifth time
since 2010

Published our sustainable
development report
in accordance with
GRI's G4 core guidelines
for the first time

Achieved a total
recordable case rate
(TRCR) of 0.70, well
below our five-year
commitment level

Achieved a
22%
reduction of waste
to landfill since 2010

Started our new
recovery boiler and biomass
boiler at Świecie
mill (Poland)



Advanced Level reporter
at United Nations Global
Compact (UNGC) and
joined the UNGC's
CEO Water Mandate



About Mondi

Integrated packaging and paper Group

Mondi is an integrated packaging and paper Group with a dual listed company structure – primary listing on the JSE Limited for Mondi Limited and premium listing on the London Stock Exchange for Mondi plc.



Read more about our products in our Integrated report and financial statements 2015

page 8

Group structure

Business unit	% of Group revenue	Return on capital employed	Products
Packaging Paper Europe & International Division Read more on pages 75–77	29%	25.5%	<ul style="list-style-type: none"> • Containerboard • Sack kraft paper • Speciality kraft paper • Pulp
Fibre Packaging Europe & International Division Read more on pages 78–80	27%	13.9%	<ul style="list-style-type: none"> • Corrugated packaging • Industrial bags • Extrusion coatings
Consumer Packaging Europe & International Division Read more on pages 81–83	19%	10.7%	<ul style="list-style-type: none"> • Advanced materials • Consumer goods packaging
Uncoated Fine Paper Europe & International Division Read more on pages 84–86	16%	25.6%	<ul style="list-style-type: none"> • Uncoated fine paper • Pulp
South Africa Division Read more on pages 87–89	9%	30.1%	<ul style="list-style-type: none"> • Pulp • Uncoated fine paper • White-top kraftliner

About Mondi

What we do

Mondi is 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.

Culture and values

With around 25,000 employees and operations across more than 30 countries, our people and our culture really matter. We're connected, guided and inspired by our culture and values. Our people are dynamic, entrepreneurial and empowered, with a real passion for performance. We show we care by being respectful and responsible. We act with integrity, encouraging honesty and transparency in all that we do.

Our customers and the industries we work in

Many of our customers are leaders in their industries and their products are household names around the world.

Our innovative technologies and products can be found in a variety of applications including hygiene components, stand-up pouches, super-strong cement bags, clever retail boxes and office paper.

Our key customers are in industries such as automotive; building and construction; chemicals; food and beverage; home and personal care; medical and pharmaceutical; packaging and paper converting; pet care; and office and professional printing.

Market positions¹

#1 Kraft paper and industrial bags producer in Europe	#1 Industrial bags producer in North America	#2 Virgin containerboard producer in Europe
#1 Containerboard producer in emerging Europe	#3 Corrugated packaging producer in emerging Europe	#1 Commercial release liner producer in Europe
#1 Uncoated fine paper producer in Europe	#2 Extrusion coatings producer in Europe	#1 Hardwood pulp, white-top kraftliner and uncoated fine paper producer in South Africa

¹ These market share estimates were prepared by the Group, based on industry publications and management estimates. Main industry publication sources are: RISI, POYRY, Eurosac, Henry Poole Consulting, Freedonia, EMGE, Eurograph delivery statistics, Pyrabelisk and Alexander Watson Associates.

About Mondi

Framework for profitable growth

A consistent and focused long-term strategy has positioned Mondi as a leading international packaging and paper Group, with a strong platform for growth.

Our clear strategic focus is on growing our packaging interests, while at the same time investing appropriately to maintain and improve the competitiveness of our uncoated fine paper operations.

Our strategic value drivers give us the framework for creating value for our stakeholders. They ensure we focus on the right things and help us to make sound strategic decisions.

Strategic value drivers



We are passionate about performance, driving productivity, efficiency and margin improvement



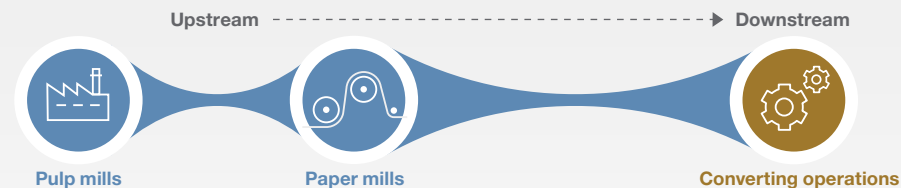
We invest in our high-quality, low-cost assets, keeping us competitive and giving us sustainable cost advantages



We work with our customers to find innovative solutions, growing our product range and geographic reach

Our passion for performance is important across all our businesses and we consistently focus on driving productivity, improving efficiencies and reducing costs.

Our value drivers of investing in our high-quality, low-cost assets and working with our customers to find innovative solutions apply to all our operations, although the priorities differ across the value chain.



Investing in our high-quality, low-cost assets is particularly important for our upstream pulp and paper assets where our products are generally more commoditised and a low-cost production base is key.

Our primary focus is on developing our presence in markets that offer us exposure to long-term growth and inherent cost advantages.








Working with our customers to find innovative solutions is critical in our downstream converting operations, as our ability to develop cutting edge products and tailored solutions is key to our success.

We target growth in markets where we can leverage our competencies.

About Mondi

Delivering on our strategy in 2015






Packaging Paper

Action	Strategic relevance
Completion of first phase of Świecie Green (Poland): investment in a new recovery boiler and replacement of coal-fired boilers with a biofuel boiler	<ul style="list-style-type: none">  Cost optimisation and energy efficiency, providing sustainable cost advantages at high-quality, low-cost mill  Ensures electricity self-sufficiency and reduced environmental footprint  Provides opportunities for further growth
Sale of Raubling (Germany) and closure of Lohja (Finland)	<ul style="list-style-type: none">  Focus on operations with sustainable cost advantages
Completion of various strategic capital projects, mainly at our kraft paper operations	<ul style="list-style-type: none">  Invest in our high-quality, low-cost mills to maintain our competitive advantages
Evaluating significant new packaging investments in integrated mills in central Europe ¹	<ul style="list-style-type: none">  Cost optimisation and energy efficiency, providing sustainable cost advantages at high-quality, low-cost mills  Develop innovative new products at low-cost production asset base

Fibre Packaging

Action	Strategic relevance
Investment in various Corrugated Packaging operations	<ul style="list-style-type: none">  Growing our product range and developing customised solutions for our customers
Closure of two US bags plants and Sendenhorst (Germany)	<ul style="list-style-type: none">  Production base optimisation

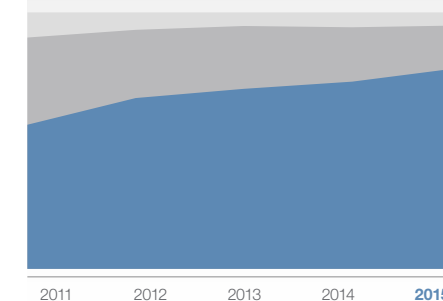
Consumer Packaging

Action	Strategic relevance
Acquisition of Ascania (Germany)	<ul style="list-style-type: none">  Growing product range and broadened capabilities for innovation with customers  Cost optimisation through backward integration
Acquisition of KSP, Co. (South Korea and Thailand)	<ul style="list-style-type: none">  Increased capacity to serve customers in attractive stand-up pouch applications and greater geographic reach (US and Asia)
Closure of Ibérica (Spain) and Silicart (Italy)	<ul style="list-style-type: none">  Cost optimisation and improved product mix
Sale of Ipoh (Malaysia) and Osterburken (Germany)	<ul style="list-style-type: none">  Improved product mix

Growth in packaging

% of capital employed

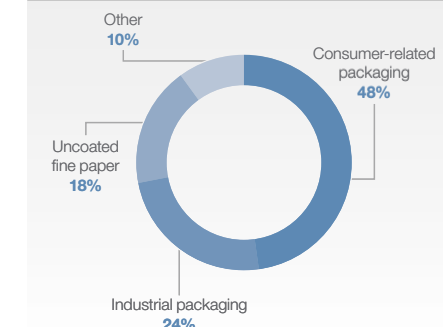
● Packaging ● UFP ● Other



Product mix 2015

%

72% packaging



¹ €310 million kraft top white machine at Ružomberok (Slovakia) approved in February 2016.

Our business model

Creating value for our stakeholders

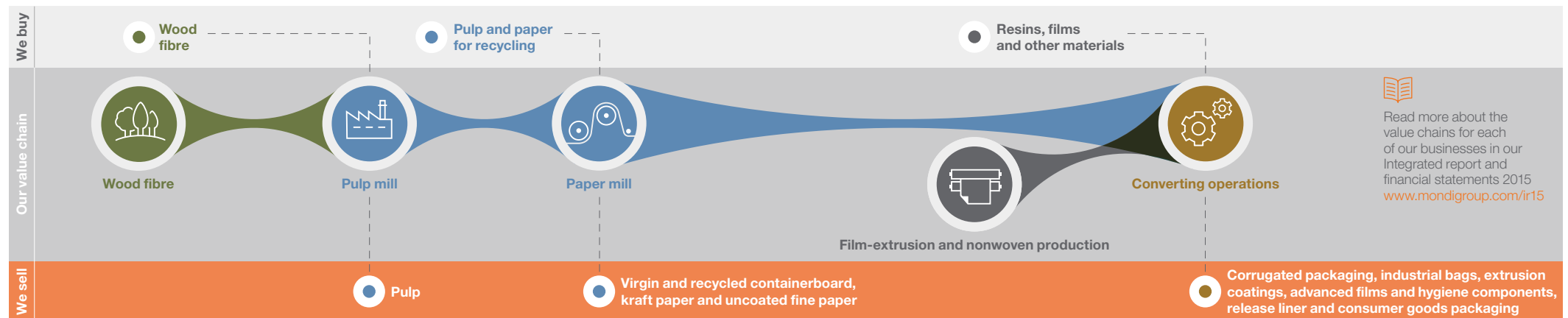
We sustainably manage forests and purchase wood from responsible sources...

...to produce pulp...

...which, along with paper for recycling, we turn into containerboard, kraft paper and uncoated fine paper.

Our downstream products require paper and other raw materials such as resins, films and nonwovens, some of which we produce ourselves.

Our converting operations create a wide range of innovative and sustainable packaging solutions and advanced materials that contribute to our customers' success.



What we rely on

- Our well-invested, low-cost, high-quality integrated mills and converting operations
- A strong financial position to fund our business and pursue relevant growth opportunities
- Our talented and committed people
- Sustainable 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, NGOs and other stakeholders

What makes us successful

Our consistent and focused long-term strategy gives us the framework for creating value for our stakeholders. We believe the ongoing success of our business is closely linked to the following key success drivers.

- We enjoy inherent sustainable cost advantages from our **low-cost production assets** and exposure to emerging markets, which also offer long-term structural growth
- By being **integrated through the value chain**, we are able to improve the security of supply and reduce exposure to price volatility
- Our **focus on operational efficiency** provides benefits including savings in costs, production time and resource inputs

- Our **strong market positions** bring us benefits and enable us to better serve our customers
- We are **innovative across our value chain** in the manufacturing process and in product design
- Our **commitment to sustainable development** safeguards the long-term future of our business
- By providing a **healthy and safe work environment**, we increase engagement and productivity
- The **scale and global reach** of our operations brings us cost benefits and a consistently high level of quality and service across different regions
- Our **proactive risk management** allows us to identify, evaluate and respond to the ever-changing business environment

What we create

- We deliver value to our shareholders through capital appreciation and distribution of dividends
- We generate cash to reinvest in our business
- We develop and train our people
- We support regional economies and local communities
- We actively promote sustainable and healthy ecosystems



Our products protect and preserve the things that matter and touch the lives of millions every day

Read more about our products on pages 8 to 11 in our Integrated report and financial statements 2015

Our global context

We operate in a global context

Global megatrends are changing the world we operate in. International collective action is increasingly calling for business to drive sustainability. Most recently, the UN Sustainable Development Goals (SDGs) adopted in September 2015 and the Paris Climate Agreement in December 2015, will act as catalysts for change.

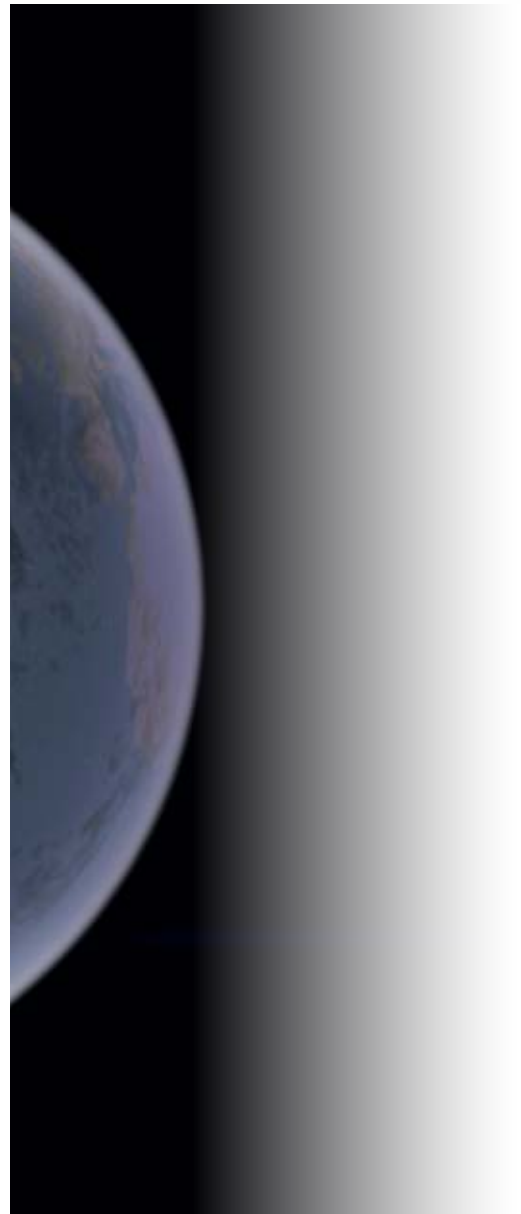
Collectively we need to consider the challenges of ongoing climate change, biodiversity loss, deforestation and degradation of land and freshwater ecosystems, resource scarcity and increased transparency; all of which are affecting livelihoods and the way we do business. With the global population set to reach over 9 billion by 2050, we need to find more effective ways to support business and livelihoods within the limits of the planet.

The sustainability and success of our business depends on how we manage the risks and opportunities arising from these challenges. We believe that by working together with our stakeholders we can better address global sustainability challenges across our value chain and secure our future.

In this section we outline the business and global context in which we operate and how we're responding through our approach, strategy and commitments.



Our global context



Climate change

Climate change continues to represent one of the greatest threats to the global environment, society and economy. Despite international policy and action, greenhouse gas emissions continue to rise.

Climate change remains top of the global environmental policy agenda, influencing local and regional regulations and investment decisions. Governments across the globe met at the COP 21¹ in Paris in December 2015 to sign a new international climate agreement. The key outcomes from the conference will inform the approach of politicians and business leaders in the years ahead.

Our response

We operate an energy intensive business and sustainably manage 2.4 million hectares of forests that capture and store large volumes of carbon and we have a responsibility to minimise our impact on climate and reduce our operational carbon footprint.

We consider climate change in our business decisions and growth strategies. Our main responses focus on improving energy efficiency, replacing fossil fuels with renewable energy where feasible, sustainably managing our forests and associated ecosystems and procuring only responsibly sourced wood and fibre based materials. We also seek to develop products that help our customers and consumers reduce their own carbon footprint and collaborate with our stakeholders to promote a low-carbon economy.

Degradation of ecosystems

Ongoing deforestation and land conversion continue to cause biodiversity loss and are major contributors to climate change. WWF's Living Planet Index² highlights the severe degradation of ecosystems and loss of habitat and species that has occurred over the last decades.

This has had a significant negative effect on the provisioning, regulating and cultural ecosystem services upon which communities and business rely. The degradation of ecosystems impacts on soils, water and biodiversity, the fundamental elements that support livelihoods and business. The responsible management of freshwater resources is already a global priority and critically important in some water stressed regions.

Our response

Wood is one of our primary raw materials and we manage significant areas of forested land and associated ecosystems. Our communities and stakeholders living on and around our land rely on the health of the ecosystems that we manage for their livelihoods. Fresh water is another critical resource for our business and a key input to our production processes. All of our pulp and paper mills are located next to a natural water resource which provides their water needs and receives their treated water discharges.

We responsibly manage our land and associated freshwater ecosystems, and protect high conservation value areas (including water resources). At the same time, we apply sound science and sustainability principles to increase the yields from commercial forest areas by working in partnership to share our management practices and improve our resilience.

We look to reduce our specific contact water consumption through focused investments and implementing closed loops and recycling water streams in our operations, where economically feasible, and have measures in place to monitor our progress. Our discharges are treated before being released back into the natural environment.

We also procure wood exclusively from responsible sources. This reduces our impact on natural habitats which helps ensure the wood supply we secure is sustainable now and into the future.

¹ Also known as the 2015 Paris Climate Conference.

² The Living Planet Index (LPI), which measures trends in thousands of vertebrate species populations, shows a decline of 52% between 1970 and 2010. © WWF International.

Our global context

Resource scarcity and emissions

Increased material consumption due to shifting social trends including population growth, urbanisation and rising incomes is placing additional pressure on already constrained natural resources. According to the Global Footprint Network, humanity currently uses the equivalent of 1.5 planets to provide the resources we use and absorb our waste. This trend is set to continue into the future.

Our response

Our business is raw material and resource intensive. We procure significant volumes of materials such as fibre, chemicals, resins and metals and use energy and water in our production processes. We also have an impact on the natural environment through emissions to air and water and waste generation.

Our key challenge and opportunity is securing our raw materials sustainably and reducing our operational footprint by producing resource-efficient solutions while addressing the needs of our customers and adding value to society.

We procure wood exclusively from responsible sources to reduce our impact on natural habitats and to secure a sustainable source of fibre for our business.

We develop production processes and product solutions that promote resource efficiency and seek to bring to market new and innovative products that help tackle challenges such as climate change, scarce resources and food waste.

We also reduce water consumption through focused investment, closed-loop systems and recycling, where this is economically feasible. All effluent discharges are treated before being returned to the natural environment and we continually measure and monitor our performance.

Business and human rights

Respecting human rights is a global standard of conduct for all business enterprises wherever they operate. Human rights issues including labour conditions and safety at work, are increasingly central to public debates about the interaction of business and society. High profile breaches have shown the world the consequences of getting it wrong. There is also a rising expectation of business to tackle human rights issues particularly in areas of weak governance. According to the UN Guiding Principle 11, all companies "should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved".

Our response

The UN Guiding Principles on Business and Human Rights provides a sensible and effective framework for business. We look to strengthen our monitoring and reporting on potential issues in our operations and supply chain. This is particularly important as we move into new and emerging markets, where governance may be weaker and where there is an opportunity to help build capacity alongside our stakeholders. We also expect all our suppliers to comply with our Code of Conduct that includes human rights and labour standards.

Emergence of new markets

The global population is growing, increasingly urban, ageing, and with rising incomes. Economic power and production patterns are also shifting to the east and south, with overall trade volumes rising steeply.

Such demographic and economic shifts are driving increased demand for basic materials, energy and natural resources, which in turn have environmental implications. They can affect the socioeconomic status of our operating regions as well as customer demand and purchasing power; and provide opportunities in emerging markets.

Our response

We strategically move into markets that offer us growth opportunities. Global socioeconomic shifts discussed above can translate into opportunities for our business to develop new products and markets that respond to these trends. In addition to challenges related to material input and products' end-of-life, moving into emerging markets presents us with the challenge and opportunity of addressing potential human rights issues in areas of weaker governance, through strengthened mechanisms for assessing human rights risks in our operations and supply chain, and addressing these by working together with our stakeholders.

Demographic shifts can also affect our ability to recruit and retain skilled and motivated people in more remote and rural locations. Other challenges include obstacles for development in rural communities as people migrate to the urban areas.

Increased transparency and public awareness

We operate in an increasingly transparent and connected world that involves a globalised economy and widespread use of internet, mobile technology and social media. This has an impact on how we manage markets, strategy, communication and stakeholder engagement approach, as well as our reputation.

Our response

When set against policy frameworks that promote greater corporate disclosure and reporting, it is important that businesses adopt a culture and practice of transparency. We proactively engage with a wide range of stakeholders and look to promote transparency by publicly disclosing our sustainability performance on a regular basis through meetings with stakeholders, ongoing web and media communications and formal reporting. Wherever we operate, we will continue to pursue a policy of transparency and public engagement.

Our global context

Demand for sustainable products

Consumer awareness of responsible purchasing has boosted the demand for increased transparency across the whole value chain including certified forestry products over the past 20 years. However, only limited areas of the world's forests are so far certified. This must be urgently addressed if certification is to remain relevant and demand for sustainable certified wood is to be met.

Our response

While much of our focus remains on securing responsibly produced fibre and other raw materials, as well as increasing efficiency and reducing emissions during manufacturing processes, we also increasingly look to better communicate our sustainability practices with our customers. This helps to highlight the value embedded in our products and to encourage responsible purchasing in markets where we operate. Our Green Range initiative is a good example. We are also working through multi-stakeholder platforms to improve certification systems, including the new Forest Stewardship Council® (FSC®) global strategy. Our next challenge will be to ensure that this is successfully implemented on the ground.

Collective action and international commitment to sustainable development

Over the last 20 years collaboration across sectors has looked to address sustainable development challenges. In September 2015, the UN Millennium Development Goals (MDGs) were superseded by the Sustainable Development Goals (SDGs) which explicitly call for a more integrated, holistic approach. They will shape the global sustainable development agenda until 2030, and call for business to use creativity and innovation to address sustainable development challenges such as poverty, gender equality, clean water, clean energy and climate change.



Our response

We are guided by international conventions and agreements in our policies, standards, reporting and practices. We also operate across a wide range of sectors and work with our stakeholders to address sustainability challenges across our value chain.

Our Growing responsibly action areas and 2020 commitments show alignment with the SDGs. Examples include:

- Our focus on sustainable fibre shows alignment with SDGs 6 (Clean water and sanitation), 11 (Sustainable cities and communities), 12 (Responsible consumption and production), 13 (Climate action) and 15 (Life on land).
- Our focus on people, safety, health and communities addresses many aspects covered by SDG 1 (No poverty), 2 (Zero hunger), 3 (Good health and wellbeing), 4 (Quality education), 5 (Gender equality), 8 (Decent work and economic growth), 9 (Industry, innovation and infrastructure) and 17 (Partnerships for the goals).
- Our climate performance shows alignment with SDG 7 (Affordable and clean energy), 13 (Climate action) and 15 (Life on land).

Our response

Growing responsibly

We've held wide-ranging dialogues with stakeholders to develop our response to global challenges and their local consequences. This year, we've identified 10 action areas to address across the value chain. These will shape our approach and guide our 2020 commitments. Transparency, collaboration and innovation remain central to our approach.



Read more about our approach to working together with our stakeholders
[page 18](#)

Looking back: our material issues in the 2011–2015 period

Our six material issues for the 2011–2015 period were identified through a detailed materiality assessment which identified and prioritised the issues most important to our business and our stakeholders. These were informed by our global context as well as engagement with stakeholders, our risk management process and Global Reporting Initiative (GRI) methodology. The six material issues, as defined, are:

Securing access to sustainable fibre in the short, medium and long term

Maintaining our licence to trade by making a real and lasting contribution to the communities in which we operate

Understanding and minimising our contribution to climate change

Operating in a world of constrained resources and recognising concerns regarding biodiversity, forests, water and ecosystem services

Safeguarding the wellbeing of employees and contractors and securing key talent and skills

Increasing the eco-efficiency of our products



Read more about the progress made against the commitments set
[page 91](#)

Progress against our commitments

In 2015, we reached the end of a five-year commitment period, and have reported on the progress we made against commitments on [page 91](#). Our commitments were defined for five years, set against a 2010 baseline. We fully achieved 29 out of our 35 commitments.

Growing responsibly: our 2020 action areas and commitments

While we are confident that our current six material issues remain relevant, we re-evaluated the most important issues for our business and our stakeholders in 2015. We commissioned new research on our global context, seeking input from thought leaders and sustainability practitioners and aligning with our business teams. This process has also been informed by our work with United Nations Global Compact (UNGC), World Business Council for Sustainable Development (WBCSD) and WWF, as well as the UN's newly launched SDGs.

Our approach is one of global thinking with local priorities and implementation. We work with our businesses and operations to better understand their opportunities and risks, as well as their day-to-day activities and secure their support in achieving our common goals. As always, stakeholder engagement is key, and we continue to work together with them across the value chain to identify and address common challenges.

This process has strengthened our approach and will help us grow responsibly.

Our response

Our Growing responsibly model

10 action areas:

Employee and contractor safety	A skilled and committed workforce	Fairness and diversity in the workplace	Sustainable fibre	Climate change	Constrained resources and environmental impacts	Biodiversity and ecosystems	Supplier conduct and responsible procurement	Relationships with communities	Solutions that create value for our customers
<p>Our goal is zero harm to employees and contractors, and a safe and healthy workplace. Overall, our safety performance has improved steadily over the past five years and we're among the leaders in our industry¹. See page 48</p>	<p>We're developing a culture that aims to inspire, engage and develop all our people to reach their full potential, while ensuring our business can continue to grow and succeed. See page 43</p>	<p>The diversity of our workforce is one of our greatest strengths. We promote fair working conditions for a better, more diverse workplace. See page 43</p>	<p>We're promoting positive change to support credible certification systems that will meet increasing demand for sustainable fibre. We also manage our own forests sustainably. See page 66</p>	<p>We consider climate change in our business decisions through sound investments to improve energy efficiency and responsible procurement of wood and fibre. Our sustainably managed forests also play an important role in storing carbon. See page 29</p>	<p>Our focus on operational excellence drives efficiency improvements to ensure responsible use of water, reduction of waste and emissions, the cascading use of wood and development of resource-efficient products. See page 34</p>	<p>We promote ecosystem stewardship to sustain services that our businesses and communities rely on through sharing best practices and continued, long-term collaboration with our stakeholders. See page 23</p>	<p>We're taking steps to encourage greater transparency and promote fair working conditions by developing a responsible, inclusive and sustainable supply chain. See page 66</p>	<p>We aim to enhance our social value to communities through effective stakeholder engagement and meaningful social investments, using global frameworks that enable us to address local priorities. See page 53</p>	<p>We encourage sustainable, responsibly manufactured products and closer collaboration with our customers and partners. See page 62</p>
16 commitments², by 2020³:									
<p>Avoid work-related employee and contractor fatalities</p> <p>Prevent life-altering employee and contractor injuries</p> <p>Reduce TRCR by 5% compared to 2015 baseline, including new acquisitions</p>	<p>Engage with our people to create a better workplace</p>	<p>Promote fair working conditions in the workplace</p>	<p>Maintain 100% FSC® certification and promote sustainable management of our owned and leased forestry operations</p> <p>Procure a minimum of 70% of our wood from FSC or PEFC™ CoC-certified sources with the balance meeting our company minimum wood standard that complies with the standard for Controlled Wood (FSC-STD-40-005)</p>	<p>Reduce our specific CO₂e emissions from our pulp and paper mills by 15% by 2030 against a 2014 baseline</p>	<p>Reduce specific contact water consumption by 5% compared to a 2015 baseline</p> <p>Reduce specific waste to landfill by 7.5% compared to a 2015 baseline</p> <p>Reduce specific NOx emissions from our pulp and paper mills by 7.5% compared to a 2015 baseline</p> <p>Reduce specific effluent load to the environment (measure COD) by 5% compared to a 2015 baseline</p>	<p>Promote ecosystem stewardship in the landscapes where we operate through continued multi-stakeholder collaboration</p>	<p>Encourage supply chain transparency and promote fair working conditions together with our key suppliers</p>	<p>Enhance social value to our communities through effective stakeholder engagement and meaningful social investments</p>	<p>Encourage sustainable, responsibly produced products</p>

With links to the UN Sustainable Development goals (SDGs):

¹ Based on total recordable case rate.

² Going forward, we will review and refine our commitment metrics as necessary to ensure they are appropriate and measurable.

³ Climate commitment to 2030.

Our stakeholders

Working together

Given the scale and nature of the social and environmental challenges facing society, collective action is needed to make significant, sustainable change. We engage openly and collaboratively in order to understand and respond to sustainability issues, map them to local priorities and seek solutions that benefit our business, the environment and broader society. Working collectively is a driver for change and we promote partnerships and collaboration throughout our supply chain and at a landscape level. By working with others, we believe that we can achieve greater innovation, impact, scale and sustainability.

Our key stakeholders include employees, customers, suppliers, other land users, communities, scientific institutions, NGOs, investors, lenders, processors and retailers.

Our role in local communities

We engage openly and regularly with communities to understand and prioritise their concerns using formal management tools to assess local socioeconomic conditions. In our forest areas, we work to FSC standards, which help us to address community and business needs and respective human rights. More details on our approach to community engagement can be found on [page 53](#).

Delivering value through partnership

We work closely with global and local NGOs, industry associations and scientific institutions to understand environmental and social challenges and to develop joint solutions. Here are just a few examples of how we're working with others:

- We contribute to multi-stakeholder collaborations that seek sustainable solutions along the entire wood value chain – from more effective certification systems and protection of forests ([page 68](#)) to promoting a smarter use of wood that maximises its value to society ([page 69](#)).
- We are working with the WBCSD and WWF to support sustainable business solutions to global challenges. For example, in February 2014, we launched our global Mondi-WWF Partnership that focuses on ecosystem, manufacturing and product stewardship (see [pages 25, 63 and 69](#)). This builds on our long-standing relationship with WWF in our South African and Russian forestry operations. We continue to work with and promote the WWF-MWP ([pages 24–27](#)). In 2015 we also helped launch the WWF-BFP in Russia, building on the approach and processes of the WWF's NGP platform ([page 28](#)).

In June 2015, WBCSD Forest Solutions Group's Sustainable Value Chains & Procurement work stream – of which Mondi's Group head of SD is a co-chair – published 'Facts & Trends: Fresh & Recycled Fibre Complementarity' which takes the position that virgin (fresh) and recycled fibre need to be considered complementary and part of the same single fibre system.

- We partner with the Confederation of European Paper Industries (CEPI) to promote recycling and use of recycled fibre; Forestry South Africa, with whom we are promoting sustainable forestry practices; and Silver Taiga, with whom we are identifying and protecting high conservation value areas in the Komi Republic of Russia ([page 26](#)).
- Our joint research with universities and scientific bodies delivers greater understanding of the value of the landscapes in which we work. These initiatives include the Mondi Ecological Network Programme ([page 26](#)) and our partnership with the University of Pretoria's Forestry and Agricultural Biotechnology Institute, that aims to eradicate invasive species using non-harmful resistance to pest and disease.



Read more about engagement with our stakeholders [page 106](#)

Sustainability governance

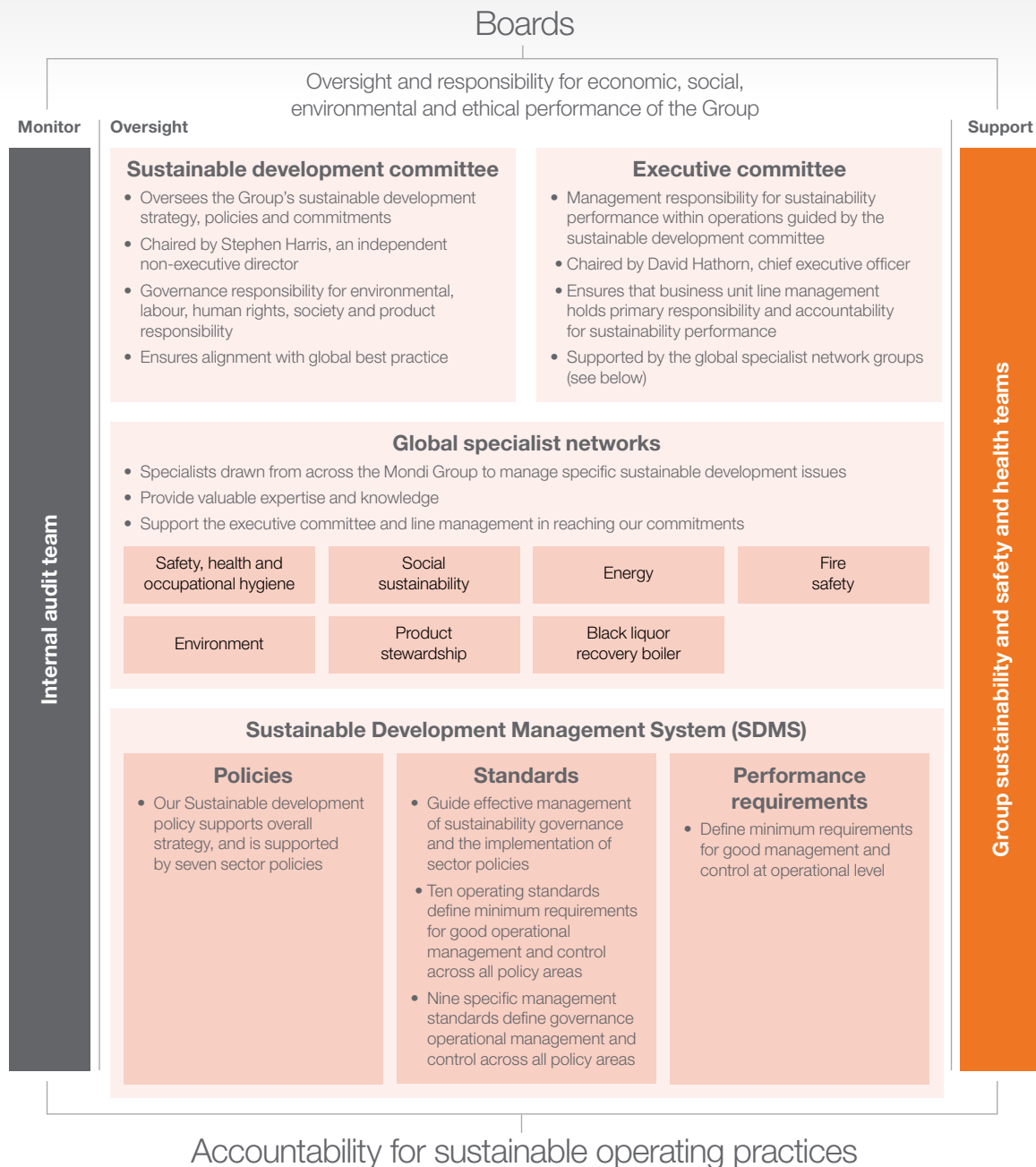
Operating responsibly

Our long-term success depends on working openly and transparently with our stakeholders. Responsible governance of our operations is fundamental to building a resilient, effective and efficient business. We seek to operate as a responsible organisation, and deliver against our sustainability commitments. To achieve this we look to manage risks and opportunities through robust policies, standards and management systems.



For more information on our full governance structure and risk framework please refer to our [Integrated report and financial statements 2015](#)

Our sustainability governance framework



Sustainability governance

Embedding sustainability

Our Boards and committees provide the leadership necessary to implement the principles of good corporate governance across the Group so that all deliberations, decisions and actions of our business are based on integrity, responsibility, accountability, fairness and transparency.

The Boards approve our strategy and review our performance. The members of the Boards are diverse in respect of origin, gender, race and education, reflecting the broad nature of our activities and operational territories. Two of the nine directors are women and one of the three South African directors is from an historically-disadvantaged community. Together the directors bring a wealth of experience and expertise to the Group.

The committees, to which the Boards delegate specific areas of responsibility, have the authority to make decisions according to their terms of reference.

While the Boards have ultimate responsibility, the accountability at Group level for our sustainable development (SD) policies, systems, practices, commitments and actions is guided and monitored on three levels:

1. the sustainable development committee chaired by Stephen Harris, an independent non-executive director;
2. the executive committee chaired by David Hathorn, our chief executive officer; and
3. seven global specialist network groups (see framework above).

A significant proportion of executive director and senior executive remuneration is performance-based, linked to the achievement of both short- and long-term objectives, which can be financial or non-financial and include safety metrics.

Mondi's Group sustainable development function

The Group's SD function monitors all relevant regulations and ensures that the businesses are informed and supported to ensure compliance. It oversees the management of the Sustainable Development Management System (SDMS) and facilitates all the Group's sustainability reporting, and coordinates the external assurance of such reporting.

A key responsibility of the SD function is both internal and external engagement. Internally, it is about communicating our position and performance while supporting the business units and suppliers to better understand SD issues, address the business benefits and deliver solutions that create value for our customers. Externally, it is about engagement and collaboration to ensure there is an understanding of, and where relevant, an influence on the SD landscape and a dialogue on emerging issues that are important to our business.

Sustainable development management system

Our established policies, procedures and management systems enable us to apply a consistent approach to sustainability throughout our operations. We consider the environmental, safety, health, economic and social implications of our key decisions. Our SDMS guides the effective management of all aspects of sustainability governance and the implementation of our sector policies. It covers all facilities and activities that we own and operate (including those in which we hold a controlling interest), new developments, mergers and acquisitions and businesses in which we plan to invest. Activities undertaken by contractors on

Mondi sites or while under our management, are incorporated into our SDMS, ensuring that they comply with our policies, requirements and practices.

Our Sustainable Development Policy supports our overall approach and is further supported by our sector policies: sustainable forestry; environmental performance; climate change; product stewardship; corporate citizenship; global employment; and safety and occupational health. These, in turn, inform our detailed sustainability commitments.

The sector policies apply to all our owned and managed operations. The Boards review the Group's SD policies on an annual basis.

A sustainable development governance standard provides the link between our management standards and our corporate governance structure. Nine specific management standards define our governance requirements and provide a basis for the development, enhancement and application of our sustainable development principles. A further 10 operating standards define the minimum requirements for good operational management and control across all policy areas and provide guidance on the implementation of the SDMS at Group, divisional and operational levels.

Our central reporting system captures and consolidates monthly data on key safety and health, energy, environmental and other sustainability parameters from our global operations and we independently assure selected KPIs annually. This data allows us to benchmark individual operations and identify opportunities for improvement and best practice sharing across the Group.

What is our Sustainable Development Policy?

Our Sustainable Development Policy supports our overall approach and is further supported by our sector policies: sustainable forestry; environmental performance; climate change; product stewardship; corporate citizenship; global employment; and safety and occupational health.



Click here for more information on our [Sustainable Development Policy](#)

Sustainability governance

Managing risks and opportunities

Our Group-wide risk management framework is designed to address all the significant strategic, SD, financial, operational and compliance-related risks that could undermine our ability to achieve our business objectives into the future. We exercise due diligence prior to the introduction of new operations, practices, processes and products.

Our Sustainable Development Risk and Change Management Standard guides the ways in which sustainable development risks are identified and managed. The approach we take to risk management, particularly to environmental issues, incorporates the precautionary principle, which implies our responsibility to protect the natural environment from harm where there is a plausible risk.

Our sustainable development risk register is updated 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 as well as strategic risks. In addition to the key impacts on our business and our stakeholders, we identify sustainability trends and opportunities and seek to mitigate risks that affect our longer-term prospects and financial performance.

Risk management is one of the internal processes that have informed the identification of our material sustainability issues, and the commitments we have set to monitor and improve our performance within these. For more information on our material issues please refer to [page 16](#) and for progress against our commitments [page 91](#).



Read more about our principal risks in our Integrated report and financial statements 2015 [page 38](#)

Mondi's internal audit function

Our internal audit function is an integral part of our system of corporate governance. It ensures the Group's systems of control are effective and adequately mitigate business risks. The assurance provided assists the Boards in fulfilling their disclosure obligations under the corporate governance codes of South Africa and the UK, and to report annually to shareholders on the effectiveness of Mondi's systems of control.

Internal audit assumes regular evaluation of the adequacy and effectiveness of our systems of internal control, across all business sites and all business processes. They plan and undertake audits of the businesses in a systematic way to ensure that the overall control environment within the business is appropriate, effective and complies with Mondi controls and procedures. They visit every Mondi operation at least once every five years, with all major plants audited annually. Internal audit continues to increase the focus on the role of sustainability performance monitoring in key operations and use the opportunity of their audits to highlight the importance of safety and sustainability issues. They form part of the Group's assurance process on safety and sustainability reporting.

The audit committee has primary responsibility for monitoring and reviewing the effectiveness of the Group's internal audit function.

Speakout hotline

Speakout is the Group's confidential reporting hotline, operated by an independent third party. It is a simple, accessible and confidential channel through which our employees, customers, suppliers, managers or other stakeholders can raise concerns about conduct that seems contrary to Mondi's values.

During 2015, there were 133 (2014: 129) Speakout messages received Group-wide. The number of messages and quality of information is seen as a positive measure of the openness and transparency within the Group. All Speakout messages were forwarded to the respective Mondi management team in accordance with our standard procedures. We responded and took appropriate corrective action where required.

The 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 ensures that management is informed about reported issues and that risks are adequately managed. Summaries of all reported issues, and the status of all unresolved items, are presented to the audit committee.



Speakout, Mondi's confidential reporting hotline

Political donations, gifts and bribes

Mondi is opposed to all forms of corruption and illegal practices. The Group does not tolerate the giving and receiving of bribes, nor condone anti-competitive practices in dealings with governments and in the marketplace. Mondi does not permit contributions or donations for political purposes. Our approach to preventing corruption is published in corporate brochures, newsletters 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 Group Business Integrity Policy.

Fines, non-monetary sanctions and significant legal issues

Mondi has not been the subject of any legal actions against it for anti-competitive behaviour, anti-trust, or monopoly practices during the year. Mondi has not received any fines or non-monetary sanctions for material non-compliance with laws and regulations.

Issues in focus

This section describes our approach to managing our key sustainable development issues.

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Forests and ecosystems

Forests are more than trees – they are home to as much as 80% of the world's land-based animal and plant life¹. They also provide food, shelter, fuel and an income for over a billion people whose livelihoods depend on them and they benefit the environment by regulating climate and water cycles and preventing soil erosion. As the global population grows and incomes rise, demand for forest products will grow.

Deforestation, loss of protected areas and other high conservation value (HCV) areas, as well as degradation of ecosystems and loss of species are global concerns. It's vital that we play a role in helping to secure the biological integrity, productive capability and community needs of the forests that we own or lease, and from which we source fibre.

Boreal forest landscape. Source credit: Yuri Pautov, NGO Silver Taiga

Discover how we're...

- Partnering with WWF to promote forest and freshwater stewardship through a landscape approach
- Collaborating with key stakeholders to explore forestry management solutions that create shared value
- Supporting the WWF-Boreal Forest Platform to improve yields from commercial forests in north west Russia
- Using science to establish the value of our work on the ground

2015 at a glance

100%

or 2.4 million hectares, of our owned and leased forests are Forest Stewardship Council® (FSC®) and ISO 14001 certified

100%

of our Russian forests are also Programme for the Endorsement of Forest Certification (PEFC™) certified

25%

of our owned and leased land is set aside for conservation

WWF-

Mondi global partnership, together with other key stakeholders, further develop the landscape approach and social learning concepts

¹ FAO, Eleventh World Forestry Congress, 'Protective and environmental functions of forests'.

Forests and ecosystems

Management approach

We seek to manage the impact of our forestry practices on ecosystems, natural landscapes and biodiversity. Additionally, our businesses and local communities rely on ecosystems for the provision of services such as water, biodiversity and fibre.

Our management approach aims to meet the increasing demand for products from sustainable forests that maintain high conservation values (HCVs) and ecosystem services. We're developing operational practices that will keep us globally competitive and demonstrate appropriate ecosystem stewardship. Promoting the role of well managed forests in absorbing and storing carbon is also an important aspect of our climate change mitigation strategy.

Wood

Wood is one of our most important primary raw materials. Our challenge is to meet the increasing demand for products from sustainable forestry practices that generate income and improve livelihoods for the communities they serve, while still providing important ecosystems services, including biodiversity, stabilising soils and regulating climate and water flows.

Third party certification of our forests is an important part of our approach. This assures our stakeholders that we meet globally-accepted standards for sustainable forest management. Certification also ensures that HCV areas are identified and the values are protected. All of our owned and leased forests are Forest Stewardship Council® (FSC®) and ISO 14001 certified. Our forests in Russia are also certified to PEFC™ standards.

We are not party to deforestation or illegal logging. We do not use illegal wood, including mixed tropical hardwood species and species listed by the Convention of International Trade on Endangered Species (CITES). We also do not use wood from genetically modified (GM) trees, nor do we grow GM crops. Approximately 25% of our owned and leased land has been set aside for conservation purposes. Of this 25%, around 524,000 hectares have been identified as HCV land.

Ecosystem management

We have ecosystem management plans (EMPs), including eco-sensitive harvesting plans, in all our forestry operations where rivers, wetlands, other key biotopes and HCV areas are identified with appropriate management recommendations. These are further supported by the Integrated Biodiversity Assessment Tool (IBAT) which we use at a Group level to identify sensitive biodiversity information across all our operations. In our Russian and South African forestry operations, detailed biodiversity data is captured in sophisticated geographic information systems and this information is fully integrated in our planning and operational procedures. The data generated by IBAT is also incorporated in our water impact assessments.

Water is a critical resource for the packaging and paper industry. It is required at various stages in the production process, from growing trees and processing pulp to the manufacture of final product. Our focus on responsible water use includes protection of water resources and freshwater ecosystems on or next to our forestry land. These efforts are supported by our EMPs, water impact assessments, the WWF-Mondi Wetlands Programme (WWF-MWP) and supporting science from the Mondi Ecological Network Programme (MENP).



Wood stack at our Štětí operation (Czech Republic)



Irrigating at our Kwambonambi nursery (South Africa)

What are ecological networks?

Landscape-scale ecological networks (ENs) are interconnected conservation corridors of high-quality habitat used to mitigate the adverse effects of landscape fragmentation and to connect with protected areas. It is the EN that retains the biodiversity and ecosystem processes in production landscapes.

Forest management

Our intensive breeding programme in our South African plantations is based on a wide genetic base and aims to produce stronger, more robust species. We continually work to improve our cultivation methods and the management of invasive species.

In Russia, within the framework of a sound landscape approach where intact forest landscape (IFLs) and HCV areas have been identified for protection, Mondi is placing increasing emphasis on sound silviculture to improve yields from the commercial forest areas. Increased yields from well managed commercial areas will reduce the habitual tendency in Russia to harvest IFLs.

Collaboration

We aim to share knowledge and learning, raise awareness, mitigate impacts, seek joint solutions and participate in developing good practices across sectors, stakeholder groups and value chains. Some of the organisations we engage with and support include WWF, FSC, PEFC™, World Business Council for Sustainable Development (WBCSD), The Forests Dialogue (TFD), High Conservation Value Resource Network (HCVRN), Silver Taiga, Forest School Association (FSA), Confederation of European Paper Industries (CEPI) and research institutions.

Forests and ecosystems

Meeting our 2015 commitments

We manage around 2.1 million hectares of natural boreal forest in Russia and around 258,000 hectares of plantation forests in South Africa, all of which is certified to FSC® and ISO 14001 standards. Our forests in Russia are also certified to PEFC™ standards.

In 2015, together with other key stakeholders, we worked with FSC on its new strategy and the promotion of a certification system that will work for small forest owners and communities (see Supply chain on [page 66](#)). We have continued to set aside at least 25% of our forest land for conservation, including areas of high conservation value (HCV), ecological networks and other important ecosystem components such as remnant ecosystem patches. We've also helped to map out and support efforts to secure official protection for some of the last intact forest landscapes (IFLs) in the Komi Republic, Russia. These are unbroken expanses of old-growth forests where the original and core biodiversity can be maintained.

We remain a co-chair of the HCV Resource Network, with the secretariat currently housed and supported by Proforest, an independent company. The network has been pivotal to the ongoing development and implementation of the standardised global approach to securing HCVs in forests and agriculture. The network was registered as an independent non-profit company in December 2015 to manage the expected demands and wider use of the HCV concept globally.

We have continued to work with WWF to expand the reach and influence of the WWF-MWP in South Africa and globally. The partnership is promoting forest and freshwater stewardship through a landscape approach where collaboration and shared learning is key to creating shared value. The focus on freshwater stewardship is bringing together all stakeholders, including land users, in three multi-functional landscapes, in this case sub-catchments, that are important to Mondi and WWF.

What are New Generation Plantations?

WWF's NGP platform aspires to an ideal form of plantations that contribute positively to people and nature. It promotes well managed, inclusive and profitable plantations by sharing knowledge and experience.

We have also remained committed to WWF's NGP platform, which brings together companies from different sectors, local communities and government agencies to share knowledge that improves plantation management. We've worked with WWF and other partners to develop and champion WWF's NGP concept since it was established in 2007. This includes key principles such as the importance of the landscape approach, HCVs, stakeholder involvement, economic development and ecosystem services. This work continues to demonstrate that well-managed and economically viable forest plantations can add significant value to society and the environment. The concept is now being extended to other forest types seeking a balance between commercial use and conservation, for example, in the form of the WWF-Boreal Forest Platform (WWF-BFP), launched in 2015.

Social learning, championed by the WWF-MWP, has led to close cooperation and synergies between WWF's NGP and the WWF-MWP.

Please refer to the progress we made against our commitments on [page 91](#) of this report.



In focus:

A vision for forestry: World Forestry Congress declaration

The World Forestry Congress held in Durban in September 2015 declared that forestry is a key contributor to achieving the 2030 Agenda for Sustainable Development and a sustainable future to 2050 and beyond. This associated vision for forestry states that:

- forests of the future will increase the resilience of communities by providing livelihoods, allowing societies to prosper. They will also harbour biodiversity, support sustainable agriculture and promote human wellbeing by stabilising soils and climate and regulating water flows;
- integrated approaches to land use provide a way forward for improving policies and practices to tackle the causes of deforestation – addressing conflicts over land use; capitalising on the full range of economic, social and environmental benefits that comes with integrating forests with agriculture; and maintaining multiple forest services in a landscape context; and
- forests are an essential solution to climate change adaptation and mitigation. Sustainably managed forests will increase the resilience of ecosystems and societies and optimise the role of forests and trees in absorbing and storing carbon, while providing other environmental services.

Our forest management approach is already broadly aligned with these goals.



Forests and ecosystems

Forestry and freshwater stewardship across the landscape

Globally, natural ecosystems are being rapidly transformed, degraded and fragmented. Commercial and subsistence agriculture, commercial forestry and other forms of human development now dominate many landscapes. The current network of protected areas on its own can no longer ensure ecosystem services and the survival of all species – which is why we are working with international and local partners to create a more sustainable approach to forestry and other land uses.

Mondi has a historically strong working relationship with WWF through our sponsorship and support (since 2001) of the WWF-MWP and direct participation in its activities. The programme has operated since 1991 and has catalysed wetlands conservation in South Africa through effective partnerships with government, non-government organisations (NGOs) and companies.

In January 2014, we took the relationship with WWF further through a global partnership to promote environmental stewardship in the packaging and paper and agricultural sectors. The partnership aims to show that environmental stewardship and business can go hand in hand.

Together we are promoting forest and freshwater stewardship through a landscape approach. This has brought together stakeholders across three priority sub-catchments of the uMngeni and uMvoti catchments in South Africa (see In focus: uMngeni). Collaborative learning and exploring solutions that create shared value are central to this approach (see In focus: Social learning). This approach helps to integrate forests with agriculture and maintain ecosystem services in the landscape.

Mondi and the WWF-MWP co-hosted an NGP study tour in South Africa in 2014 and participated in a similar tour in Chile in 2015. These brought together agriculture and forestry stakeholders with water experts and engineers to explore future opportunities to strengthen sustainable forestry practices and improve water security in these countries.

In South Africa and Russia (Komi Republic), we work closely with social and environmental NGOs. In South Africa, in addition to the WWF-MWP, we support the Mondi Ecological Networks Programme (MENP) research at the University of Stellenbosch, which has resulted in practical recommendations on the design and management of ecological networks, which link important habitats in the landscape. In Russia, we have worked with WWF and Silver Taiga for over 10 years to identify and protect important intact forest landscapes.



In focus:

uMngeni: Creating shared value through the WWF-MWP

The health of freshwater ecosystems and water security are among society's most urgent environmental challenges. In South Africa, where we own plantation forests, freshwater resources are under critical stress, with water demand expected to exceed supply by 17% by 2030¹ if current trends continue. This is a major risk for land users and places limitations on South Africa's economy.

The WWF-MWP looks at the wider biophysical and social landscape and its different land uses, such as commercial farming and agriculture, different ecosystem components and different social needs. It brings together landowners and stakeholders who have a shared interest in maintaining the ecosystem services and values at a landscape scale. It also aims to maintain or enhance the values and resilience of ecological infrastructure (rivers, wetlands and ecological networks) at a landscape scale, and considers all upstream and downstream users.

Freshwater stewardship, through a landscape approach, is being piloted by the WWF-MWP in the Upper uMngeni and the adjacent Upper Umvoti catchments (both in KwaZulu-Natal), and the Groot Brak catchment (southern Cape). It brings key stakeholders together, including farmers, local government, corporate land users and insurance and banking partners, to share ideas on the effective management of freshwater ecosystems.

Through a better understanding of the values, objectives and risks of freshwater ecosystems to different interest groups, shared actions can be developed and implemented by the stakeholders to secure the integrity and resilience of these freshwater ecosystems. This integrated approach will help to develop improved policies and management practices and help address any conflicts over land and water use. It also seeks to optimise the economic, social and environmental benefits from integrating forests and other commercial land uses while maintaining multiple forest services in the landscape context. Through this approach, it is possible to increase production and meet local development needs while at the same time conserve critical ecosystems.

WWF and Mondi are also exploring how this approach may be adapted in other contexts and through WWF's NGP platform. For example, the WWF-MWP will be supporting WWF: Chile in introducing the landscape approach to Chile.

What is a wetland?

Wetlands are bodies of water that also include land. They are freshwater, brackish or saline, inland or coastal, seasonal or permanent, natural or man-made. Wetlands include mangroves, (peat) swamps and marshes, rivers, lakes, floodplains and flooded forests, rice-fields, and even coral reefs.

¹ 2030 Water Resources Group.

Forests and ecosystems



In focus:

Social learning and the WWF-MWP

Within any landscape, such as a catchment, there will be a range of land uses, including commercial farming and agriculture, a variety of ecosystem components and different social needs. Mondi and WWF believe that water security is strengthened when different users and role-players within the catchment (with divergent or common interests), share their knowledge and experience. This allows all parties to build a shared understanding of the main issues. It also promotes more informed and inclusive decision making, which in turn leads to greater innovation around the protection of the catchment and use of water. We see this as the optimum way to build resilience into the landscape, our operations, local businesses and the community at large.

This process can lead to enhanced understanding and changes in outlook and behaviour, which in turn lead to innovative solutions, constructive relationships and trust. This is what Mondi and WWF refer to as 'social learning'.

What is an ecosystem service?

Human beings are both part of ecosystems and benefit from ecosystems in many ways. Ecosystem services are the benefits we derive from ecosystems – such as food, water, fibre and recreation.

Securing future fibre supplies in the boreal forests

Over the past decade, our support of the multi-stakeholder process in the Komi Republic in Russia has promoted a sensible balance in designating protected and commercial areas in the forest landscape. Through this process, 4.3 million hectares of pristine boreal forest (including some of Mondi's leased areas) in the Komi Republic have been identified for potential future protection.

With WWF, we're championing the WWF-BFP in Russia and helped finance its launch in 2015. This platform incorporates WWF's NGP and social learning concepts and builds on the conservation framework developed in Komi. Like WWF's NGP, this platform aims to bring stakeholders together across the boreal landscape, especially north west Russia, to develop a shared understanding of responsible forest management and optimise yields from commercial forest areas while conserving both old-growth forests and HCV areas, and benefiting local people. Increased yields from well managed commercial areas will alleviate the continuing pressure to harvest intact forests.

In 2015, Mondi South Africa hosted a field visit for the Russian State Delegation to the World Forestry Congress to illustrate the value of high yielding production forests in healthy landscapes.

Examples of social learning within the WWF-MWP include:

- exploring ways that wetland management could be better integrated into our forestry operations, and developing a framework to support learning within the organisation;
- providing wetland training and tools to Mondi's community engagement facilitators;
- participants taking part in practical, field-based tasks, generating ideas and sharing knowledge;
- supporting local wetland forums and the National Wetland Indaba (NWI) – a gathering of scientists, government, academics, corporates, general public and NGOs from around South Africa;
- working with the sugar industry to help roll out the Sustainable Sugarcane Farm Management System (SuSFarMS™).

Forests and ecosystems



In focus:

Partnering to launch the WWF-Boreal Forest Platform (WWF-BFP) in Russia

Collectively, boreal forests are the world's largest terrestrial biome. They circle the northern hemisphere, across the far north of Eurasia and North America, accounting for 29% of the world's forest cover. Russia has most of the world's boreal forests, with a total of approximately 800 million hectares.

Boreal forests are vital habitats for rare animal species such as wolves, lynx and the Amur tiger. They store significant quantities of carbon in the trees, soils and associated peat lands – comprising more carbon than all tropical and temperate forests combined. Importantly, they also provide an important home to indigenous people with unique customs and traditions.

While more than three-quarters of Russia's boreal forest remains largely pristine, this is coming under increasing pressure from wild fires, logging and mining activity. These threats are magnified by the fact that some of these ancient forests take centuries to recover if they are degraded or destroyed.

We supported WWF: Russia in the launch of the WWF-BFP. This is based on WWF's NGP concept that promotes collaboration with government representatives, companies, local communities, NGOs and scientists. The goal is establishing a safe platform for sharing and learning and to develop best practice for the boreal forest, seeking a balance of commercial and conservation areas and increasing yields from commercial areas, while protecting high conservation values and benefiting local people.

The WWF-BFP was launched in April 2015 with representatives from Russian and international forest businesses, federal and regional level forest management authorities, scientists and environmental organisations. The participants recognised the need for businesses to work together with government and civil society in order to balance social, environmental and economic priorities.

We hosted the first field visit in the Komi Republic (Russia) and will help support efforts to arrange study tours in north west Russia and other boreal zones.

Supporting science

Supporting science has played an essential role in establishing the value of our work on the ground.

The University of Stellenbosch's MENP research has resulted in practical recommendations on the design and management of ecological networks, which link important habitats in the landscape. The research has provided insight into the importance of corridor sizes and established width thresholds. These metrics are important because they determine at what point a corridor functions as a reserve, providing a habitat for rare and specialist species, and at what point the corridor facilitates movement, allowing organisms to disperse across the landscape. The science tells us that well managed ecological networks add considerable resilience to the landscape by extending and connecting important habitats and HCV areas, thereby enhancing the conservation of biodiversity.

MENP has introduced a new component to its research, focused on the biodiversity of freshwater ecosystems, especially wetlands, in the landscape. The additional focus on freshwater biodiversity will complement the work of the WWF-MWP in South Africa and Mondi's management practices for wetland and riparian areas.

We've also embarked on a new soil project where soil and water specialists will be using 50 years of rainfall-runoff data.

Control and monitoring of pests and disease

Evidence suggests that the effects of climate change on weather patterns impact on the world's forests and the forest sector through longer growing seasons, expansion of insect species ranges, and increased frequency of forest fires.

More recently in South Africa, the ongoing drought has emphasised the incidence and damage from pests and diseases in our plantation forests.

We continued our partnership with the University of Pretoria's world-renowned Forestry and Agricultural Biotechnology Institute (FABI). This focuses on future forests, food and the health and development of plants and their products. This important work feeds into our tree improvement programme.

Energy and climate change

We recognise the significant role that business can play in reducing levels of greenhouse gases (GHGs) in the atmosphere. At Mondi, we manage GHGs by optimising energy and process efficiencies and increasing the use of renewable energy sources. This approach is supported by ongoing investments in low-carbon energy technologies. We sustainably manage our forests, which store carbon and help regulate the balance of CO₂ in the atmosphere.



Recovery boiler exhaust stack, Świecie (Poland)

Discover how we're...

- Reducing GHG emissions and energy intensity through focused investment, improved energy efficiency and use of renewable energy sources
- Meeting our climate and energy commitments
- Reporting and sharing our energy and GHG data to promote transparency and explore opportunities for improvement
- Reducing our carbon footprint by selling green fuels and energy

2015 at a glance

Commitment

Introduced our new CO₂e reduction commitment for 2030

59%

of fuel consumed by our mills from renewables compared to 56% in 2010

Scope 3

Reported detailed indirect CO₂ emissions (scope 3)

Investment

Commissioned new recovery and biomass boilers at our Świecie mill (Poland)

Energy and climate change

Management approach

Energy generation is the major source of our overall GHG emissions. We therefore focus on energy management and energy efficiency investments. We are also increasing the use of biomass-based fuels (such as black liquor, bark and residues from the pulp process) and reducing our reliance on carbon intensive fossil fuel sources where technically and economically feasible.

Nine of our pulp and paper mills are located in the EU and are covered by the EU Emission Trading Scheme. In addition, 26 of our European operations are considered 'large enterprises' according to the EU Energy Efficiency Directive (see [page 42](#)). The reported CO₂e figures do not include any off-setting.

We exceeded our 2014 commitment of reducing CO₂e per tonne produced in our pulp and paper mills, and in 2015 set a new long-term climate commitment to 2030. We will continue to identify relevant energy-related projects in our pulp and paper mills, including the modernisation of recovery boilers and increased use of biomass-based fuels. These investments will make our mills more self-sufficient in electricity, reducing our dependence on external electricity providers.

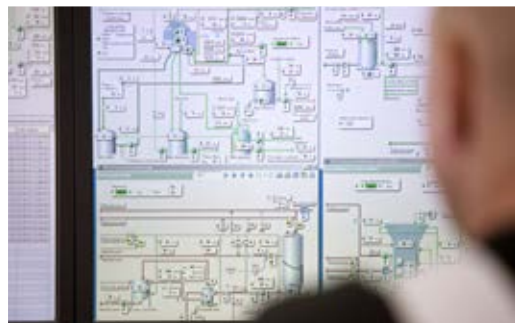
Sustainable forestry

We recognise the important role that forests play in mitigating climate change through the efficient storage of carbon. We make a positive contribution through credibly certifying and responsibly managing our forests and their ecosystems and help protect forests by procuring wood exclusively from certified and controlled sources.

Transparency

To promote transparency, we measure our performance and participate in a wide range of benchmarking initiatives such as CDP, WWF's Check Your Paper initiative and Environmental Paper Company Index (EPCI 2015) (<http://epci.panda.org/>). We share our approach and performance metrics on energy and climate change in our annual reports and make available detailed product carbon footprints for all our fibre-based products. Benchmarking also helps us to identify opportunities for further improvement.

We report our GHG emissions according to the Greenhouse Gas Protocol, published by the WBCSD and the World Resources Institute, and have reported our scope 1 and 2 GHG data in compliance with ISO 14064:1-2006.



Control room operator on PM7 containerboard production at our Świecie mill (Poland)

Meeting our 2014 and 2030 carbon commitments

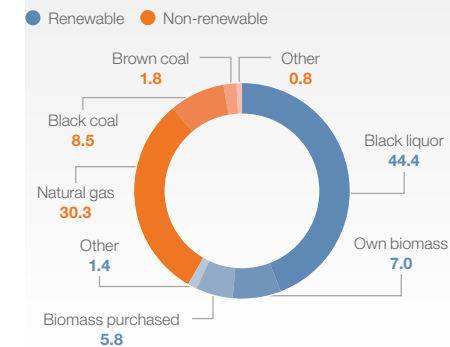
Having exceeded our previous CO₂e commitments at the end of 2014, we have committed to reduce specific CO₂e emissions (per tonne of saleable production) by a further 15% by 2030, against a 2014 baseline.

In 2015, we saw a slight increase of 0.9% in specific CO₂e emissions per tonne of saleable production due to increased energy sales. We continued to make major energy-related investments in 2015, including the start-up of a new recovery boiler and biomass boiler at our Świecie mill.

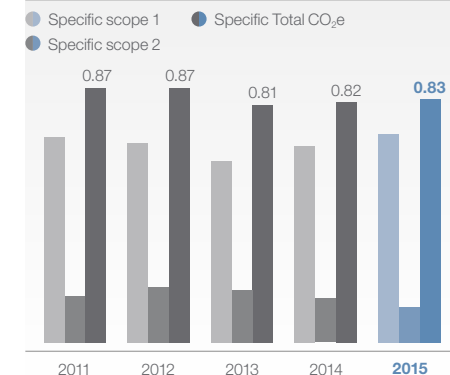
We also committed to increasing renewable fuel consumption for energy generation and the electrical self-sufficiency of our mills by 2015, against a 2010 baseline. We achieved this by improving the energy efficiency of our energy and production facilities. Key investments included modernisation of our recovery boilers at Frantschach (Austria), Ružomberok (Slovakia) and Świecie, and new biomass boilers in Syktyvkar (Russia), Stambolijski (Bulgaria) and Świecie.

The contribution of biomass-based renewable energy to the total fuel consumption of our mills increased from 56% in 2010 to 59% in 2015. Overall, the electrical self-sufficiency of our pulp and paper mills has increased from 82% in 2010 to 103% in 2015.

Fuel sources for our pulp and paper mills 2015: renewable vs non-renewable %



Specific CO₂e emissions from our pulp and paper mills tonnes per tonne of saleable production



Energy and climate change

Climate change: managing risks and opportunities for a cleaner, low-carbon economy

With the 2015 Paris Climate Agreement set to shape policy and business decisions in the years ahead, we remain committed to reducing our contribution to climate change. Managing climate-related risks and opportunities is central to our approach.

With the success of the last 10 years providing a sound foundation for our 2030 commitments, we will continue to focus on improving our energy efficiency, using biomass-based renewable energy where feasible, managing our forests sustainably, and procuring our wood from credible, responsible sources.

This will help secure a low-carbon future for us, and makes perfect business sense. Increasing fuel costs as well as uncertainties in carbon regulation and taxation call for a sound climate approach.

Reducing our carbon footprint also presents opportunities for the business through the sale of green energy and green fuels, and contributes to our self-sufficiency in electricity as our mills can generate excess energy from biomass. Energy efficient operations also provide opportunities to reduce costs.

Transparency remains central to our approach and we regularly communicate our performance in our reports and on global platforms such as CDP, and actively engage with our stakeholders to explain our position, understand and learn from their input and benefit from their contribution. We also offer full disclosure of the carbon footprint of our products to our customers, to promote transparency and responsible purchasing in the markets where we operate, and to help our customers reduce their own footprint.

Reducing emissions and carbon intensity

Climate change is an important issue for Mondi. Our response is to focus on improving the energy efficiency of our operations, and increasing renewable energy generation and electricity self-sufficiency. Our forests also play an important role in storing carbon (see page 23).

Globally, the pulp and paper industry is a significant energy user. We are playing our part by working to reduce the amount of energy consumed and the related CO₂ emissions. In 2014, against a 2004 baseline, we reduced specific GHG emissions by 29% (exceeding our 15% target), increased the proportion of renewable energy used to power our mills from 49% to 59%, reduced specific energy consumption per tonne of saleable production by 21%, and improved our processes and modernised our boilers.

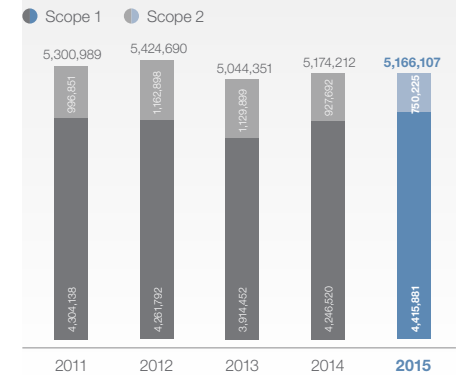
At the end of 2014, we committed to reducing specific GHG emissions by a further 15% by 2030. Our approach to reducing emissions in the next 15 years will continue to involve improvements in our energy efficiency and self-sufficiency through ongoing investment, investigating new technologies, and moving away from fossil-based energy where feasible.

While our climate change strategy takes account of the risks related to current and future CO₂ regulation and carbon tax, it is also influenced by the opportunity to improve efficiencies and deploy low-carbon technologies. We see great potential for the generation and sale of low-carbon energy and fuels. Additionally, we continue to improve the energy and water efficiency of production processes and maximise the already significant use of Combined Heat and Power (CHP) as an energy source. This further reduces our carbon footprint by increasing the use of biomass-based renewable fuels.

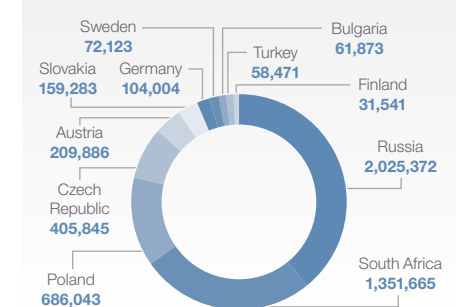
To support reductions in the carbon and energy intensity of our operations we have made significant investments in mill modernisation over the last six years. Some of these programmes are summarised on the [following page](#).

Our emissions reduction and resource efficiency work is also influenced by the cost of primary energy, chemicals and transport, all of which are factored into our business planning.

CO₂e emissions from our pulp and paper mills tonnes



CO₂e emissions from our pulp and paper mills by country 2015 tonnes



Energy and climate change



In focus:

GHG reduction at Mondi Świecie (Poland)

In 2014, we launched a €166 million investment programme at Mondi Świecie that focused on a new recovery boiler, turbine and the replacement of two coal fired auxiliary boilers with a biomass boiler (converted from the old recovery boiler). In addition to increasing the efficiency of energy generation, the new recovery boiler will emit significantly less dust than the original unit.

The new boilers obtain roughly one-third of their fuel from by-products of the pulp process. The remainder is comprised of residues from our forestry operations, with the addition of sawdust and agricultural by-products. The resulting low-carbon electricity is used to drive the mill, with the excess electricity sold into the local grid.

Effective use of our resources

We sell our excess energy from pulp and paper processes. This is usually for district heating in the vicinity of our pulp and paper mills and for introduction of electricity into the public grid. In 2015, emissions of some 0.12 million tonnes of CO₂e were avoided through the sale of roughly 1.6 million GJ green fuels (such as pitch fuel, sulphate soap, tall oil and turpentine) and some 0.09 million tonnes of CO₂e through the sale of 9.8 million GJ of green electricity and heat.

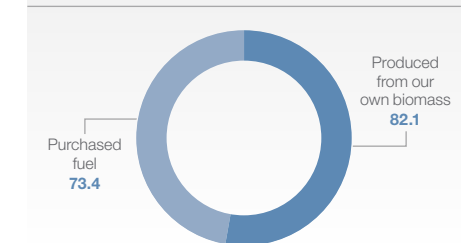
We have also avoided emissions by substituting natural gas with biogas. Biogas is generated in the anaerobic waste water treatment plants of our mills. In 2015, about 0.1 million GJ of biogas has been collected and used as fuel to replace natural gas, leading to around 0.01 million tonnes of CO₂e being avoided.

Waste streams with high biomass content are usually used internally for energy generation. We also reuse and recycle waste where we can, to avoid sending it to landfill. For example, by sending about 50,000 tonnes of foil waste from the recycled pulp process to a cement manufacturer close to our Świecie mill for energy generation, about 0.06 million tonnes of CO₂e were avoided.

Collective climate action

Industry has a significant role to play in reducing climate impacts through reduced energy use, greater resource efficiency, decarbonising energy and the design of low-carbon products. While individual action is necessary, partnership and collaboration is vital to harness the contributions of industry, NGOs, governments and international organisations.

Fuel consumption of pulp and paper mills 2015 million GJ



Plant	Key measures	Benefits
Syktyvkar (2010)	€545 million investment in a new wood yard, rebuilding existing fibre-lines, new evaporation plant, a new recovery boiler and paper machine rebuild	Improved energy and environmental performance and increase in the quality and competitiveness of products
Syktyvkar (2013)	€16 million investment of a new biomass boiler	Generated green electricity for the mill
Stambolijski (2013)	€24 million investment of a new biomass-based boiler and new turbine	Generated green electricity for the mill and a surplus for the grid
Frantschach (2013)	€60 million investment in a new recovery boiler	Improved energy efficiency
Ružomberok (2014)	€128 million investment in a new recovery boiler, new turbine and a lime kiln	Doubled green energy generation, reduced organic emissions by 20%, reduced dust emissions by 50%, reduced consumption of bleaching chemicals by 20%, reduced disposal of lime sludge by 30% (due to new lime kiln)
Świecie (2015)	€166 million investment in a new recovery boiler, rebuild of the old recovery boiler into a biomass boiler and installation of a new turbine	Improved energy efficiency, reduced dust emissions and generation of 'green' electricity for the plant and the grid

Energy and climate change

Promoting transparency through monitoring and reporting

We report annually on our energy and climate performance through our public reports. Transparency and openness are also part of our business culture, and we additionally participate in a wide range of voluntary benchmarking and transparency initiatives.

In addition to our annual Integrated and Sustainable development reports, we voluntarily disclose information through the CDP climate change, water, forests and supply chain programmes. We also regularly participate in WWF's Environmental Paper Company Index. Product-related performance, including carbon footprints, are reported via WWF's Check Your Paper scheme as well as Paper Profile, a system for presenting consistent environmental paper product information. Detailed product carbon footprints are available for all our fibre-based products. These are based on the principles of CEPI's 10 Toes Framework for the development of carbon footprints for paper and board products.

GHG emissions from our operations

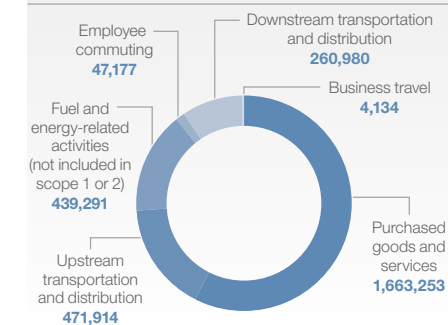
In 2015, our scope 1 emissions totalled 4.4 million tonnes CO₂e (2014: 4.2 million tonnes). This equated to 0.71 tonnes per saleable production (2014: 0.67). Our scope 2 emissions totalled 0.75 million tonnes CO₂e (2014: 0.93 million tonnes), equating to 0.12 tonnes per saleable production (2014: 0.15). All of our pulp and paper mills use market-based grid factors in reporting scope 2 emissions. The scope 1 emissions of our converting operations totalled 0.13 million tonnes CO₂e (2014: 0.12 million tonnes). The scope 2 emissions of our converting operations totalled 0.23 million tonnes CO₂e (2014: 0.22 million tonnes). Our converting operations contribute to 23% of the Group's scope 2 emissions. Two of the converting operations, which contribute to 20% of total converting operations' scope 2 emissions, use market-based factors¹. The rest of the converting operations use location-based² (country-specific) average grid factors.

Our indirect emissions (scope 3) are derived from transportation of products and raw materials, employee commutes, business travel, fuel and raw materials production. These were estimated to be 2.89 million tonnes CO₂e in 2015 (2014: 2.68 million tonnes CO₂e)³.

In 2015, total energy use by our pulp and paper mills was 149 million GJ (2014: 145 million GJ). Total electricity requirements for producing pulp and paper amounted to 6.8 million MWh (2014: 6.9 million MWh). In 2015 we generated 7.0 million MWh (2014: 6.7 million MWh) of electricity through our own energy plants, and purchased 1.8 million MWh (2014: 2.0 million MWh) from local providers.

Scope 3 emissions 2015

tonnes



What are CO₂ equivalent (CO₂e) emissions?

Greenhouse gas (GHG) emissions are often compared on the basis of their estimated potential to cause global warming. In addition to CO₂, CH₄ and N₂O emissions are the most relevant for the pulp and paper industry. Total GHG emissions can be calculated as the sum of several GHGs expressed as the equivalent amount of CO₂, abbreviated as CO₂e.

¹ Market-based method: The calculation of scope 2 emissions takes account of any energy attribute certificates such as RECs or contracts with suppliers/individual generators for the purchase of renewable energy or lower emission electricity.

² Location-based method: The calculation of scope 2 emissions uses national or regional emissions factors.

³ In 2015, we completed our reporting of scope 3 emissions according to the "Corporate Value Chain (scope 3) Accounting and Reporting Standard" (published by WRI and WBCSD in October 2011) by also reporting "Fuel-and-energy-related activities (not included in scope 1 or 2)" which has been reported publicly in our CDP 2015 response for the first time. The "Fuel-and-energy-related activities (not included in scope 1 or 2)" were 444,392 tonnes CO₂ in 2014 and 439,291 in 2015.



Our new recovery boiler at our Świecie operation (Poland)

Operational excellence

We operate in a world of growing resource constraints. This can lead to imbalances between the supply of, and demand for, energy and water – both of which are vital for our operations. Using natural resources wisely and managing our impacts is important to our sustainable growth.

Over the past five years, our investment in the Best Available Techniques has delivered significant benefits for our business – through optimising our processes and products, promoting recycling, reuse and the substitution of resources to reduce our waste and emissions to air and water.

Discover how we're...

- Focusing on reducing waste to landfill and moving towards zero waste
- Improving the way we manage our water use
- Strengthening the way we control emissions and reduce environmental incidents
- Responding to wider market and European policy developments

2015 at a glance

22%

reduction of waste to landfill since 2010

12%

reduction of organic contamination load of waste water (COD) since 2010

5%

reduction of specific contact water (per saleable production) since 2010

33%

reduction of total reduced sulphur emissions since 2010

80%

reduction of Level II environmental incidents since 2010

Operational excellence

Management approach

We define operational excellence at Mondi as doing more with less. We do this by optimising our processes and products, and promoting recycling, reuse and the substitution of resources to reduce our waste and emissions to air and water.

We adopt the Precautionary Principle, which requires us to identify and address the negative impacts resulting from our emissions, discharges and waste. All our operations are required to measure, monitor and report their monthly performance on key energy and environmental parameters. Selected key performance indicators are verified annually by independent external assurance providers.

Spills and releases

We have management systems and procedures in place to prevent incidents from happening. Where they do occur due to unforeseen circumstances or gaps in our internal systems, we thoroughly investigate the incidents to prevent future reoccurrence. We have introduced a new procedure to categorise loss of primary containment (LOPC)¹ occurrences, based on the nature and amount of the chemical released.

Water consumption

We reduce our contact water consumption by implementing closed loops and recycling water streams where feasible, and maintain our COD and AOX emissions within permitted levels.

Management systems and certification

Management systems and certification are key tools for improving environmental performance. Consequently our pulp and paper mills² and forestry operations, as well as 52% of our converting operations, are certified to the international environmental management system standard, ISO 14001. Our energy and environmental network specialists share knowledge and best practice on the optimum use of raw materials, fuels and water. Our operational excellence team supports our operations with benchmarking, advice and best practice insights to improve profitability and operational efficiency.

Meeting our 2015 commitments

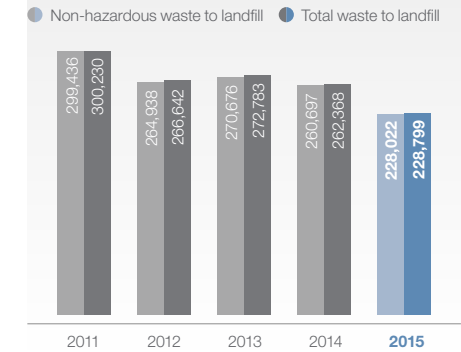
Reducing water consumption

We committed to reducing our specific contact water consumption by 10% by 2015 against a 2010 baseline. We only achieved a reduction of 5% by 2015. Progress has been made at our Syktyvkar mill (Russia), which has significantly reduced its intake from the Vychegda River. Also our Merebank mill (South Africa) has replaced 95% of its potable water usage with second-class water in an ongoing project lasting over 10 years.

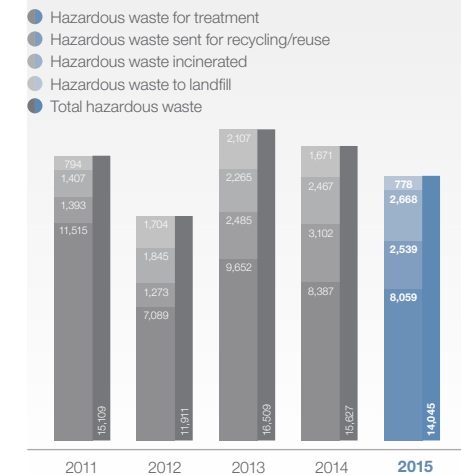
Reducing waste

We made the commitment to reduce the total waste to landfill by 20% by 2015 against a 2010 baseline. Our zero waste campaign is targeting to reduce waste to landfill by avoiding waste where possible and finding reuse or recycling solutions for the remaining waste streams. By the end of 2015, we have reduced waste sent to landfill by 22% compared to 2010 and by 13% compared to 2014. The main reductions were achieved at our Świecie mill (Poland), where we were able to re-direct around 50,000 tonnes of formally land filled waste to the cement industry, where it is used for energy generation.

Waste to landfill tonnes



Hazardous waste tonnes



¹ A loss of primary containment (LOPC) is an unplanned or uncontrolled release of any material from primary containment, including non-toxic and non-flammable materials.

² In 2014 we acquired the Pine Bluff mill in the US. We are currently in the process of introducing environmental management system certification at the mill and will report on this in future reports.

Operational excellence

Reducing air emissions

We committed to reduce TRS emissions by 20% by 2015 against a 2010 baseline. In 2015, our TRS emissions were 71 tonnes, a 6% increase compared to 2014 (due to higher volumes of kraft pulp at Syktyvkar) and a 33% reduction against 2010 levels. This was achieved through investments and good management of collection and combustion of sulphurous off-gases from, for example, recovery boilers.

SO₂ is emitted mostly as a result of the combustion of coal for energy generation. In 2015, our SO₂ emissions were 5,593 tonnes. This represents an increase of 10% against 2014 levels, due to increased energy sales and an increase of coal for energy generation.

NOx emissions arise from the combustion of fossil fuels and biomass in our on-site energy generation plants. We have implemented programmes to increase the efficient use of our existing boilers and have introduced de-NOx systems in the purification of exhaust gases. In 2015, our NOx emissions amounted to 12,253 tonnes, an increase of 5% against 2014 levels due to higher energy consumption required to increase our electricity self-sufficiency. We have committed to reducing the specific NOx emissions from our pulp and paper mills by 7.5% by 2020 compared to a 2015 baseline.

Reducing fine dust emissions is an increasingly important issue for the pulp and paper industry due to increased public and industry attention, rising investments to reduce emissions, and stricter legislation. Mondi emitted 1,382 tonnes of particulates in 2015, a 12% reduction compared with 2014 mainly due to the new recovery boilers in Ružomberok (Slovakia) and Świecie.



In focus:

Štětí goes green to reduce green dregs

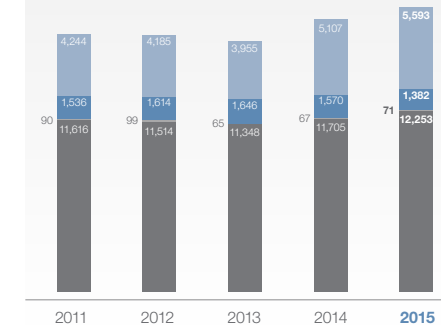
Our Štětí mill (Czech Republic) has found ways of reusing raw materials and reducing waste. One key raw material is sodium carbonate, which is also contained in the process waste generated in the green liquor causticising of the pulping process (green liquor dregs). The dregs contain a complex mix of useful materials such as lime mud, sodium carbonate, sodium sulphide and other compounds.

Given the volume and nature of the material, Štětí invested in modern green liquor filters, tanks and a centrifuge to separate the dregs before disposal.

As a result, the operation has reduced the volume of dregs sent to landfill by 45% and has also improved process and energy efficiency by reducing gas consumption by 10%.

Air emissions tonnes

- Total NOx emissions from processes
- TRS from processes
- Total particulate emissions
- Total SO₂ emissions from processes



Operational excellence

Improving waste water quality

We committed to reduce our effluent load by 10% by 2015 against a 2010 baseline. In 2015, total COD after waste water treatment was 44,021 tonnes (2014: 44,901 tonnes), a 12% reduction against 2010 levels. This was achieved through major investments in waste water treatment technology and optimising processes.

Since 2010, the Group has invested more than €20 million in upgrading waste water treatment plants at our mills. For example, our Syktyvkar mill has optimised its treatment process to manage the balance of carbon, nitrogen and phosphorous, and increase the quality of the treated waste water. This has significantly reduced the need for chemical treatment. Our Świecie mill also commissioned an anaerobic waste water treatment plant in 2010 and significantly upgraded its aerobic plant in 2015 to meet the new Best Available Techniques (BAT) standards (based on the revised BAT Reference document for paper and board production).

Addressing environmental incidents at our operations

In 2011, we committed to reducing our level II environmental incidents by 50% by 2015 against a 2010 baseline. By 2015, we had achieved a 80% reduction, due to better emergency planning, and investments in more efficient and environmentally friendly technology (see the glossary on [page 123](#) for definition of Level II environmental incidents).

Generating more from less

Using natural resources wisely and managing our impacts are vital to our sustainable growth. The fundamental principle behind operational excellence at Mondi is the desire to do more with less. Over the past five years, our investment in the BAT has delivered significant benefits for our business. We do this through optimising our processes and products, and promoting recycling, reuse and the substitution of resources to reduce our waste and emissions to air and water.

Our mills generate four primary solid waste streams – ash from boilers, rejects from processing paper for recycling, green dregs from pulp mills, and sludge from our waste water treatment plants. By considering these waste streams as potential sources of secondary raw materials, we've found new ways to recycle and reuse them.

Where recycling or reuse is not possible, our management options include:

- treatment to change the physical status and chemical composition (such as drying and filtration) to change hazardous to non-hazardous;
- combustion in incineration facilities preferably in combination with energy recovery; and
- disposal to landfill (as a last resort).

Our zero waste campaign focuses on the recycling and reuse of materials, mainly as a secondary fuel for energy. Where we are unable to reuse or process waste, we apply solutions to divert the material from landfill. This has involved long-term collaborations with external partners and innovation to identify and implement sustainable solutions. For example, at our Świecie mill, around 50,000 tonnes a year of foil fraction (a by-product of pulping paper for recycling), is now used by a nearby cement factory as a substitute for fossil fuels.

Communication and dialogue are supporting our zero waste campaign. Our Making a Difference Day, for example, facilitated a Group-wide focus on our zero waste and zero harm goals in 2015 (see [page 46](#)).

Recycling and reuse

Recovered fibre is readily reused as a secondary raw material in our paper and board products, and the same principle is applied to other materials. As already described, we have invested in reduction, reuse and recycling across the business, for example by using waste material as fuel or diverting it for use by other industries.

In 2015, our total waste to landfill amounted to 228,799 tonnes (2014: 262,368 tonnes), a reduction of 13% on 2014 levels. In 2015, we sent 778 tonnes of hazardous waste to landfill (2014: 1,671 tonnes), most of which derived from the clean-up of a black liquor spill during a shut-down at Richards Bay. At the same time, some of our operations sent non process-related hazardous waste to landfill, such as oily waste, fluorescent tubes and residues from sump cleaning.

Our waste reduction hierarchy



Operational excellence

Improving water management

Water is crucial across the paper production process, from growing trees to processing of fibre to product, through to 'non-contact' purposes such as cooling in our production facilities.

The 'green' water consumed in our forestry operations is derived from rain water, some of which is stored in the soil, absorbed by trees and returned to the atmosphere through evapo-transpiration. During production, we also make use of the energy from warming and cooling water.

Water use and effluent treatment cause significant production costs. In addition, the availability of sufficient water is crucial to the sustainable future of our business. In some countries we can be challenged by limited access. Given its importance to our business and to society, we place a high priority on optimising our water use and quality of effluent.

In 2015, our total freshwater use was around 292 million m³ (2014: around 314 million m³). Additionally, over the last five years, the specific contact water¹ consumption (per tonne of saleable production) has reduced by 5% in our pulp and paper mills.



In focus:

Modernisation of our waste water treatment plant at Świecie

After installing a new recycled containerboard paper machine, our Świecie mill invested €11 million in the modernisation of the existing aerobic waste water treatment plant. The new unit started operating in May 2015 and is expected to reduce chemical oxygen demand (COD) load and total suspended solids (TSS) by approximately 50%.

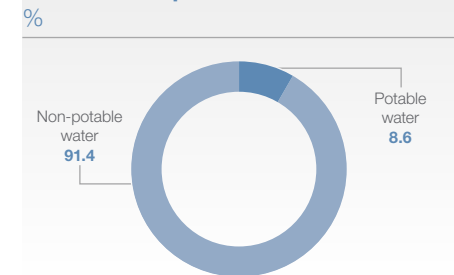
Reducing our water consumption and improving effluent quality

We are working to further reduce our contact water consumption through closed loops and recycling, where this is economically feasible. All contaminated effluent is channelled through waste water treatment plants before reuse or release into the aquatic environment. We apply two main measures of effluent quality at our pulp and paper mills: chemical oxygen demand (COD) (a measure of organic load) and adsorbable organic halogens (AOX) from pulp bleaching.

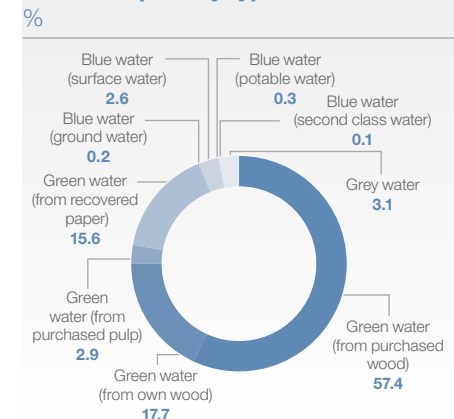
We maintain COD and AOX levels using Best Available Techniques (BAT), as described in the EU Industry Emissions Directive (IED). Over the past 10 years we have achieved significant reductions in AOX by discontinuing the use of elemental chlorine during bleaching. We also reduced COD emissions, by closing loops in production processes and investing in our waste water treatment plants. Currently two major investments at our Syktyvkar and Świecie mills will further improve the treatment of waste water.

In 2015, progress was made in reducing chemical oxygen demand (COD) levels in waste water by 12% compared to our 2010 baseline. In 2015, COD tracked at 44,021 tonnes (2014: 44,901 tonnes), and AOX emissions slightly increased to 166 tonnes (2014: 150 tonnes). The Group's AOX levels lie within an acceptable BAT range, and we continue to further investigate reduction measures.

Total water input 2015



Water footprint by type 2015



¹ Contact water: sum of all water volumes used on the production site for:

- Water usage in processes, for washing and as product input;
- Water usage for sanitary purpose and for non-industrial operation (e.g. in kitchens, toilets and bathrooms); and
- Water usage in boilers for steam production.

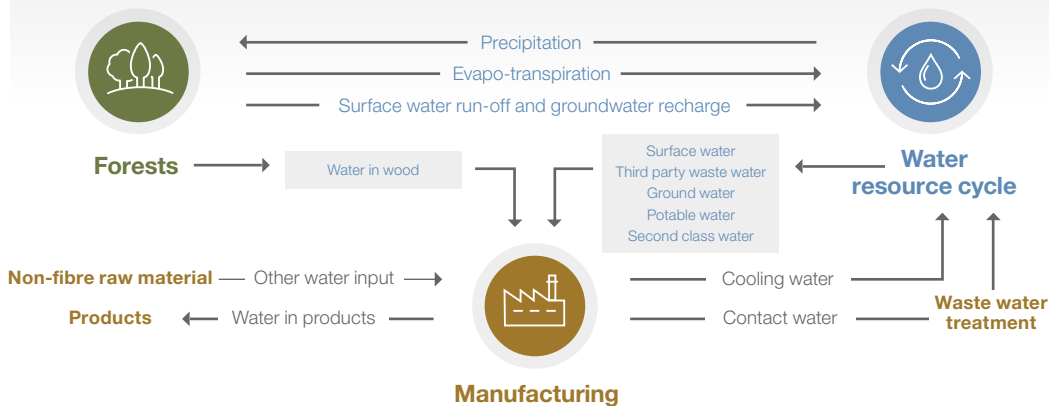
Operational excellence

Assessing our water footprint

Between 2011 and 2014, we conducted water impact assessments at all our mills and forestry operations. The findings confirmed that none of the sources from which we receive water have been significantly affected¹. Nevertheless we see an urgent and increasing need for action by all water users, especially in water scarce countries such as South Africa. The current drought in South Africa has exacerbated the impact of all water users in the country, and our next water impact assessment will take these impacts into account. We shared and reviewed the findings of the assessments with third parties such as WWF, WRI, WBCSD and other NGOs. The next step was to prioritise the measures that we take to reduce water risks.

Our water footprint is described in the diagram below:

Our water footprint



The CEO Water Mandate

In focus:

The CEO Water Mandate

In 2015, we joined The CEO Water Mandate. Launched by the UN Secretary-General, it is designed to assist companies in the development and disclosure of sustainable water use.

We are an active participant in the mandate due to our work with WWF on its Water Risk Filter tool, the WWF-Mondi Wetlands Programme and our ongoing water efficiency work.



In focus:

Assessing water impact

In 2011, we started to assess the water impact of our forestry and manufacturing operations with a water impact assessment (WIA) tool, developed by our team. The WIA is based on tools such as WBCSD's Global Water Tool and WWF's Water Risk Filter, but includes a more detailed and operation-specific data base, as well as a forecasting element. The tool has improved our assessment of water risk and has allowed us to implement appropriate measures that promote responsible water stewardship. We are also working with WWF to further develop their Water Risk Filter.

¹ According to Mondi's own water impact assessment methodology, water risk is categorised based on the operations' local water availability, compliance, soil and ground water contamination on-site, raw material security and biodiversity issues.

Operational excellence



In focus:

Reducing odour through technology at Frantschach mill (Austria)

Our Frantschach mill has developed a stable and safe procedure to burn concentrated non-condensable gases (CNCG) and stripper off gases (SOG) without requiring support fuel in the recovery boiler. This innovative new technology, developed with the boiler supplier and the Finnish Recovery Boiler Committee, saves millions of cubic metres of natural gas compared to standard industry practice.



In focus:

Reducing NOx at Štětí (Czech Republic)

Our fluidised-bed boiler at Štětí is a major source of NOx emissions. To comply with the more stringent emission limits in the revised BAT reference document for paper and board production, the mill has invested in fuel gas re-circulation technology. This will reduce NOx emissions, increase the energy output of the boiler, reduce ash by-products, optimise temperature control and reduce lime consumption (for desulphurisation).

From the outset, the concentration of NOx emissions will be reduced by 40%, making the boiler fully compliant with projected BAT emissions limits. By further optimising the process, specific NOx emissions will be reduced by almost half compared to 2012 levels.

What are NOx emissions?

NOx is a generic term for NO and NO₂ emissions. Our NOx emissions arise from the combustion of fossil fuels and biomass in our on-site energy generation plants.

Reducing emissions and environmental incidents

Our operations generate by-products in the form of gaseous and liquid emissions. As we continually improve the efficiency of processes and introduce new technologies, we aim to reduce the emissions volume and intensity to an acceptable level and maximise controls to avoid accidental releases.

A key concern for the communities near to our mills is the presence of malodorous reduced sulphur compounds (TRS), emitted from the kraft pulp production process. While these very low concentration emissions do not pose a health threat, trace amounts can cause unpleasant odours in the vicinity of the mills.

At Richards Bay (South Africa), complaints about odour prompted a major investment project. Starting in 2009, this initially tackled point-source emissions from the lime kiln, non-condensable gas vents and chip bin emissions. We additionally installed mobile TRS monitoring stations to map ambient odour impacts and locate sources within the mill. Next, we tackled diffuse emissions from dissolving tanks, other open containers and process equipment. These investments have led to an observed reduction in overall TRS emissions. We recognise that we still have work to do to address the TRS emissions from the Richards Bay mill and 2016 will see further investment in odour abatement, focusing on fugitive emissions and process optimisation in areas that contribute to odour from the mill.

Operational excellence

Reporting and reducing environmental incidents

In 2012, we introduced a detailed reporting and investigation tool (called MICE) for major safety and environmental incidents. In 2015, it was upgraded with a more detailed categorisation of environmental incidents, divided into six severity categories based on the loss of primary containment occurrences.

While our performance has improved, environmental incidents still occur. In all cases, remedial action is taken and procedures adjusted. There were four Level II environmental incidents (and no Level III incidents) in 2015:

- Commissioning problems with the new anaerobic waste water treatment plant at our Tire Kutsan mill (Turkey) led to COD levels beyond the permitted limit
- At our Richards Bay mill (South Africa), black liquor from a leaking valve was released into the emergency basin, leading to levels of COD, total suspended solids (TSS), colour and pH above agreed limits
- At our Bystrzyca Corrugated Packaging plant (Poland), coloured waste water from the printing process was discharged into the river through a faulty valve
- During mill start-up at Syktyvkar (Russia), black liquor spilled into the Vycheda River via the rain water channel

During 2015, 263 complaints (2014: 237) were reported:

- 241 odour related
- 10 noise related
- 12 others

In all cases, the relatively insignificant volumes spilled and the short exposure time meant that there were no long-term adverse impacts to the natural environment. Appropriate response, clean-up and containment activities were conducted if needed, and the internal procedures and systems were adjusted to prevent future reoccurrence.

Embedding operational excellence

We require all our operations to report monthly on key energy and environmental parameters. Our internal systems – backed up by selected independent external audits – allow us to benchmark individual operations and identify opportunities for improvement and sharing of best practice across the business.

Over the past five years, our Operational Excellence team, drawn from across the Group, has supported our businesses to complete 45 operational excellence projects. The work of the team has been pivotal in improving our operational efficiency, environmental performance and profitability.



In focus:

Syktyvkar wins the 2015 Mondi Diamond award for operational excellence

The Mondi Diamond Awards recognise the outstanding achievements of individuals and teams across the Group. Our Syktyvkar mill won the operational excellence award in 2015 for its Fit-to-Win project.

The project established a culture of continuous improvement through workforce improvement teams. The teams identified more than 300 improvement projects that contribute to overall efficiency improvements. In addition, all Fit-to-Win work is implemented in-house, with no external services contracted.



In focus:

'5P' programme recognised at the Mondi Diamonds Awards

The '5P' programme, originally developed in 2011, was voted one of the 12 Mondi Diamond Award finalists from more than 100 submissions received in 2015. The programme aims to deliver above average financial and operational results and has been rolled-out across the Group. This is being managed by the Mondi Excellence Team, consisting of employees with specialist skills in operational, commercial and supply chain excellence.

5P works across the following areas:

- People – training and sharing experience across the Group
- Products – continuous improvement in functionality, convenience and cost
- Pricing – analysing and improving margins
- Performance – improving all processes from the intake of raw materials to the dispatch of the finished goods
- Profit – achieving a ROCE in excess of 13% with clear financial targets

To date, the programme has identified significant efficiencies, and has launched the 5P Next Horizon programme to sustain exceptional performance moving forward.

Operational excellence

Responding to market and policy shifts

We contribute to the development of policies that can help the Group and other companies in our sector improve operational efficiency. We work with member organisations such as WBCSD, WWF and the Confederation of European Paper Industries (CEPI) to make this a reality.

While we aim to maximise recycled fibre content in our products, we are sometimes limited by the availability and quality of this material. The issue is being investigated by CEPI with a focus on securing the recycled fibre supply chain. As part of the WBCSD Forest Solutions Group, we are promoting dialogue on the complementary nature of virgin and recycled fibres, and the need for both within the fibre cycle. Our Group head of sustainable development is co-chair of the Sustainable Value Chains & Procurement workstream.

We are working with CEPI to lobby for European waste policies that promote paper recovery. This requires improvements to the quality of paper for recycling, less bureaucracy and the removal of cost barriers to recycling. We argue against the burning of recovered paper for energy and engage with certification systems to align standards for wood and recovered paper.

We also support CEPI's call for the EU to place the 'cascading use' principle at the core of its climate and energy policy. This would guarantee the most efficient use of available biomass and also contribute to EU growth and jobs objectives. CEPI is also calling for the identification and possible removal of subsidies that encourage the inefficient use of biomass, distorting fair competition on biomass markets.



In focus:

Responding to European policy

The European Commission's Energy Efficiency Directive (EED) has established a framework for achieving a 20% energy efficiency improvement target by 2020. EU countries were required to implement the Directive through national laws by June 2014. Large enterprises (those over 250 employees and/or with a turnover of over €50 million) are required to carry out energy audits to identify the potential for reduced energy consumption at least every four years (with the first audit due in December 2015). We operate 26 large enterprises, as defined by the Directive, within the European Union. Depending on national legal requirements we are improving our operations' energy management systems and/or introducing a certified management system, such as ISO 50001.

The European Commission's Industry Emissions Directive (IED) requires all existing operations to be in line with newly published BAT (Best Available Techniques) limits, set at a national level. The Pulp, Paper and Board industry is subject to a revised BREF (BAT reference document) that was published in September 2014. In response, we have generated a BAT Self-Assessment Tool, which has identified potential gaps in our controls and enabled us to prioritise energy-related investments.

People

The geographic, cultural and personal diversity of the business is one of our greatest strengths. This is backed up by a culture that seeks to inspire every employee to fulfil their potential. A robust Group structure and decentralised approach allows our people to respond quickly and effectively to local needs.

We offer a fast-paced and dynamic work environment that provides opportunities for personal and professional development.



Employee at our Syktyvkar nursery (Russia)

Discover how we're...

- Continually improving our working culture, motivating our people, communicating and encouraging collaboration
- Managing and promoting diversity across our business
- Enhancing training and skills development to support a productive business and promote personal growth
- Engaging our people for a more inspiring workplace

2015 at a glance

90%

of employees completed our latest employee survey, the highest participation rate since 2011

22%

of our employees and 9% of our senior managers are female

7,000

employees have been trained through The Mondi Academy since 1998

827,000

hours of employee and contractor time devoted to training and development

People

Management approach

As the business has grown and expanded, we have increased our business portfolio as well as our cultural diversity, with many acquisitions integrated globally. Our people, their motivation and their development are central to delivering against our strategy.

At the end of 2015, we employed around 25,000 people across more than 30 countries. In addition, we had an average of 13,000 contractors on-site throughout our mills and forestry operations during 2015.

In 2015, we committed to Group-level 2020 commitments related to employee and contractor safety (see page 49), skills – and culture development, and promoting fairness and diversity in the workplace. We are also taking steps to encourage greater transparency and promote fair working conditions by developing a responsible, inclusive and sustainable supply chain (see page 17).

The increased focus on people in our own operations and supply chain is reflective of the increasing integration of people-related issues into our sustainable development approach and business strategy. To achieve our goals, we are strengthening our internal and external mechanisms to improve reporting and monitoring of labour and human rights issues in the coming years and will report on these further in future reports.

Labour policies

The Fundamental Rights Convention of the International Labour Organisation and the United Nations Global Compact (UNGC) guide our approach to employment. Although labour and collective bargaining practices differ from country to country, basic rights and fair employment

standards apply throughout the business, but are managed locally, guided by Group policies and standards. It's not always possible to track the number of employees who are part of collective bargaining agreements in all of the geographies where we operate, so we don't report this number at a Group level.

We treat our employees with dignity and respect. As a company we have zero tolerance for any form of forced labour, degrading treatment, physical punishment, harassment or abuse in the workplace. Our Group employment policy prohibits harassment of any kind and appropriate mechanisms, such as grievance procedures, are in place to support this.

The Group has a number of performance-related pay schemes that reward employees for the pursuit and achievement of business objectives, and the majority of our employees participate in these schemes.

Engaging employees

Employee engagement is integral to our culture and we regularly conduct performance and development reviews at a local level. We have formal and informal processes to communicate with and engage employees across the Group. In addition to electronic communications and publications, regular local briefing sessions by managers focus on safety, operational objectives and performance, collaboration, financial performance and the Group's values and culture. We also conduct Group-wide employee surveys to consult employees (so that their views can be taken into account), track progress against our actions from the last survey and check that we are making progress on our Inspire journey.

Training and development

We invest in personal development and training to enhance skills, and help our people to realise their potential while meeting our business needs.

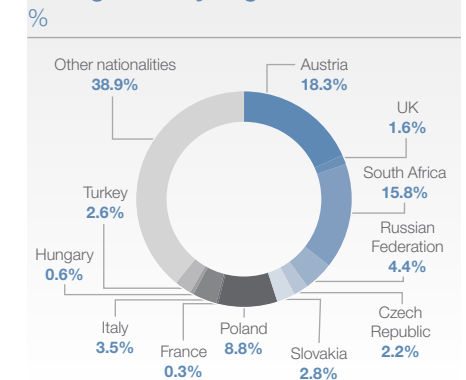
Diversity and equal opportunities

We have a zero tolerance policy towards discrimination and provide equal opportunities for all employees, all the time striving for an inclusive environment. We annually monitor our gender diversity statistics overall and within senior management, as well as regional diversity within our management. At board level, two of our nine board members are women and one of the three South African-based board members is from an historically-disadvantaged community. We consider applications for employment by disabled persons in a fair and balanced way, and seek to cater to individual requirements and needs. It is Group policy that training, career development and promotion of disabled persons should, as far as possible, be consistent with that of other employees. In the event of employees incurring life-altering or life-threatening injuries at work, we ensure they receive the appropriate medical treatment, facilitate access and transportation to and from the hospital for their families, and support them during their rehabilitation if required. Every effort is made to ensure that their employment continues and that the necessary support is provided.

Labour and human rights issues in the workplace

We report annually on compliance with the 10 principles of the UNGC and our Communication on Progress is publicly available (www.mondigroup.com/ungc_cop). The UN Guiding Principles on Business and Human Rights provides a sensible and effective framework for business. We look to strengthen our monitoring and reporting on potential issues in our operations and supply chain going forward, as reflected by our action areas and 2020 commitments. We also expect our suppliers to comply with our human rights and labour standards, as set out in our Suppliers' Code of Conduct.

Management by origin 2015



People

Meeting our 2015 commitments

Diversity

In 2011, we made a commitment to report on the diversity of our workforce. We have consistently done so and report here on our 2015 performance.



Read more about our diversity performance [page 46](#)

Our Inspire programme

Our three values connect our people wherever they are working – passion for performance, acting with integrity, and caring. Our 'Inspire' programme set out to reinforce these values throughout the business when it was launched in 2011. Since then, we have worked together to develop a culture which is dynamic, respectful, responsible, entrepreneurial, empowered and transparent.

Inspire remains at the heart of developing our people and culture. It has guided our training and development programmes, promoted transparency throughout the business and helped us engage and motivate our employees.

Some of the Inspire principles, frameworks and tools that we use are:

Transparency and regular feedback

360° feedback sessions for all existing and new executives, conducted every two years. Using a questionnaire structured around our six cultural pillars – dynamic, respectful, responsible, entrepreneurial, empowered and transparent – the reviews offer feedback to leadership from direct reports and other internal stakeholders and allow our managers to receive feedback on what could be improved and how they are perceived. All managers with at least three direct reports are subject to review in this way. New leaders receive a questionnaire within approximately six months after being hired, focusing on their understanding of the business and engagement of their employees.

Annual performance and development reviews (PDRs) are undertaken, allowing for reflection on the past year's performance and help to set individual goals for the immediate and longer-term future.

Developing leadership talent from within the business

A key focus over the past five years has been on developing our high performance international and mobile employees, many of whom have worked for us in different geographical and cultural contexts. As our future leaders, we are enhancing their leadership skills through our dedicated development centres. A total of 200 high potential employees have benefited from this programme by the end of 2015.

Mentoring and coaching

We have an internal mentoring programme, whereby senior leaders and cultural role models in the business provide mentoring support and advice to younger employees on managerial, technical or cultural topics.

External coaches, versed in the Mondy Way and Inspire, provide independent advice, working through The Mondy Academy.

Training and development

The Mondy Academy has developed a wide range of training programmes that are helping to meet our business challenges (see [page 47](#)).

Employee engagement

Respect for what our people say and how they perceive our business is central to our culture. We encourage transparency and engagement in a number of different ways. Our Group-wide employee survey is conducted regularly (the most recent of which was completed in November 2015) and gives us an indication of how our business is performing against our cultural values (see [page 46](#)).



In focus:

Teamwork at Gronau delivers success with Procter & Gamble

Mondi's Advanced Materials operation in Gronau (Germany) was asked by Procter & Gamble (P&G) to establish a new facility to manufacture a baby diaper laminate for the Chinese market.

In 2014, we established a green field site in China and transferred know-how to a completely new team, working in a different culture and language. Key personnel were recruited and given on-the-job training. We worked closely with P&G to reassure the team at Gronau about our continued commitment to production capacity and quickly established their trust and buy-in to the project. This shared experience brought the Chinese and local teams together and allowed them to explore each other's cultures and build relationships.

Along with meticulous project management and inspired leadership, the project was completed ahead of schedule and within budget, without any adverse impacts on product quality.

People

Managing and promoting diversity

The diversity of our workforce is one of our greatest strengths. As part of our 2020 commitments, we will promote fairness and diversity in the workplace and we're taking steps to help address human rights and labour challenges in our supply chain. We have zero tolerance for discrimination and aim to provide equal opportunities for all employees.

To help embed and promote cultural diversity we offer inter-cultural training. For example, when employees are posted to new countries, we provide local coaches to help them settle, and understand the cultural norms of their new home.

We support our employees during and after maternity and paternity leave to fulfil their career ambitions. We offer guidance and flexible working packages for our employees that wish to return to high responsibility positions after this leave and provide specialist training on career development.

In 2015, 22% of our employees were female (2014: 22%). Two of our nine Board members are women and one of the three South African-based Board members are from historically-disadvantaged communities. The percentage of Mondi South Africa Division's management from previously disadvantaged individuals (PDI) was 45% in 2015.

Gender diversity 2015	Male	%	Female	%
Directors	7	78	2	22
Senior managers	259	91	25	9
Employees	19,300	78	5,400	22



In focus:

Zero harm through employee engagement

We are committed to achieving a goal of zero harm across the Group. Excellent communication is vital in ensuring that our messages are heard and understood by all employees. To contribute to this drive, we organise a Group-wide Making a Difference Day (MADD) every year.

In addition to raising awareness, MADD provides the opportunity for employees to learn and practise measures that prevent harm, add value to communities and take responsibility for the environment. The agenda for MADD is defined at Group level, with each site encouraged to address issues that are locally important.

The 2015 MADD took place on 20 May and focused on our goal of zero harm, particularly when using mobile plant and equipment, and working with moving and rotating machinery. Our zero waste ambition was the main environmental focus.

What is Making a Difference Day (MADD)?

Making a Difference Day (MADD) is our employee engagement initiative that takes place across the Group and focuses on what everyone can do to improve our safety, health, environmental and social performance.

Engaging employees

A Group-wide survey is our key tool for gaining employee feedback. The survey covers many topics, including conditions of work through to levels of communication. It also indicates how they engage with the Mondi Way.

The most recent Group-wide employee survey was completed in November 2015 and the results published in January 2016. The 2015 survey was undertaken by an independent, external supplier and 90% of our employees took part (2013: 89%). Overall, there was a higher level of positive engagement with our culture, compared to the last survey. Our scores compare favourably and in some instances are higher than other manufacturing and high performing organisations. We were also pleased to see that there has been improvement in the three areas on which we have focused since 2013; namely, open and honest communication; feedback, recognition and reward and our entrepreneurial culture. The survey also found a strong correlation at plant level between employee perception and our internal data on ROCE¹, safety and customer satisfaction.

Our approach to safety was identified as a key strength and is significantly better than the norm for global manufacturers. Our very strong performance culture was highlighted and our commitment to create high-quality products and services remained a key strength. The key areas for improvement included further strengthening of motivation measures, greater recognition and caring for employee needs as well as intensified collaboration across departments.



In focus:

Bags of energy to improve our business culture

In 2011, employees at our Industrial Bags business in Germany provided valuable feedback about the business. Comments suggested that a less hierarchical and more flexible approach would allow for faster actions to be taken.

This feedback prompted a subsequent transformation in the business led by the management team, who interact with different levels of employees ranging from managers to those on the shop floor. There was a concerted effort to include employees in the process and to promote open and transparent dialogue.

The 2013 survey highlighted the progress made, with positive feedback increasing by 39% and 83% of employees acknowledging real improvements. Importantly, employee effectiveness increased from 29% to 58% and there was much greater participation in Mondi events and input to innovation discussions. Results from the Group-wide employee survey conducted in 2015 are currently being analysed and will provide further evidence of the progress made at our Industrial Bags business.

¹ Return on capital employed.

People

Increasing training opportunities and enhancing skills development

In 2015, PwC's 18th Annual Global CEO Survey concluded that CEOs are concerned about the 'availability of key skills' within the workplace. At Mondi, approximately 827,000 hours of employee and contractor time was devoted to training and development in 2015 (2014: 871,000 hours). Roughly 34% of this training was dedicated to safety and health issues.

The Mondi Academy plays a key role in employee development (see In focus: The Mondi Academy). For example, the Sales Excellence Academy (SEA) was designed in cooperation with sales directors from our business units as well as the commercial excellence team. The primary objective of the SEA is to strengthen their technical capabilities as well as the soft skills of our sales teams. A curriculum of six interlinked modules focuses on transaction and value pricing, sales force effectiveness, presentation and negotiation skills, contract management as well as value-based selling. Feedback on the course is very positive, with participants finding the content relevant and easy to apply to their daily roles.



In focus:

The Mondi Academy

The Mondi Academy, established in 1998, is our 'corporate university' and is a vital component of our employee development framework. It offers high-quality training as well as networking and knowledge sharing. It also offers customised training programmes, for example, for procurement and sales teams and for finance managers, and places an increasing emphasis on leadership and global issues.

The Academy is located in Vienna, where all core training programmes are designed and many are delivered. However, all of our country operations can import the curriculum and seminar materials and deliver them through Mondi specialist trainers or local experts who adhere to our criteria and quality standards.

In 2015, The Academy ran over 50 seminars and programmes, attended by almost 800 Mondi employees. Our Leadership Programme for First Line Managers has delivered beginner and refresher courses to more than 800 employees since 2010, across 20 countries and in 12 languages.

We have seen a growing demand for courses that focus on specific functions and areas of management competence. This has prompted the launch of a series of specialist academies, as detailed below:

- In November 2015, we launched a Customer Service Academy, primarily aimed at our customer service and market support teams. The courses deal with knowledge (financial, market support, supply chain), communication, conflict resolution, time management and customer relations. The curriculum is currently being piloted, and will be rolled out across our Europe & International division in 2016.
- The Procurement Academy has been running since 2014 and promotes best practice among our purchasing teams.
- Our Sales Excellence Academy has been highly successful, reaching more than 400 employees in 14 countries spanning nine languages. It is available to newly recruited sales people and alumni who want to follow up with refresher courses or specialist modules.
- In November 2015, a third intake of employees attended our Financial Leadership Programme. Developed in conjunction with senior business leaders, the programme offers finance managers modules in risk management, restructuring, decision making, analysis tools, strategic thinking, people management and leadership.

Safety and health

The safety and health of our employees and contractors is of paramount importance and our ultimate goal is zero harm. Although we are among the leading safety performers in our industry, we remain mindful that our operations involve many high-risk activities. In 2015 we continued to assess our risk management programme, in particular, prioritising and addressing the Top 5 Fatal Risks in all operations.

A large portion of our highest risk activities occurs during annual maintenance shut-downs and projects at our mills. We have therefore strengthened our focus on these activities including the promotion of a culture of safety backed by strong employee and contractor engagement.

Employee walking to an elevated point to oversee woodyard at our Štětí operation (Czech Republic)

Discover how we're...

- Reducing the Top 5 Fatal Risks across our operations to eliminate fatalities and life-altering injuries
- Placing a high priority on safety during annual maintenance shut-downs and projects in our mills
- Promoting and embedding a strong safety culture to drive improvements in performance
- Improving the health of our contractors and their families in our forest operations

2015 at a glance

One

of our employees in our Russian logging operation lost his life in a vehicle accident

Three

life-altering injuries in our mills

0.70

total recordable case rate

100%

of mills and 70% of converting operations were OHSAS 18001 certified

Safety and health

Management approach

Our key safety goal is zero harm in the workplace. This can be achieved through a clear focus on minimising risk and embedding a strong safety culture. We use the internationally accredited safety management system, OHSAS 18001 to ensure that the appropriate procedures and systems are applied. Our operations and equipment are subject to regular and ongoing internal and external audits. These identify strengths and weaknesses in procedures and control systems and guide us in necessary change and improvement.

Safety of our people

The safety of our employees and contractors is paramount. They are often working in potentially hazardous environments, however requiring adherence to clearly defined procedures and robust controls. These include risk assessments, permit to work requirements, energy isolation and lock out systems, specialist training programmes, safety procedures and contractor guidance. Risk assessments are an important tool for identifying hazards and ensuring the necessary control measures are in place. Building on this, we have addressed more than 95% of the identified Top 5 Fatal Risks in all our mills and forestry operations and taken the necessary action (see [page 50](#)).

Working with contractors

Working closely with contractors is an important part of our management approach. Contract managers are appointed in our operations to liaise between contractors and the Mondi team. Working with SHE¹ specialists, these contract managers provide support and guidance on safety and health requirements. We also have a defined six-step process that is summarised in a Safe Practice Note for our operations, to help manage contractors prior to and during their time on-site.

Occupational health

Our occupational health programmes are designed to eliminate risks to health, prevent occupational illness and provide a healthy working environment. The programmes, among others, include a focus on optimising ergonomics, reducing noise impact and preventing occupational illnesses and diseases. We are working in partnership with the South African government's Department of Health and NGOs to prevent and treat HIV AIDS, which continues to cause illness and death amongst employees, contractors and members of the community. We have facilitated access to testing, counselling and anti-retroviral treatment (ART) for all employees and contractors. In 2015, 938 employees and contractors participated in the HIV/AIDS voluntary programme, with 702 opting for testing. Additionally, 36 employees and 130 contractors benefited from the ART programme. Our five mobile clinics provide voluntary HIV/AIDS testing and counselling and treatment of medical conditions, such as diabetes and high blood pressure, as well as critical vaccination programmes to community members in our remote forestry areas (see In focus: Healthcare provision in South Africa, [page 52](#)).

Meeting our 2015 commitments

Zero fatalities

We are deeply saddened by the fatality of one of our employees in 2015 – a vehicle related fatality in our Russian logging operation. The incident prompted an immediate investigation and comprehensive response. As a result, a number of changes have been made to our procedures and controls to prevent a re-occurrence.

Prevent life-altering injuries

Across the Group, there were three life-altering injuries in 2015 – one at our Ružomberok mill (Slovakia), one at Štětí (Czech Republic), and the third at our Stambolijski mill (Bulgaria). These injuries reinforce the need to focus on the top risks at each site and ensuring continuous improvement in our controls and safety programmes.

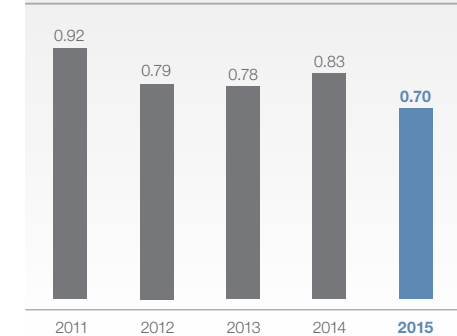
Improve the Total Recordable Case Rate (TRCR)

In 2015, we had 251 recordable cases in our operations. This equates to a TRCR of 0.70, well below our milestone of 0.83.

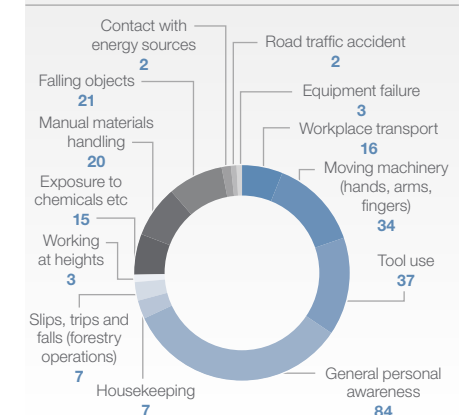
OHSAS 18001 Certification of our operations

We are implementing the international safety management system, OHSAS 18001 across all our operations. To date, 100% of our mills and 70% of our converting operations (59 of 84) have such a system in place.

Total recordable case rate (TRCR) per 200,000 hours worked



Total recordable cases by injury classification 2015



¹ Safety, health and environment.

Safety and health

Avoiding fatalities and preventing injuries

Four fatalities in two separate incidents in 2013 prompted a review of our safety and health systems. Our Group executive committee directed that we identify the Top 5 Fatal Risks at each operation and engineer them out. Where this was not possible, robust controls and procedures were introduced. This two-year project saw an investment commitment of €17 million across our forestry, mill and logging operations during 2014 and 2015.

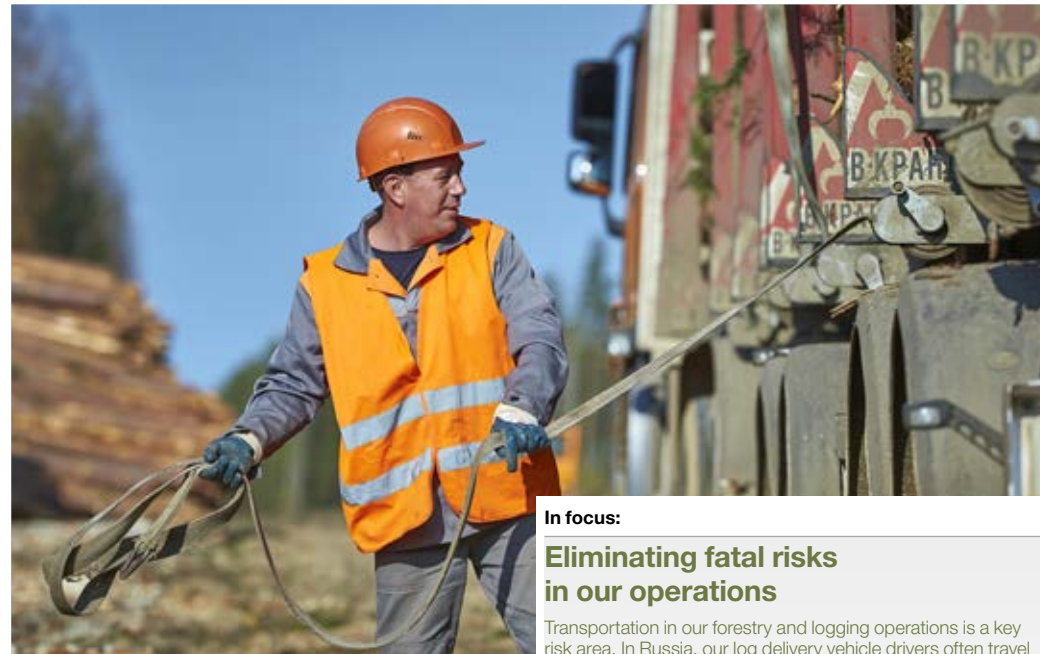
What is Task Risk Assessment Methodology?

The Mondi Task Risk Management Methodology provides a practical, easy to understand approach to conducting pre-task risk assessments to assess hazards and identify the risks. The methodology assesses probability and severity, and action plans are developed using the hierarchy of control to address the identified risks.

To date, we have completed more than 95% of the remedial actions linked to the Top 5 Fatal Risks in our mills and forestry operations. A second phase commenced in 2015, with our operations identifying and addressing the next set of five risks on their priority list.

In 2015, we also revised and simplified our Task Risk Management Methodology and began implementation across the Group. This outlines a process for identifying and eliminating or minimising hazards and related risks. All operations need to revise and update their task risk assessments in line with the new methodology by 2018.

Our Task Risk Management Methodology and guide to Major Incident Cause Evaluation (MICE) are built on the hierarchy of controls concept. This requires our operations to first consider the top three controls (elimination, substitution and engineering) required to reduce risks, before looking at administrative controls or the issuing of PPE¹. This approach aims to prevent incidents, and if they do occur, to reduce their severity.



In focus:

Eliminating fatal risks in our operations

Transportation in our forestry and logging operations is a key risk area. In Russia, our log delivery vehicle drivers often travel long distances on poor roads, at night, and in difficult weather conditions. All vehicles have been fitted with seat belts and speed tracking systems. A vehicle simulator that emulates driving conditions in Russian logging areas will be introduced in 2016. Some key risks are attributed to human behaviour (difficult to engineer out completely), therefore, we have introduced a range of mitigation measures, including regular alcohol tests and defensive driver training.

Our Frantschach mill (Austria) identified working at heights as a Top 5 Fatal Risk, particularly when replacing rollers on a 35m-high wood chip conveyor. To eliminate this risk, an additional walkway was installed on the conveyor, further improving the ergonomics associated with this complex task.

Our Dynäs mill (Sweden) identified movement of wood delivery trucks across the site as a key risk. The frequent passing of large vehicles through two crossing points and in loading areas presented considerable risks to site workers, rail and logistics personnel, and other drivers. A one-way system and separate pedestrian walkway, built in 2015, have significantly reduced the potential for vehicle-related incidents.

¹ Personal protective equipment.

Safety and health

Managing major maintenance shut-downs and large projects

Our mills are subject to annual maintenance shut-downs, when machinery and equipment is maintained, replaced or upgraded. In addition, we have several large projects under way that require complex and non-routine work, often with many employees and contractors on site. In 2015 each mill had between 200 and 6,000 contractors on site at any one time, increasing the risk of incidents and injuries.

In the past, maintenance activities led to a number of serious incidents and fatalities, many of which resulted from working at heights. We have since improved our controls to ensure that all individuals understand the risks and necessary precautionary measures.

To manage the risks related to maintenance shut-downs and large projects, we have implemented a Safe Practice Note for responsible contracting. This includes a six-step process for managing contractor activities and is maintained through continuous dialogue and communication around health and safety procedures. Our Top 5 Fatal Risks approach is also applied in this context.

Sometimes contracting companies do not operate to the same rigorous safety standards as Mondi. As a result, our site managers and SHE specialists maintain a visible presence on-site and at key meetings, providing guidance and support where required. In addition to monitoring their performance on-site, we work together with our contractors to help address any gaps and improve practices.

We are getting better at sharing safety information and engagement between our operations and among our contractors, and this has paid off during the planned maintenance shut-downs in 2015. To keep up with the ever changing technologies, processes and equipment, our Safe Practice Note for responsible contracting is currently being revised. We are also developing a new Group-wide scaffolding standard to address issues relating to working at heights (including construction and use), that will be implemented in 2016.



In focus:

Recovery boiler safe access

In October 2013, a double fatality occurred inside the recovery boiler during a maintenance shut-down at our Richards Bay mill (South Africa). Following the incident, a detailed and practical Safe Work Procedure for entering recovery boilers was developed and a number of technologies adopted to improve site safety.

One such improvement was the production of an animated video, describing how a recovery boiler should be inspected and safely accessed and maintained. It illustrates each step of the process, including an accurate depiction of the boiler interior, material handling methods and the optimum use of scaffolding. All key dangers and risks are also highlighted, as are the implications of not following procedures.

It was used successfully during the shut-down in 2015 and is currently being updated to accommodate new procedures and equipment in time for the 2016 maintenance shut-down.

A second technology enabler is the development and use of a high definition camera system that provides a visual inspection of the inside of a recovery boiler. It operates in the dark and can identify a build-up of ash and clinker, thereby promoting safe access and movement inside the boiler. The system has been such a success that it is being adapted for other equipment such as tanks and pipes, and is being introduced at some of our other mills.

Safety and health

Strengthening our safety culture

It is vital that we foster a safety culture that promotes listening, trust and respect, ensuring that employees feel that their views are valued. This also means that employees and contractors take responsibility for their own safety as well as that of their colleagues.

In order to meet our goal of zero harm, we encourage cooperation between our business units and individual operations. The main co-ordination body is the Safety and Health Network group that meets quarterly. It is chaired by the Group head of safety and health and draws its members from business units. All key decisions and findings are cascaded across the business through bi-annual meetings conducted by our business units, involving our safety specialists and other key personnel. Over the past two years, and in line with our risk management work, these meetings have devoted a great deal of energy to defining and embedding a strong safety culture.

We have identified a clear need to develop the capabilities of our first line managers, who are the primary link between our businesses and employees. The main mechanism is a compulsory multi-day safety and health training programme that all first line managers will complete over the next four years.



In focus:

Transforming safety performance at our Syktyvkar logging operations

Our logging business in Syktyvkar (Russia) operates from a number of remote camps. Historically, working and living conditions at these camps were poor, equipment and working practices inadequate and employees were away from their families for up to 15 days at a time. Since 2009, we have modernised the logging operations, introduced new equipment and eliminated manual harvesting. While the initial investment made a difference, the sharp contrast between the improved working conditions and the poor accommodation did little to convince employees that they were valued.

At the end of 2009, one of the employees died tragically in a fire in a mobile accommodation unit, at which point we realised that a total transformation in both the working environment and the culture was needed. We started with a major upgrade to living conditions in the logging camps. But the most difficult aspect of this transformation was to convince employees that they should take ownership of these changes. This required work to overcome barriers between employees and their managers, building trust and respect, and generating a passion for the job.

Over the past five years, the investments made have transformed the safety culture of the Syktyvkar logging operations. This was evidenced by the 9.3 million hours worked without any time lost to injury between October 2010 and December 2013. This positive approach was also echoed in the response to the 2013 employee survey.

We have significantly improved the engagement with our employees and contractors and continuously coach them in taking personal responsibility for their own safety as well as that of others, thereby strengthening the 'brother's keeper' approach. We have convinced our managers that safety is a line responsibility and thereby requiring them to spend time on the shop floor, addressing safety issues with their teams.

In parallel, we are developing a training programme for our safety professionals, to further define their roles and responsibilities, and align them with our goals and methods. This focuses on our safety methodologies as well as the soft skills required to provide guidance to operations and generate a positive culture. When we acquire new assets and operations, safety professionals form part of the acquisition project teams which embed our Mondi culture and approach into the newly acquired business.



In focus:

Healthcare provision in South Africa

We operate in remote rural locations in South Africa where public health facilities are limited or significantly over-subscribed. Visits to these facilities are further challenged by infrequent and costly public transport, great distances and poor roads, with the resultant absenteeism having a major impact on productivity.

To improve access to health services for our contractors, employees and communities living in and around our forest operations, we entered into a partnership with the Provincial Department of Health in KwaZulu-Natal and Tholuwazi Thol'impilo, an NGO that operates in the Mpumalanga region.

Through the partnership we have funded and operate five mobile health clinics. They provide voluntary HIV/AIDS testing and counselling, treatment for medical conditions such as diabetes and high blood pressure, as well as critical vaccination programmes for children. In 2015, 50,162 people, including 7,831 contractors and 42,331 people living on Mondi land and neighbouring areas, visited the clinics. The mobile clinics visit every village and site at least once a month and demand for their services continues to grow. We have also trained 345 volunteers who educate community members in the value of healthcare, nutrition and healthy lifestyles, and the importance of health testing, monitoring and medication.

To further support the health of our contractor workforce in the forests, these workers also benefit from our Food4Forests programme. In 2015, approximately 655,000 nutritious meals were provided to all contractors on our forestry operations.

Communities

Maintaining healthy relationships with the communities neighbouring our operations is important to our business. We play a key role in these communities and support livelihoods by creating wealth, employment and business. We also make voluntary investments that support health, education and enterprise. Since 2010, we have invested approximately €68 million in community projects across the Group.

Discover how we're...

- Supporting livelihoods and adding value to communities
- Encouraging effective and inclusive social investments across our operations
- Engaging with local communities and understanding their development needs
- Networking within our business to strengthen our social sustainability practices

2015 at a glance

€68 million

of social investments made since 2010 (2015: €7 million)

Two SEAT

Socioeconomic assessment toolbox reviews conducted at our Merebank mill (South Africa), and Syktyvkar logging operations (Russia)

Network

Formalised our Social Sustainability Network

Strategic

Initiated a more strategic approach to community investment

Communities

Management approach

To the communities adjacent to our forestry and manufacturing operations, we are an industrial neighbour, employer, purchaser, energy generator, land user and manager of local resources. We are part of these communities and work hard to maintain a positive and open relationship with them. As a key partner in local initiatives, we make a positive contribution to livelihoods and the economy, promoting stability and wealth. Our ongoing engagement helps to address challenges, understand and manage risks, generate opportunities, identify material issues and improve our business performance.

Community investment

Our voluntary investments go beyond monetary contributions. Our employees are enthusiastic volunteers and give their time and expertise to local groups and causes, transferring Mondi's core skills such as management, networks and influence. When investing in communities, we consider the principles of sustainable development, the needs of the community, alignment with our business objectives and the effectiveness of projects. The majority of our initiatives and investments are targeted at education; employment and enterprise support; health; and infrastructure and community development.

Impact assessment

Our work with our communities is informed by socioeconomic assessment toolbox (SEAT) processes and Community Engagement Plans (CEPs) (annual plans of engagement with local stakeholders). Our operations discuss CEPs

with local stakeholders and we make all SEAT reports publicly available on our website www.mondigroup.com/SEATarchive.

Respecting heritage

The cultural heritage of indigenous communities is a priority, particularly in our forest areas. We are sensitive to local concerns and endeavour to resolve any issues in a spirit of respect, trust and dialogue. We respect the rights of indigenous people and, where necessary, co-operate with stakeholders to address historical injustices that pre-date our involvement in an area.

Two-way feedback

Formal grievance mechanisms operate locally at all our mills and forestry operations. These are communicated through hotlines or our anonymous whistle-blowing system which is available to the public. These mechanisms allow us to gain feedback, understand community or environmental concerns and initiate a formal and appropriate response.

Accountability and processes

While all our operations are guided by the Group's policies and standards on community engagement and corporate citizenship, community activities are driven locally by our pulp and paper mills and forestry operations based on the local context and priorities of our operations. Moving forward, we are working together with our operations and developing networks for a more strategic approach to community engagement and investments, focusing more on impact and value measurement and the use of global frameworks for local priorities.

Meeting our 2015 commitments

In 2005, we started using SEATs to understand the impact of our business on communities and develop a sound approach to local engagement. By 2006, all our major operations in Russia and South Africa, Poland, Austria, Slovakia and Czech Republic had completed their first SEAT assessments (our Bulgarian mill introduced SEAT in 2013). Since 2006 regular SEAT reviews have been conducted at our mills and forest operations.

During our 2011–2015 sustainable development commitment period one of our goals was to establish a global framework for engagement with communities, focusing on local priorities and business needs. By 2013, we adjusted our approach, based on eight years of experience. During the commitment period, we have used CEPs as an effective means of focusing on stakeholder priorities, addressing local needs and communicating what we do.

Land reform beneficiaries

In 2011 we made a commitment to 'continue to work with our forestry partners in South Africa to provide support to land reform beneficiaries to sustain productivity after the land has been transferred'. To date, about 37,000 hectares of Mondi forestry land has been settled with communities. Since we began our land reform process, we have settled 33% of all land claims¹ and transferred 33% of land² to claimant communities³, with three land claims settled in 2015 (see [page 57](#)).

Community engagement

In 2011 we set the objective of having rolling CEPs at all mills and forestry operations and SEAT review updates on a three-to-five year cycle at our Russian and South African operations.

To date, all our forestry operations and all but three of our smaller pulp and paper mills have a CEP in place, with the remaining CEPs to be finalised during 2016 and 2017. The latest SEAT reviews were completed in 2015 at our Merebank mill and our Syktyvkar forestry operations. Regular SEAT reviews were done at our mills and forestry operations in the 2015 commitment period. While some were not within the three-to-five year cycle, they have been based on an assessment of need. SEATs and CEPs continue to be our key community engagement and assessment mechanisms.



Meeting with local authorities during a SEAT review at our Merebank operation (South Africa)

¹ According to the adjusted baseline of 63 land claims recorded at the outset of the process.

² According to the adjusted baseline of 114,341 hectares at the outset of the process.

³ The distinction between settled and transferred claims is as a result of timing (claims already with the deeds office but not yet transferred).

Communities

Strategic community investments

Our community investments are guided by local needs and aligned with our business objectives. We focus on health, education, infrastructure, employment and enterprise development, these being core drivers of development in communities. Since 2010, we have invested around €68 million, as well as contributing employee time and gifts in kind. Our investments in 2015 totalled €7 million.

We have a long history of working alongside communities, and have established mutually beneficial relationships, bringing benefit to the communities and developing a stable business operating environment.

In 2015 we started an initiative to take a closer look at the impact of our projects and the value they delivered to the communities in which we operate, as well as our business.

We are confident that our material issues remain valid and our focus areas are relevant. In the spirit of thinking globally and acting locally, we believe that an outcome-focused, impact-oriented approach to designing, managing and sustaining our community initiatives will add most value to communities and our business.

Measuring value in practice: thinking along the impact pathway

Our community projects require inputs from the business. These range from financial support and employee time, to management support, specialist expertise and participation in networks. These processes include a wide range of outputs which include the number of people trained or educated, treated or counselled, enterprises developed or supported, and infrastructure improved.

The direct outcomes of our work may include opportunities for better jobs and personal development; a healthier, more productive workforce; jobs created, sustained or enhanced; and improved access to services and infrastructure. The impact of these changes includes improved lifestyles, reduced poverty and crime, and wealth generated for the community. It may also lead to a more productive community, a stronger supply chain and a more stable working environment.

The ultimate value of this work is to create a more secure and sustainable business environment, as well as thriving communities. We call this 'thinking along the impact pathway' and have planned a number of pilots across the business in the next years.

This will allow us to understand the practical implications of our community engagement, so that we can refine our approach and apply it to existing investments. Ultimately, we want to use the framework and the new approach to strategically guide our investment decisions, focusing our attention on local projects that create the most value. We will report on our progress in future reports.



Employees in discussion at our industrial bags operation at Zeltweg (Austria)

Community and social investments ('000 €)

	2011	2012	2013	2014	2015
Health and welfare	205	219	211	85	172
Education and youth	797	835	574	2,078	1,775
Environment	81	102	456	518	558
Community development	5,828	4,895	4,302	4,138	4,063
Arts, culture and heritage	903	235	313	129	249
Housing	333	288	235	211	172
Other	9,150	7,716	3,907	0 ¹	0
Total²	17,297	14,290	9,998	7,159	6,991

¹ In 2014 we removed the reporting category 'other' in order to eliminate ambiguity, and for more clarity on our investments. The remaining six categories reflect the full range of our social investments.

² Changes in investment levels over the years do not necessarily represent a change in investment strategy, and 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.

Communities

Assessing socioeconomic impact

We use SEAT to assess the socioeconomic impact of our mills and forestry operations. SEATs involve open and transparent dialogue with our stakeholders and are facilitated by an independent third party.

The SEAT engages our employees, contractors and suppliers, customers, neighbours and community members, trade unions, NGOs and government authorities in understanding where our impacts lie. The findings are published in a formal report that is distributed to stakeholders and published on our website www.mondigroup.com/SEATarchive. The report describes a management response to the issues raised, and where relevant, associated action plans.

SEAT findings feed into CEPs, which provide a structure for engaging with local stakeholders. All our forest operations and most of our mills work with CEPs, which are updated regularly to ensure that they remain relevant.

In 2013, we simplified our SEAT methodology. This revised approach was used for the first SEAT in Stambolijski (Bulgaria), then in 2015 by our Merebank mill and our Syktyvkar logging operations.

What are SEAT assessments?

A formal series of open and transparent sessions of dialogue with our stakeholders, facilitated by an independent third party.



In focus:

SEAT at Merebank

Our Merebank mill is located within the KwaZulu-Natal province of South Africa, adjacent to urban settlements in the Durban South Basin. The mill employs 630 people and is also the head office for our South Africa Division. Merebank completed its first SEAT review in 2005, then applied the revised methodology in July 2015. The resulting report was made available to all stakeholders in early 2016.

A wide range of stakeholders were involved in the 2015 review, and the process was well received by all. Positive reference was made to the mill's professional business practices and partnership mindset, employees' involvement in sharing the future of the mill, open communication, community investment activities, as well as high safety standards and environmental performance.

The process also uncovered some useful findings. In particular, the perceived inequalities between divisional office employees and mill shift workers. It also identified practical challenges around safety, the perceived rigidity of the mill's procurement practices, the need for increased local procurement opportunities and concerns over the approach to community support and communication. Subsequently, the mill management has responded to the issues raised, and is defining action plans.



In focus:

SEAT at Syktyvkar Logging operations

Our Syktyvkar mill is part of our Uncoated Fine Paper business. It is an integrated pulp and paper mill supplied for the most part by logging operations in Mondy's leased forest areas in the Komi Republic. Located in the capital city of the Republic of Komi, the mill employs around 5,300 people and is a major employer for the town and rural communities.

The mill has leased land in the boreal forest regions of the Komi Republic. In October 2015 we ran a second SEAT review for the logging operations (the first having been completed in 2009) involving a wide range of stakeholders.

Overall the process was well received, with positive reference made to the mill's open and mature communication practices with stakeholders, being a reliable and value-adding business partner for contractors and suppliers, social investments, safety practices and environmental management. Challenges identified by stakeholders included concerns over infrastructure issues, unemployment in the region, approach to social investments, supervision of contractors, environmental impact, and the employee reward systems. The management response to issues raised will be reflected in the 2015 SEAT report, which will be released to all stakeholders in 2016.

Communities

Engaging and settling with land claimant communities in South Africa

Portions of our landholdings in South Africa are subject to community land claims under the Restitution of Land Rights Act. Our adjusted baseline for reporting progress is the 63 claims on 114,341 hectares of our managed land.

By the end of 2015, we had settled 21 claims, covering around 37,000 hectares. We continue to work with stakeholders to settle the remaining claims.

Once a claim is settled, the community gains legal ownership of the land and can then generate a sustainable income by developing forestry businesses, with the option of supplying our business. As well as offering a stable market for the fibre, we provide post-settlement support, improved management competence, and facilitate ongoing FSC certification.

We are not aware of any violation by our operations of the rights of indigenous people during 2015, and complaints by community members were directly addressed.



In focus:

Building capacity, building a better future

How Mondi bursaries in South Africa change lives

Thobile Magubane is a young woman with a bright future. She is a qualified teacher, has a secure job at a local high school and is busy building a new house for her family.

Thobile grew up in a small rural village called KwaHlongwa, near Kranskop in the KwaZulu-Natal midlands of South Africa. She is the youngest of four children, and was raised by her mother. In 2008, her community received 1,500 hectares of forestry land formerly owned by Mondi, as part of a settlement under the South African Government's land reform programme.

Mondi provided two tertiary education bursaries every year to the Siyathokoza community as part of the settlement. Thobile successfully applied for this bursary and went on to study for a BA in Languages at the University of Zululand. The bursary covered her text books and tuition fees and provided a monthly living allowance. She graduated in 2012, and then completed a Higher Education Diploma. Since 2014, Thobile has taught isiZulu to Grade 11s and History to Grade 12s at the local Kranskop High School.

Thobile says: "It has always been my dream to become a teacher. I have grown as a person through the experience, and I am happy that I can give something back to my community. Having a good job and being in a position to build my family a proper house is something that makes me very happy and proud."

Communities

Adding value to communities and supporting livelihoods

Our mills and forestry operations cannot operate in a social vacuum and are an important component of local economies. We provide employment within the community and promote industry-relevant careers among local schools and universities. In addition, we support community forestry businesses and promote enterprise through land reform settlement.

Our stated commitments to empower and engage with local communities are brought to life through real, practical support and assistance. This activity primarily focuses on education, healthcare, employment and enterprise, and infrastructure and development. A number of these initiatives are described below.

Adding value through education

Offering education programmes to the potential future workforce can secure talent and skills for the business while addressing the challenge of limited technical knowledge in some of the communities where we operate. These programmes develop the skills of young people, reduce unemployment, provide a pathway to higher quality jobs and careers, and incentivise young people to opt for technical studies.

Forestry skills in Russia

Since 2011, the Forest Academy in Komi is supported by Mondi Syktyvkar, the Komi government and other educational institutions. Its main aims are to train and develop forestry professionals, promote sustainable forestry principles, develop small businesses and attract young talent into the industry.

Since 2013, Mondi Syktyvkar has supported the Foresters' Society of Komi to help revive the Network of School Foresters – local unions that train young people. In 2015, the number of School Foresters unions increased from 18 to 48 and involved 700 students. Mondi Syktyvkar forestry experts also provide support through training and field trips.

Rural education in South Africa

The rural educational access programme (REAP) provides bursaries and access to tertiary education for marginalised rural areas. Mondi supports 216 schools located on our forestry land and within neighbouring communities. The bursaries have supported 33 students in 2015. The Mondi bursary alumni act as 'ambassadors' for the programme within the community and are a future talent pool for the business.

Mondi also supports a 'Green Schools' programme that improves environmental education, awareness and capacity-building in 43 schools, involving 17,620 students and 138 educators. Currently, there are 43 live Green Schools environmental projects focused on school greening, recycling, waste management, vegetable gardens, water harvesting and water conservation.

Apprenticeships in Poland

Our Świecie containerboard mill (Poland) actively supports local technical schools, including the Mechanical High School in Świecie (assisting 24 students in 2015). In 2015, the mill also offered apprenticeships to 49 students.

Developing local talent in Bulgaria

Mondi Stambolijski has created 'First School Day', an initiative that promotes education within the community and provides equipment for students starting at three local schools. Additional support includes:

- advice on Junior Achievement Programmes in local schools;
- 'Manager for a Day' – a national initiative that promotes learning through experience and strengthens the links between business and education; and
- 'Club of Engineers at Mondi' – an internal volunteering network of engineers working at Mondi Stambolijski and involved in extracurricular activities such as engaging with technical conferences and job fairs, and mentoring school pupils, to promote the mill as an inspiring workplace.

Collaboration in Austria

Our Neusiedler mill (Austria) started Project Rückenwind to offer practical training to local school pupils. It promotes the use of paper as a sustainable material. The mill encourages environmental stewardship through 'Paper and the Environment Day' (held every June) and by donating paper to the 'Forest Youth Games'.

Our Frantschach mill's (Austria) 'Mondi Lerncafé' is an 'integration through education' programme, delivered in collaboration with CARITAS Austria since 2010. Lerncafé supports migrant children through schooling, homework, sports and excursions. In the school year 2014–2015, support was provided to 54 children from many countries and cultures, speaking 10 different languages.

'Mondi Lerntreff', another initiative launched in 2015, offers educational and childcare support to the children of refugee families living close to Frantschach.

Working with two other local companies, Mondi provides safety training for the technical college in Wolfsberg, involving workshops, audits and mill visits.



School Forestries' pupils engaged in forest planting, Mondi Syktyvkar (Russia)



Young professionals from School Forestries engaged in a forestry task, Syktyvkar (Russia)

Communities

Adding value through employment and enterprise support

Mondi supports local enterprises, thereby creating wealth and employment, strengthening our local supply chain, enabling independence and building community resilience.

Forest entrepreneurs in Russia

Our Syktyvkar mill supports small-scale forest enterprises which would normally have limited access to resources. They are given access to forest stands in Mondi leased areas, together with a guarantee that we will purchase all pulpwood as well as a permit to reserve saw logs for their own sawmills. In 2015 we supported the launch of around 10 such enterprises.

Overall, in 2015 more than 45 small entrepreneurs were supported, leading to 79 new permanent jobs, 320 temporary jobs and 262 existing jobs maintained. Most jobs were in the field of agriculture and civil services.

Enterprise development in South Africa

Mondi Zimele Jobs Fund is an enterprise development initiative, established in 2012 with funding from Mondi and the Development Bank of Southern Africa. Its objective is to create jobs in forestry communities, develop competitive and sustainable local contractors and support emerging growers. The Entrepreneur Development Programmes, which support small business development and self-employment, have been rolled out across many forest-based rural communities. Since 2012, the Jobs Fund has provided approximately €7 million to help local businesses create more than 3,200 jobs and develop sustainable local contractors.

Helping our suppliers in Poland

Our Świecie mill shares management and technical know-how with its suppliers to support the local economy, strengthen local businesses and secure a sustainable supply chain. The mill also collaborates with the Local Labour Office to create jobs through its 'Activation of young unemployed people in the Świecie Poviát' programme. In 2014, nine participants benefited from the programme, with a further three in 2015.

Adding value through health promotion

Improving the health of our workforce and local communities is an important element of our community strategy. Public health can be a challenge, particularly in some of the remote communities where we work. As a result we actively promote the wellbeing and productivity of our people.

Healthy lifestyles in Russia

Mondi Syktyvkar maintains its own sport, recreation and health care infrastructure for employees and makes it available for local communities. In 2015, the mill's clinic received 7,700 visits, with the sports centre receiving 260,000 visits. The mill also regularly supports the Komi Soccer Federation and The Komi Ski Federation. In 2015 the mill supported the World Cup of skiing among veterans.



Employee making use of our health facility in Syktyvkar (Russia)

Accessible health care in South Africa

Our mobile clinics, developed with local NGOs and government, provide comprehensive health care for our forestry contractors and local communities. We operate five such clinics, providing voluntary HIV/AIDS testing and counselling, monitoring for TB, diabetes and high blood pressure and offering critical vaccination programmes for children. In 2015, the clinics received 54,369 visits, including 8,498 visits by forestry contractors and 45,871 visits by local communities.

Work-life balance in the Czech Republic

Mondi Štětí has allocated a medical centre for community use. The clinic is owned by the mill and its services are available both to employees and the local community.

The mill's 'Mondi for Life' project is a newly established club that promotes work-life balance and healthy, active lifestyles. The club already has 185 members within the company and the local community.

Communities



Jabulani resident working in his vegetable garden, one of the benefits of the Agri village in Mpumalanga (South Africa)

Adding value through infrastructure and community development

We support and contribute to improving infrastructure and development in some of the communities in which we operate. High-quality infrastructure promotes access and opportunities, empowers enterprises, facilitates health and education, and supports efficient business operations.

Investing in infrastructure in Russia

Mondi Syktyvkar makes significant investments in the maintenance and construction of forest roads and bridges that support business operations, local suppliers and community mobility. In 2015, these investments resulted in the creation of 16 additional bridges, 117km of all-season forest roads and 88km of upgraded forest roads.

Sustainable villages in South Africa

About 10,000 people live in 62 villages on Mondi land in Mpumalanga. Many have no access to municipal and social services and have limited economic opportunities, with resultant high levels of unemployment in the area.

To address this issue, we have facilitated a pioneering development project in Mkhondo, Piet Retief, where community members living in temporary accommodation in remote villages are given the option to move to a new Agri village.

The first Agri village, called Jabulani, is one of nine planned and is located around an existing settlement, about 25km from Piet Retief. Jabulani provides 110 permanent residences with secure tenure, basic services, land for vegetable gardens, and access to economic opportunities. Jabulani also has a community centre, an extended and refurbished school, street lights, improved roads, an early childhood development centre, public toilets, sanitation facilities and electricity supply.

Communities

Building networks and promoting learning in the business

As a diverse, international and decentralised business we create internal networks that support the management of performance areas such as energy, environment, product stewardship, and safety and health. In 2015, we formally launched our Social Sustainability Network – a group of human resources and community specialists, working in our mills and forestry operations managing and coordinating investments across the Group.

The network helps us to develop and communicate best practice and measure the effectiveness of our community investments. The network also benefits from engagement with our strategic partners such as Business in the Community (BITO)¹, a UK-based member-led charity, working with over 830 companies globally to develop business strategies with responsibility at heart.

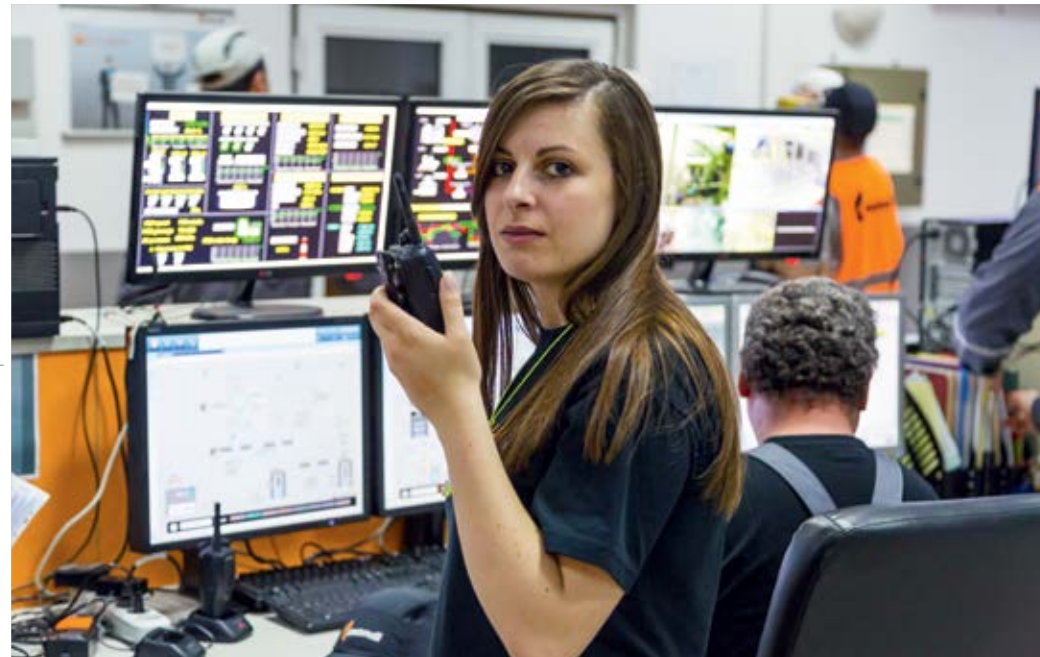
The network will help scale up our positive impact and increase the relevance and response to local needs. It also helps local teams to implement their own ideas, benefit from the network's experience and tools, share best practice, innovate, celebrate our success and take pride in being part of the social sustainability team.



In focus:

Mondi Ružomberok promoting safe behaviour

Mondi Ružomberok (Slovakia) promotes safe working behaviour through employee engagement and volunteering. An inspiring campaign, 'Guardian Angel', encouraged employees to observe and note unsafe behaviour at work, at home and in the wider community. For every observation made and procedure changed, the mill donates €1 to its community fund. The employees are also encouraged to suggest how the fund is used, for example augmenting local health care facilities. In 2015, around € 22,000 was collected in this way and donated to 45 local families, nominated by the mill's employees.



In focus:

Inspiring young talent in the community

Mondi Stamboljiski's internships

Dilyana is a 25-year-old Bulgarian power engineer who, in 2014, undertook a summer internship programme at our Stamboljiski mill (Bulgaria). The experience encouraged her to pursue a career in this traditionally male-dominated field. Recognising that they had a motivated, knowledgeable and determined candidate, the team at the mill offered Dilyana an ongoing placement after the two-month internship.

One year on and Dilyana is a highly respected member of the power plant engineers' team and is a leading community volunteer. Dilyana says:

'It is great to be given the opportunity to volunteer. I have delivered career talks in a local secondary school and mentored the pupils. I am also proud to be one of the drivers of the "Club of Engineers" at the mill, a self development and support network for young engineers.'

Dilyana exemplifies Stamboljiski's efforts to inspire students in the community, promote technical studies and create job opportunities.

¹ www.bitc.org.uk

Products and solutions

We design and manufacture more than 100 products that form the basis of more than 100,000 different packaging and paper solutions – used by millions of people around the world every day. Our ambition is to provide cutting-edge products and solutions that are environmentally and socially responsible and help our customers respond to issues such as food waste, scarce resources and climate change.

Component for side gusset handle at pre-made bags, Consumer Goods Packaging operation, Steinfeld (Germany)

Discover how we're...

- Working together to provide resource-efficient, sustainable products with reduced emissions
- Innovating with our partners on product design, specification and production
- Further developing our Green Range

2015 at a glance

Transparency

Introduced a new Supplier Relationship Management (SRM) system to improve transparency and reliability

67%

of our operations producing food contact packaging certified to a recognised food hygiene standard

Revised

Seven criteria defined for our Green Range

Products and solutions

Management approach

Responsibly produced and innovative packaging and paper products have a role to play in addressing climate change, scarce resources and food waste. In response to changing consumer and customer expectations, we are developing products in collaboration with our customers that are more resource efficient, use less material and have extended shelf lives. Product innovation and re-design as well as optimised operational processes are the primary channels through which we reduce our material consumption and product carbon footprint.

Our products are subject to voluntary and compulsory testing regimes that help to maintain a high level of safety and quality. Our businesses regularly conduct customer surveys that measure overall customer satisfaction, including sustainability challenges and opportunities. We also host customer events to exchange knowledge of our products, processes and future trends.

We can assess the carbon footprint across the product life cycle, from the source of raw material through to disposal or recycling. This requires us to work closely with our customers and suppliers and shows that the impact of the manufacturing process is normally only a small portion of the total product carbon footprint.

As part of our global partnership with WWF, Mondi focuses on ecosystem, manufacturing and product stewardship to further enhance the environmental performance of our products. This is applied through credible certification and efficient life cycle use of materials in our packaging and paper products.

Meeting our 2015 commitments

Food hygiene standards

Our products are subject to voluntary and compulsory testing regimes that help to maintain a high level of safety and quality. They also ensure that production processes and product characteristics are communicated clearly to customers and other stakeholders along the value chain. Of the 69 Mondi sites producing food contact packaging in 2015, 46 (67%) were certified to a recognised food hygiene standard¹.

Green Range

Our Green Range continues to grow. Our aim is to promote responsible packaging and paper solutions. 100% of Mondi's uncoated fine paper mill brands are part of Green Range. In 2015, in collaboration with WWF, we defined seven new Green Range criteria at the Group level.

What is product stewardship?

Product stewardship is the integrated management of environmental, safety and health factors, throughout all stages of the value chain and product life-cycle.

Working with customers to improve quality and sustainability

Our customers respond to the varied, sophisticated and ever-changing demands of consumers. We create customised solutions through rapid and high-quality innovation and product development to support this need.

Corrugated packaging with less emissions

Our Corrugated Packaging business helps to drive environmental innovation across the Group. For example, Mondi Corrugated Poland has improved the transport packaging of cooking oil bottles for a supplier to a major discount food group. This new product retains strong protective qualities while using less materials and offering better transportation efficiency. In this case, the standard American Case (AC) packaging was replaced with a tray that allows for a smaller pallet and less than half the amount of corrugated board per bottle. This represents a substantial reduction in the carbon footprint of the packaging.

Additionally, we recommended a hexagonal configuration for the bottle storage tray. This allows 6% more units per packaging layer – an additional 55 bottles per pallet. Not only does this improve transport efficiency and pallet stability, it also reduces the risk of breakages.

Tackling food waste

Roughly one-third of global food production – approximately 1.3 billion tonnes – is lost or wasted each year². Effective packaging can protect food on its journey from field to market, thereby reducing wastage on route.

We respond by creating, for example, re-closable bags and single-serve pouches, extrusion-coated barrier material and water-resistant containerboard.

Mondi has been a member of the SAVE FOOD initiative since 2013, a campaign supported by the UN Food and Agriculture Organization, the UN Environment Programme, Messe Düsseldorf (one of the leading export platforms worldwide) and Interpack (a leading trade fair for processes and packaging). The member companies are seeking to make a contribution against global food losses through solutions across the entire food value chain.



Improving transportation efficiency

¹ The food hygiene standards that Mondi's operations are certified against include: ISO 22000, EN 15593, BRC/IoP, HACCP and AIB.

² United Nations Food and Agriculture Organization 2013.

Products and solutions

Packaging to improve environmental performance

Mondi Halle (Germany) produces customised stretchbailer film, made of polyethylene (PE), to improve the wrapping of individual or multi-pack goods. This offers significant CO₂ emission savings per packaging unit when compared to traditional cartons or shrink film (80% and 65% reductions respectively). The main challenge when modifying the film was to achieve the right coefficient of friction (COF) to ensure that it would run smoothly against steel rollers or itself. The result was a competitive solution for all kinds of complex shapes of wrapping products.

MAESTRO® strong on resource efficiency

Our MAESTRO® office paper product range meets a wide spectrum of customer requirements. It encompasses six sub-brands including MAESTRO® extra, used for printing text and colourful graphics, MAESTRO® color with 30 different shades or MAESTRO® standard for efficient black-and-white printing.

The portfolio includes white and tinted papers, all of which have a high level of opacity and generate minimal dust in production which, in turn, extends the life of the machinery and saves on maintenance costs. Resource efficiency in production is a characteristic of the MAESTRO® brand. This also means that 100% of the fibre used for the finished product comes from responsibly managed forests, certified to FSC or PEFC™ standards.

Compliance and monitoring

Our products are subject to a range of standard-testing procedures that maintain a high level of product safety.

During 2015 we were not made aware of any of the following:

- Incidents of non-compliance with regulations and voluntary codes on customer safety and health
- 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
- Non-compliance with marketing, advertising, promotion and sponsorship regulations and voluntary codes
- Complaints about breaches of customer privacy and losses of customer data



MAESTRO® office papers

Innovation in product design, materials and in partnership

Our product innovation efforts focus on design, light-weighting and the use of new and alternative materials, all with the aim of making a great product with a reduced carbon footprint.

Open for innovation

Innovation with a focus on packaging sustainability requires collaboration between our team, our customers and our suppliers. A good example is our partnership with Nestlé and its Innovation Days. These meetings address challenges and opportunities for paper-based packaging in different products, for example, pet food, cereals and beverages. They provide an opportunity to explore challenges in these markets and to share ideas.

During 2015, Innovation Days were organised at different Nestlé locations in Switzerland, the UK and France. They brought together packaging specialists, scientists, marketers and Nestlé buyers. At the Nestlé Research Centre in Lausanne (Switzerland), our Speciality Kraft Paper and Extrusion Coatings teams discussed future paper making technologies and presented a number of innovations around sustainability, attractiveness and convenience of paper-based packaging.

Nestlé's life-cycle analysis and recyclability priorities guide our product development on their behalf. For example, our kraft paper, extrusion coating and flexible packaging for consumer goods are designed to ensure that Nestlé fully complies with the Essential Requirements of Directive 94/62/EC. This requires that EU member states establish frameworks for the collection of waste packaging and ensure that associated recycling targets are met. All such packaging is required to meet the 'Essential Requirement' – a target that is built into our own product design and manufacturing process.

Such collaboration with our customers is the optimum way of bringing new and sustainable products to market.

Products and solutions

Shaping the future of packaging

Advantage Formable is a new food packaging grade, developed by our Speciality Kraft Paper business, that offers superior formability and stretchability with a reduced carbon footprint.

The product is formable paper and can be easily shaped into three-dimensional forms. It has a natural feel, is highly printable, uses 20% less material and is fully recyclable. It therefore presents a suitable alternative to other composites such as aluminium.

Advantage Formable shows a significant market potential, including baking trays. It was part of a Mondi innovation project that was voted one of the winners of our 2015 Mondi Diamond Award, recognising outstanding achievements from across the Group.



Advantage Formable packaging

Saving resources with united forces

We have developed two new sack kraft grades: Advantage Semi Extensible White Print and Advantage Kraft White Print. These products offer improved branding opportunities through high strength and outstanding printability. Both have been developed through a collaboration between our Sack Kraft Paper and Industrial Bags businesses. Advantage Semi Extensible White Print is used for valve bags in the building industry while Advantage Kraft White Print is used for open mouth bags in the pet food industry. Both grades demonstrate a lower rate of ink consumption as well as paper material savings.

The HYBRID^{PRO} – the best of both worlds

Our HYBRID^{PRO} industrial paper bag offers bad weather protection that significantly extends the shelf life of its contents and avoids unnecessary waste. It combines the best of two worlds: our own Advantage ONE sack kraft paper and a layer of high density polyethylene (HDPE), that forms a protective layer over the outside of the product. Thus HYBRID^{PRO} is suitable for many industries and applications, while still being easy to separate for recycling. We collaborated with Knauf to develop a moisture resistant, water-repellent bag for building materials that can be filled on conventional paper bag filling systems and which uses less material than standard three-ply designs. According to Knauf, gypsum packaged in the HYBRID^{PRO} and stored outdoors has an increased shelf life compared to standard paper bags.

Further developing our Green Range product portfolio

Our Green Range comprises smart, resource-efficient packaging and paper products that meet high environmental and social standards. The range was originally developed by our Uncoated Fine Paper (UFP) business, and then extended to other businesses within the Group.

In 2015, our businesses, with input from WWF, updated the Green Range criteria at Group level. In 2016, we will explore how these criteria can be applied to our products and solutions for paper and non-paper products.

The new criteria for our Green Range

We first introduced our Green Range in 2006, and by 2012 all Mondi branded papers – including office, professional printing and value-added converting products – were part of the Green Range.

In 2014, our global strategic partnership with WWF included looking to further enhance the environmental performance of our products, including our Green Range. In 2015, we reviewed the criteria and methodology to make sure that they reflect today's socio-demographic and consumption trends as well as environmental concerns.

As a result we defined seven new criteria which provide clear benefits for our customers, partners and businesses. These criteria are:

- **Promoting sustainable forestry** – Our forestry management practices focus on optimising wood production while maintaining important ecosystem services. The wood we procure is CoC-certified according to the standards of FSC, PEFC™ in the countries where we operate, or meets our company minimum wood standard that complies with the standard for Controlled Wood (FSC-STD-40-005).
- **Renewable materials** – We create products made from verified, responsibly produced, renewable material.
- **Recycled materials** – Our products are made with recycled material that do not compromise quality or safety.
- **Material optimisation** – Our products optimise material usage with due regard to quality and safety.
- **Enhanced packaging performance** – Our packaging must protect products during transport and extend shelf life.
- **Next life** – Our products are optimised for reusability, recyclability, compostability or degradability.
- **Reduced emissions** – Emissions to air, water, or land are minimised during production and through supply chain optimisation.

Supply chain

We encourage our supply chain partners to adopt more responsible business practices and, as a member of the UN Global Compact (UNGC), we are guided by its 10 principles. This approach helps us address environmental, social and governance risks and deliver business benefits.

Discover how we're...

- Supporting an improvement in independent certification to drive sustainable forestry practices and help secure long-term wood fibre supply
- Promoting the concept of the complementary use of both virgin and recycled fibre, and the cascading use of wood
- Reducing risks in our supply chain by implementing measurement and monitoring systems to embed sustainable development processes
- Finding new ways to reduce our transport-related carbon footprint

2015 at a glance

66%

of the wood we procured came from Chain-of-Custody (CoC) certified sources

2.89 million

tonnes of indirect carbon emissions from our supply chain (scope 3 emissions)

77%

of pulp procured from CoC-certified sources

1.4 million

tonnes of paper for recycling (recovered paper) used

Supply chain

Management approach

Securing a sustainable source of fibre to meet the needs of our business in the short, medium and long term is one of our most significant challenges. We promote responsible practices, from the sustainable management of our own forests (see page 23) to the procurement of wood and fibre throughout the supply chain without causing deforestation. All fibre and non-fibre materials are governed by our Group policies on procurement of raw materials and services and guided by the 10 UNGC principles. 100% of our mills are CoC-certified¹.

We source credibly-certified fibre and support initiatives to increase its availability. This is why we are working with certification systems such as the FSC and the Programme for the Endorsement of Forest Certification (PEFC™) as part of a multi-stakeholder engagement process to make these systems more effective, particularly for small and medium growers and communities.

We ensure that the portion of our wood fibre that is not certified at source meets our policy for Procurement of Wood, Virgin Fibre, Biomass and Finished Product Requirements. This stipulates that it must comply with the standard for Controlled Wood (FSC-STD-40-005). We have our own due diligence system to address European Union Timber Regulation (EUTR) and US Lacey Act requirements. We do not purchase wood or fibre from illegal or controversial sources and none of our sourcing contributes to deforestation.

In addition to forest certification, we conduct regular assessments of key fibre and non-fibre suppliers, working with local procurement teams. This allows us to evaluate the quality of service and reliability of supply, as well as environmental and social practices.

Non-fibre raw materials used 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 paper-making process, or as coating and other input material for creating high performance, speciality packaging products. Although we purchase significantly lower volumes of these materials for non-paper products, we retain a strong focus on sustainability throughout our supply chain.

Through the development of an integrated Supplier Relationship Management (SRM) system, we will classify companies based on additional criteria including environmental performance, compliance issues, social response and safety performance. Our sustainability standards are clearly stated in the Group's Code of Conduct for Suppliers.

Meeting our 2015 commitments

Chain-of-Custody certifications

In 2015, 66% of our total procured wood was CoC-certified to FSC or PEFC™ standards (a 6% improvement compared with our 2010 baseline of 60%) and the balance met our own company standard which complies with the standard for Controlled Wood (FSC-STD-40-005). We maintained 100% FSC certification of our owned and leased forests. 100% of our mills maintained their CoC certifications in 2015¹.

Proportion of fibre-based products certified

66% of our products based on wood procured directly by our mills, and 77% of our products based on pulp procured externally by our mills, were manufactured from CoC-certified sources. The balance in both cases was sourced from credible sources that comply with the standard for Controlled Wood (FSC-STD-40-005).

Consumption of paper for recycling

1.4 million tonnes of paper for recycling (recovered paper) were used in 2015 and we will continue to report on our consumption of this material.

¹ 2014 US acquisition Pine Bluff is not included.

Supply chain

Using independent certification to drive sustainable forestry practices

Harvesting the benefits from our wood procurement network

We have seen the benefit of using internal networks to optimise our approach to many issues across the business. This also applies to wood procurement, where we have established a network of forest and wood specialists. They meet on a regular basis to share knowledge and optimise processes within the Europe & International Division and across the Group.

“Unless we can reduce the ever increasing administrative burdens associated with forest product supply chains – including the disproportionate certification demands on SMEs and communities – increased certified fibre volumes and the protection of global forests remain at risk. Customers, retailers, regulators, NGOs, suppliers and growers must collectively develop and implement a simplified, risk-based approach relying on credible certification and holistic landscape management for the benefit of all.”

Peter Gardiner

Group natural resources manager

Certification: a central part of our approach

Certification is our main tool for responsible forest management. It currently assures our stakeholders that we source from sustainably managed forests and, together with our due diligence system, addresses the EU Timber Regulation and the US Lacey Act.

Our long-term aim is to make more of our products from certified fibre. The challenge however is that most of the world's forests remain uncertified.

While forest certification has succeeded in promoting sustainable forest management, the current certified wood supply is not meeting growing demand and without significant changes to existing systems, the situation is unlikely to be resolved. Many wood suppliers and small and medium forest owners see certification as a burden with excessive administrative requirements and disproportionate costs. Together with other stakeholders and through WBCSD and The Forest Dialogue, we've been engaging with certification systems to support improving and simplifying certification processes. We believe certification should be more accessible and affordable to all suppliers but, in particular, to small and medium forest owners – benefiting them and our business. This approach will ensure more forests are sustainably managed and high conservation value (HCV) areas protected.

One size doesn't fit all

We support the FSC approach of setting global standards for environmentally appropriate, socially beneficial and economically prosperous forest management. However, we don't believe one size fits all. Different types of forests and communities have very different needs. For example, tropical forests contain vastly more endangered species, ecosystems and communities and are inherently less resilient than the boreal forests of Russia. In addition, small and medium forest owners do not have the same resources as the larger forestry organisations. Without practical change, the risk is that many tropical forests, communities and small and medium forest owners will continue to be excluded by the complexity and resource demands of certification, and fail to contribute to increased forest protection.

Working together to implement solutions on the ground

Together with key stakeholders, we supported the development of the new FSC strategy, which was approved in 2015. “The strategic plan is a commitment to improving FSC's certification system with an emphasis on increasing FSC certification in tropical countries, and providing a voice to those most affected by mismanaged forests – indigenous people, workers, communities, women, and smallholders – while meeting the needs of current certificate holders.”¹

However our biggest shared challenge is to quickly convert this strategy and other initiatives into practical implementation. This will need collective action from all stakeholders and both of the major global certification systems, FSC and PEFC™, if we are to see the necessary growth of certification in supply chains and global climate change solutions.

We will continue to engage with certification systems through our memberships of the WBCSD Forest Solutions Group, Confederation of European Paper Industries and Forestry South Africa.

Making certification accessible to small and medium forest growers

Mondi Zimele, our business development arm in South Africa, is currently working on a pilot project funded by FSC. It is assessing if our approach to working with smallholders and communities could be applied more widely and contribute to a more accessible FSC certification system in tropical countries. The project team is currently consulting widely with all stakeholders, including forest enterprises, communities, NGOs, government agencies, academia and the supply chain, to build support for the process.

¹ Source: <https://ic.fsc.org/global-strategic-plan.936.htm>

Supply chain

Actively promoting the cascading use of wood

Forests are the only source of virgin wood fibre and sustainably managed forests are an essential part of the solution to address the growing global fibre demand. Recycled fibres complement virgin material and in the global fibre cycle their reuse is essential to optimise the cycle. The 'cascading use of wood' principle further supports the fibre cycle, increasing the value that society gains from each harvested tree.

We believe in the cascading use of wood principle to maximise the value society gains from the world's forests and promoting the complementary use of both virgin and recycled fibre. We support the Confederation of European Paper Industries (CEPI) call for the EU to place the principle of cascading use of wood at the core of its climate and energy policy, to promote the most efficient use of available biomass and contribute to economic and employment objectives. CEPI is also calling for the identification and possible removal of subsidies that encourage inefficient use of biomass and distort fair competition on the wood markets.

The principle states that wood should be first used to make products such as furniture, packaging and paper, before it is reused, recycled or burnt for energy generation. This means that we focus strongly on sustainable management of forests as the key resource allied to efficient manufacturing and recovery systems. By following the cascading principle, the paper-making process has been shown to be 2.38 times more resource-efficient¹.

In 2015, as part of the WWF-Mondi partnership, we commissioned an independent report on the cascading use of wood called Mapping Study on Cascading Use of Wood Products. The report, produced by nova-Institute for Ecology and Innovation and the Institute for European Environmental Policy (IEEP), provides country case

studies and makes recommendations, including the need for a commonly agreed and accepted concept of 'cascading use of wood' among policy-makers and industry in Europe. It also covers the inter-linkages between waste collection and management policies, sequestration measures, forest management, resource efficiency strategies and energy.

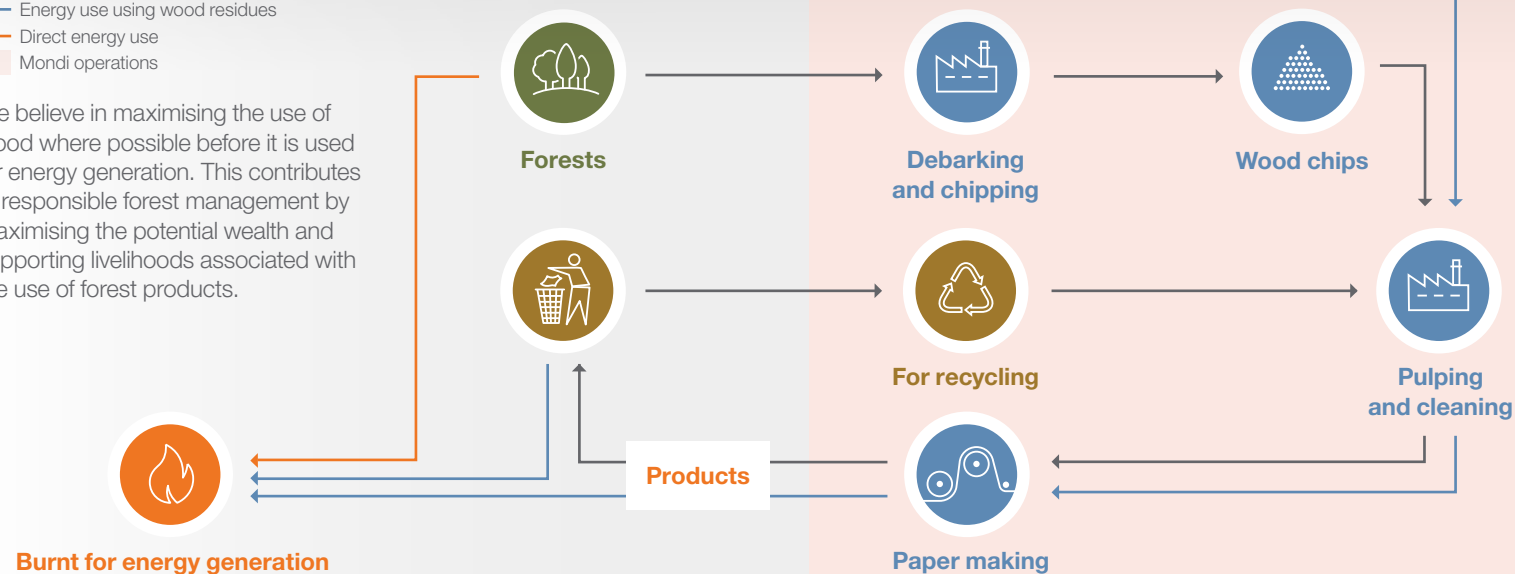
Using the principles of the European waste hierarchy is also crucial for the establishment of multi-stage cascades, together with reliable classification and sorting systems of post-consumer wood. Positive examples of established cascading and recycling systems show that public awareness and acceptance is key towards making meaningful progress.

The report asserts that the ability to establish cascading use is impacted by two economic trends: that virgin wood is not necessarily more expensive than recycled wood and that subsidies received for the production of bioenergy mean that energy users can potentially pay higher prices for woody material. As long as bioenergy is heavily subsidised, it is thought to be highly unlikely that more effective cascades will be established or improved. Policy harmonisation across the EU will need to allow room for each unique country situation in terms of wood availability and utilisation. The report concludes that European guidelines that member states can use when adopting their policies would be an ideal approach.

The cascading use of wood process

- Manufacturing process
- Energy use using wood residues
- Direct energy use
- Mondi operations

We believe in maximising the use of wood where possible before it is used for energy generation. This contributes to responsible forest management by maximising the potential wealth and supporting livelihoods associated with the use of forest products.



¹ Source: Mantau, U. Wood flow analysis 2010, Celle 2012.

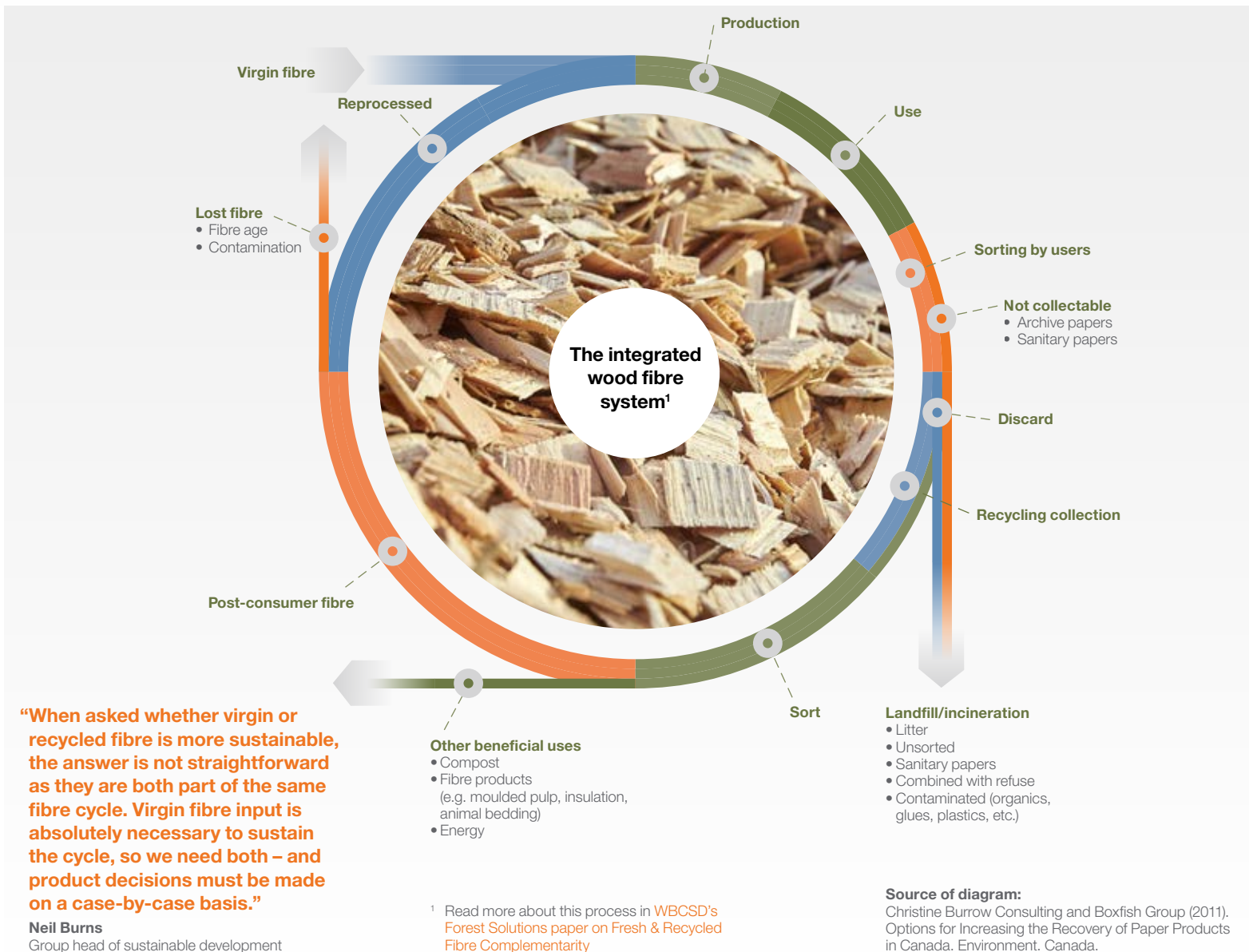
Supply chain

Keeping the right balance between virgin and recycled fibres

The increasing demand for fibre-based products will only be met through sustainable management of forest products combined with effective recovery and recycling of used fibre. The ongoing debate as to how and when virgin or recycled fibre is used is fundamental to developing a long-term sustainable fibre cycle. It is also worth noting that the recovery of paper and paperboard is reaching capacity in many developed economies. For example, the recovery rate is approaching 70% in the US, is above 70% in Europe and is approaching 80% in Japan.

We consider virgin and recycled fibres as complementary. A proportion of virgin fibre will always be needed in the wood supply chain to ensure recycled paper production and supply is sustainable in the long term. Recycled fibre is not sustainable without virgin fibre input as it degrades over time. As the diagram shows, both are key elements of an integrated wood fibre system which is not sustainable without the systematic introduction of virgin fibre for quality and strength. By sourcing our wood only from responsibly managed forests and using recycled fibres, we make an important and sustainable contribution to this fibre cycle.

In adopting the cascading use of wood principle, we aim to optimise our own use of virgin and recycled fibres. We assess the balance between virgin and recycled fibres in our products on a case-by-case basis, using the optimum solution to create a high-quality product for our customers.



Supply chain

The availability of recycled fibre

Recycled fibre is an important raw material for our paper and packaging products (in 2015 we used around 1.4 million tonnes of paper for recycling (2014: 1.5 million tonnes), but we are currently limited by the availability and quality of this material. Mondi's Operations director for the Europe & International Division currently chairs the Raw Materials Group of CEPI, which is promoting the development of paper-recycling systems. We are actively involved in policy debates around the revision of European waste policies, promoting the benefits of recovering paper, improving quality and removing barriers and unnecessary costs associated with recycling. We are also actively opposed to prioritising the burning of recovered paper as an energy source. In parallel, we are engaging with certification systems to align their standards for wood and recovered paper.

The growing importance of biomass

Traditionally, the generation of electricity from wood in Europe was limited to small-scale operations that were part of a waste-recycling system. However, the EU Energy Directive of 2012 set targets for member states to obtain 20% of their energy from renewable sources by 2020. In 2015, a new EU target of 27% was set for 2030.

Woody biomass is an important source of renewable energy that can be burnt in existing power stations, making it a convenient choice for energy companies and governments. Substantial subsidies for producers of renewable energy have encouraged a new type of biomass business in some European countries.

This policy has led to large biomass imports (e.g. pellets) from outside Europe. Major power stations are being converted to burn wood and operators are building new large-scale biomass plants – some of which are likely to generate more income through subsidies than from selling energy.

In principle, we recognise biomass as a renewable energy source. Wood is a high-quality fuel where it is locally available from sustainably managed forests, and when it is efficiently converted into energy. For example, within Mondi, our mills generate 59% of their energy from biomass-based fuel, mainly derived from residues of the pulping process.

With almost half of Europe's renewable energy consumption now coming from wood, the heat and power producers (heating and/or combined heat and power plants) are significantly increasing their demand, leading to increasing raw material prices. This places additional pressure on the world's forests and erodes the potential to improve wealth and livelihoods through other wood-based management approaches. In effect, we are seeing a shift away from the principle of the cascading use of wood.

Managing risks in our chemicals supply chain

Aside from our wood and fibre supplies, chemicals are another key material that we use in the pulp, paper-making and converting processes. These chemicals are used to stabilise and change the properties of pulp and paper. They also include inks, dyes and glues used in our converting operations.

The procurement team works with our businesses and local operations to conduct research, assess quality and adherence to Mondi standards and helps with the recruitment and selection of suppliers. The procurement of pulp and polyethylene (PE), energy, transport, chemicals and services is managed centrally at Group level, while wood and paper for recycling is sourced locally with a coordination support at Group level.

Chemicals and polymers are sourced through a number of larger companies as well as some local suppliers close to our operations. The majority of suppliers are based in Europe with subsidiaries in Asia, Middle East and the US. Our Supplier Relationship Management (SRM) approach consists of selecting, assessing and developing our supplier base by assessing their profile and performance using our supplier risk management tool and by conducting on-site audits. When assessing risk, we consider company size, the scale of business transactions, legal requirements, quality of their products (with input from our research and technical laboratories) and our ability to source alternative suppliers.

We conduct on-site audits of key suppliers, alongside informal and formal meetings and day-to-day interaction. Every company must adhere to our purchasing principles and our Code of Conduct for Suppliers, which covers environmental management, social metrics and governance. While we set high standards, our supplier relationships are collaborative and we work with them to improve the performance of their products and service. This flexible approach helps when facing greater volatility in raw materials markets. It also extends to formal joint projects with large companies, driving sustainability principles through the supply chain, thereby reducing risks.

Over the next two years we will be reviewing our non-wood suppliers and fully integrate them into our SRM system. We will classify the companies based on additional criteria including environmental criteria, compliance issues, social response and safety performance.



In focus:

Lowering emissions through effective sourcing

We are increasingly looking for joint solutions with our suppliers to reduce the indirect emissions of our procured raw materials.

AGRANA utilises almost 100% of the agricultural raw materials employed in a wide range of products including wheat starch and uses low emission technologies to mitigate impacts on the environment. This includes using biogas generated from its waste water treatment plants as an alternative to fossil fuels.

Our Neusiedler mill in Austria has had a close partnership with AGRANA (AGRANA Starch) for many years.

The mill worked with AGRANA to qualify premium high-purity agricultural wheat starch for the production of high-quality office paper. This had not previously been an option because the right quality wheat starch with low protein content and good particle spread was not available. We were able to quickly adapt this new material to our production process.

This collaboration was a clear win-win situation: AGRANA found a new market for its product, and we found a source of starch with lower emissions and higher competitiveness. In addition, transport emissions and costs were reduced due to close proximity of the businesses.

Supply chain

Measuring and monitoring emissions

We work to embed sustainability principles into our supplier relationships. This requires openness, transparency and collaboration, working directly with our suppliers or through independent, third party programmes.

Reducing indirect GHG emissions from our value chain

Our approach to managing and measuring scope 3 GHG emissions is described on [page 33](#).

We estimate that our 2015 scope 3 emissions amounted to 2.89 million tonnes CO₂e (2014: 2.68 million). In order to further reduce these emissions, we will continue to collaborate with our suppliers.

Cutting transport-related emissions

Transportation of goods and materials accounts for about 25% of our total scope 3 emissions. For example, our E&I Division carries 60% of its outbound products by road and 40% by rail or sea. In order to reduce emissions, it is currently optimising its logistics and transportation operation in the following ways:

- Using combined transport solutions such as lorry trailers that are carried by rail before transferring to road for final delivery. In other instances, containers may travel via rail to ports for onward shipping. Approximately 50% of the production volume from Austria to Benelux countries is shipped using these combined transport systems.

- In certain situations, products travel by sea, even for shorter routes.
- Wherever possible, rail transport is a given priority.

Collaborating to measure scope 3 emissions

We are collaborating with shipping companies to develop a science-based methodology for scope 3 GHG emissions reduction targets.

Increasing transparency across the supply chain

We operate in a market where price and availability of raw materials fluctuate. To manage this, we continue to invest in long-term, sustainable relationships with our suppliers.

Over the past five years, we've improved the efficiency, transparency and quality of our supply chain. We introduced a new Supplier Relationship Management (SRM) system in 2015, designed to meet customer demand for supply chain transparency. This new system will improve consistency in the way our businesses identify, select and evaluate suppliers. It will include risk assessment criteria for safety, environmental management, compliance issues and social response.

In focus:

Working with Nestlé on social and ethical compliance

Mondi and one of our key customers Nestlé share a commitment to the highest standards of sustainability and transparency. This commitment is exemplified through membership of the Supplier Ethical Data Exchange (SEDEX).

Founded in 2001 by a group of UK retailers, SEDEX is a not-for-profit membership organisation that drives improvements in responsible and ethical business practices in global supply chains. It operates a secure, online database that allows its members to store, share and report on labour standards, health and safety, environmental management and ethics. For buyers, it provides a means of tracking suppliers' performance and reducing risk. For suppliers, it provides an efficient and cost-effective way of sharing ethical information with multiple customers.

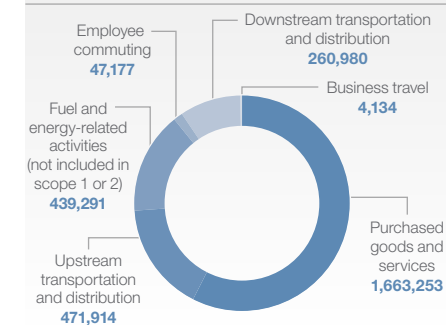
13 of our consumer packaging operations supply products to Nestlé and, since 2009, have complied with SEDEX. This has required our operations to be open to audits every three years.

The next step in our work will be to extend the audits with a focus on sustainability to Mondi's own second-tier suppliers. As a result, we are integrating this requirement into our new SRM system, which will be launched in 2016.



Scope 3 emissions 2015

tonnes



Business reviews

In this section we outline how we're embedding sustainable development across our business units.

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Where we operate

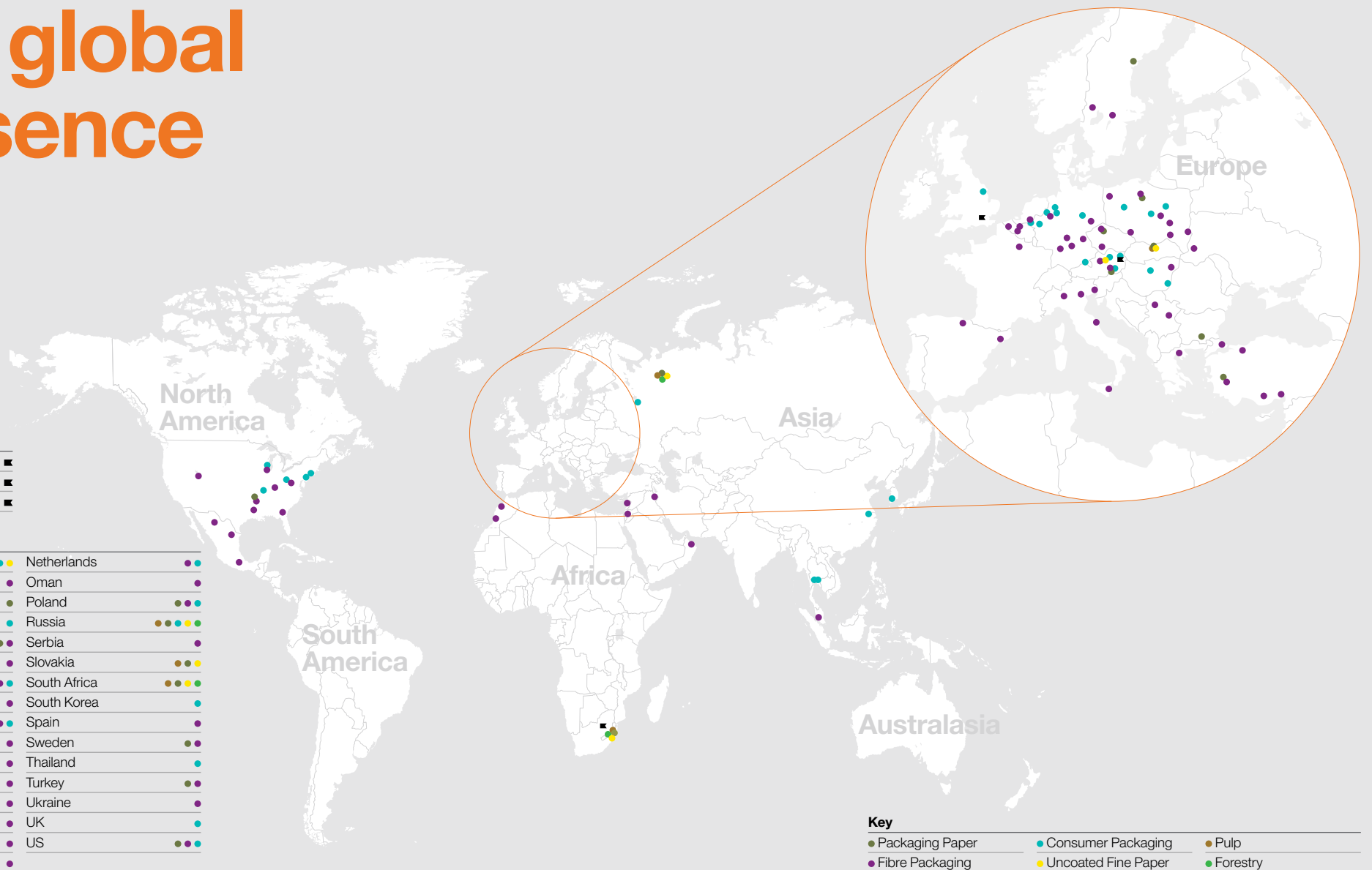
Our global presence

Corporate offices

Johannesburg	■
London	■
Vienna	■

Production sites

Austria	●●●●	Netherlands	●●●●
Belgium	●●●●	Oman	●●●●
Bulgaria	●●●●	Poland	●●●●
China	●●●●	Russia	●●●●
Czech Republic	●●●●	Serbia	●●●●
France	●●●●	Slovakia	●●●●
Germany	●●●●	South Africa	●●●●
Greece	●●●●	South Korea	●●●●
Hungary	●●●●	Spain	●●●●
Iraq	●●●●	Sweden	●●●●
Italy	●●●●	Thailand	●●●●
Jordan	●●●●	Turkey	●●●●
Lebanon	●●●●	Ukraine	●●●●
Malaysia	●●●●	UK	●●●●
Mexico	●●●●	US	●●●●
Morocco	●●●●		



● Packaging Paper	● Consumer Packaging	● Pulp
● Fibre Packaging	● Uncoated Fine Paper	● Forestry

Packaging Paper

Our Packaging Paper business manufactures and sells a wide range of virgin and recycled containerboard, sack kraft and speciality kraft paper grades. These are converted into fibre-based packaging and advanced materials products by our Fibre Packaging and Consumer Goods Packaging businesses, or for use by external customers.

Cores for sack kraft paper at our Frantschach operation (Austria)

“We continue to strengthen our mill management and systems in order to maintain reliability of our assets and safety while growing our output and responding to customer demand.”



Clemens Willée
CEO, Packaging Paper

Performance highlights

- Our regular customer satisfaction survey confirms high levels of customer satisfaction
- Our popular seminar series ‘From Fibre to Corrugated Board’ brings together about 300 customers from around the world to share what we do and hear about future challenges and to explore opportunities
- Our new €11 million aerobic waste water treatment plant (WWTP) started operating at our Świecie mill (Poland)

Business overview

9

Number of countries

9

Number of operating sites

5,300

Number of employees

Packaging Paper

Sustainability overview

Our packaging paper products are inherently sustainable, manufactured from a sustainable, renewable resource that can be readily recycled. All of the wood used as our primary raw material is sourced from responsible sources. Our manufacturing process is energy and water intensive, and we consistently invest in operational excellence to optimise use of valuable natural resources and maximise re-use opportunities for fibre, water, energy and materials.

Our electrical self-sufficiency has improved due to the installation of new recovery and biomass-based auxiliary boilers and our carbon intensity¹ has decreased steadily in the last 10 years. We are one of the most significant users of recycled fibre in the Group, with our containerboard mill in Poland alone procuring one million tonnes of paper for recycling every year. We are also a key employer and socioeconomic role player in the communities around our mills, and contribute and invest in local community projects.

“We have a strong focus on the ongoing development of our products so that we can offer new and different paper qualities. This is what we are good at and what our customers appreciate.”

Clemens Willée
CEO, Packaging Paper

Wood procurement

We remain committed to responsible procurement of our wood fibre requirements. We strive to increase the amount of credibly certified wood we procure. Any non-certified wood that we procure meets our company minimum wood standard that complies with the standard for Controlled Wood (FSC-STD-40-005), EU Timber Regulation (EUTR) and our own Requirements for the Responsible Procurement of Wood, Virgin Fibre, Biomass and Finished Product. We are not party to illegal logging or deforestation.

In 2015 we increased our Forest Stewardship Council® (FSC®) and Programme for the Endorsement of Forest Certification™ (PEFC™) Chain-of-Custody (CoC) certified wood input by 3%. We also continued to work with stakeholders to find ways to increase the supply of certified wood in our value chain.



Employee at the wrapping line of our kraft paper production, Štětí (Czech Republic)

Resource efficiency

Over recent years we have continued to invest in projects that increase resource efficiency.

This includes our €166 million investment in our Świecie mill, involving a new recovery boiler, turbine and biomass boiler. The new recovery boiler will emit significantly less dust than the original unit. In addition, the old recovery boiler was converted into a biomass boiler. These new boilers, once fully operational in 2016, will be capable of generating 100% of the mill's steam and electricity (see [page 32](#)).

Our Świecie mill also invested €11 million in the modernisation of the existing aerobic waste water treatment plant (WWTP). The new unit started operating in May 2015 and is reducing the chemical oxygen demand (COD) load and total suspended solids (TSS) by approximately 50% (see [page 38](#)).

To support our zero waste goals, our Štětí mill (Czech Republic) invested more than €4 million to install modern filters, tanks and a centrifuge to sodium-carbonate containing green liquor dregs before disposal. This has reduced the volume of the mill's green liquor dregs sent to landfill by 45% and reduced gas consumption by 10% (see [page 36](#)).

In 2015, we ran a series of operational excellence programmes at our mills to improve performance. A key focus was on the maintenance of processes and systems across all mills, where we worked with external advisers and made use of technology to monitor and track progress. Another key area has been resource efficiency – making better use of our raw materials to control costs, reduce environmental impacts and increase yields. In particular, we are on track to become energy self-sufficient at all of our mills through the introduction of new biomass boilers and enhancement of existing energy systems (see [page 32](#)). This is all made possible by our continued investment in Best Available Techniques, supported by high-quality training.

People

Our people are important to our success. The results of the 2013 employee survey have helped us to understand the main challenges and opportunities around people development. As a result, we have focused on creating a better workplace for our employees. The 2015 employee survey results showed improvements in the participation rate and in several of the key dimensions. Employee engagement, constructive feedback, training and strengthening of our culture will remain key focus areas for the future.

Our investment in people development is backed-up with strong leadership, teamwork and ongoing training.

¹ Carbon intensity for Mondi is the amount of CO₂ emitted per unit of saleable production.

Packaging Paper

Safety and health

Our focus remains on eliminating the Top 5 Fatal Risks from our operations, and as a result we have started phase two of the project to address the next top priority risks in each of our operations. The Group's new Task Risk Assessment Methodology is being rolled out to support this work.

CEO Safety Days have been held at each of our mills, during which the business unit CEO engages with employees and contractors with a focus on safety and health issues. These sessions extend into the shop floor and encourage open discussions and suggestions as well as immediate feedback for improvement, greatly supporting our drive for zero harm.

We are proud of the improved safety performance in 2015, with a total recordable case rate of 0.70 versus a milestone of 0.97. At our kraft paper mill in the US (acquired in 2014), we continued our activities to ensure the mill meets the Mondi safety standards through training and investment. We will continue our efforts to further improve Packaging Paper's safety performance in 2016.

Product strategy and innovation

Our customers continue to demand products that are lighter or have more recycled content. Good examples are our ProVantage KraftTop Liner and our EcoVantage grades.

We are also constantly improving print quality, particularly through the development of uncoated surfaces. For example, the rebuild of PM7 at Štětí in 2014 has given us much more flexibility to develop and manufacture products with special properties. At the same time, we continue to improve the efficiency of our large volume products.

In 2015, we hosted a seminar, 'From Fibre to Corrugated Board' attended by over 300 customers at our Świecie mill. Customer surveys were carried out this year for the business unit, demonstrating good progress across all areas. Focus areas identified from the customer survey are improving our production planning and delivery, and ensuring that our products continue to meet sustainability criteria.

Community engagement and development

We are passionate about helping young people into employment and encouraging them in their careers (see [page 61](#)). For example, one former intern at Stamboljiski (Bulgaria), now a full-time employee, has created the 'Club of Engineers', a support group for our young employees. Our 'First School Day' programme also promotes education in the community and provides equipment for students. Stamboljiski supports a national initiative called 'Manager for a Day' that promotes learning through experience and strengthens business-education links.

Another example is our Świecie mill that collaborates with the Local Labour Office to create jobs through its 'Activation of young unemployed people in the Świecie Powiat' programme. In 2015, Świecie gave work placements to 24 students from the local Mechanical High School and 49 apprenticeships for school and college graduates. Świecie also shares management and technical know-how with its suppliers, with the aim of supporting local procurement, strengthening local enterprise and securing its supply chain.

Štětí's 'Mondi for Life' is a newly established club that promotes work-life balance and healthy, active lifestyles. The club already has 185 members, drawn from the company and the local community.

Looking ahead

- Continue to pursue an effective and consistent approach to maintenance that supports safety and output growth
- Maintain an excellent safety record through prioritising key risks and strengthening procedures and systems
- Continue to work with our customers to create products and solutions that meet their sustainability needs

Performance

		Year ended 31 December 2015	Year ended 31 December 2014
TRCR¹	per 200,000 hours worked	0.70	0.97
Energy consumption	million GJ	54.65	53.28
Scope 1 and 2 GHG emissions	million tonnes CO ₂ e	1.49	1.50
CoC-certified wood procured	%	50	53
Environmental management certification²	% operations certified to ISO 14001 standards	100	100

¹ 2014 restated to include Pine Bluff mill and exclude Release Liner Asia converting operation.

² Excludes Pine Bluff mill and Release Liner Asia converting operation.

Fibre Packaging

Our Fibre Packaging business is primarily focused on manufacturing paper-based packaging products. This includes corrugated packaging, industrial bags and extrusion coatings for a variety of consumer and industrial applications.

Corrugated packaging production at our Ansbach operation (Germany)

“Within the context of sustainability performance, safety is a key priority for the business and our 7,700 employees.”



Jussi Vanhanen
CEO, Fibre Packaging

Performance highlights

- Continued success in developing resource-efficient products, including the move from three-ply to two-ply industrial bags
- Aligning our US business with Group-wide safety and health standards and systems
- Improving our Group-wide employee survey participation rate

Business overview

23	62	7,700
Number of countries	Number of operating sites	Number of employees

Fibre Packaging

Sustainability overview

Paper-based products offer a sustainable, environmentally responsible solution to our customers' packaging needs. The paper used in our industrial bags, corrugated packaging and extrusion coating solutions comes from responsible sources. Benefiting from Mondi's integrated structure, we source much of our paper requirements from our own pulp and paper mills, and we aim to increase levels of Chain-of-Custody (CoC) certification, where possible. Our products provide responsible packaging options that help to address societal challenges such as climate change and food waste.

Resource efficiency

In 2015 our larger operations have undertaken energy management audits as required by the EU Energy Efficiency Directive. Measures, such as the optimisation of compressed air systems, are improving energy efficiency and reducing the carbon footprint of our products. We have further optimised our logistics operation in order to reduce transport-related emissions and freight loads.

People

It's important to us that we continue to motivate and engage our people to fulfil their potential and contribute to the success of the business. The latest Group-wide employee survey, with record participation rates, was conducted in 2015 – once again an opportunity to strengthen our cultural values, inspire our people and respond to their feedback.

We're pleased with the overall positive trends that continue to emerge through these survey results, with training and development in a wide variety of skills being an ongoing focus for us. This, together with a special emphasis on the training of our first-line managers, continues to add value to both our people and to the success of our Fibre Packaging business.

Safety and health

Safety continues to be a high priority for our business, particularly as we are more labour intensive than other parts of the Group. Where we are commissioning new automation and equipment, we have also introduced new safety procedures and behaviours.

We have continued to address our Top 5 Fatal Risks, particularly those that relate to the safe use of moving and rotating equipment. When we experienced recordable cases, they were investigated and appropriate controls identified to address the risks. Our top risks will continue to be a focus in 2016, and will include existing and new machinery.

We have made significant progress aligning the safety systems, methods and procedures in our new US business with those of the Group. Like other parts of the Group, we actively participate in 'Making a Difference Day' each year.



Technologist at our corrugated packaging research and development centre, Ansbach (Germany)

Fibre Packaging

Product strategy and innovation

We continue to work closely with our customers to develop new products that are resource and cost-efficient and have a reduced environmental impact. For example, using our long-term experience in Europe, we have supported the accelerating trend towards two-ply industrial bags in the US, where three-ply products are still in common use. Industrial paper bags, extrusion coatings and corrugated packaging are all viable alternatives to purely plastic packaging. They offer the best qualities of both fibre and plastic, while reducing the weight and carbon footprint. Our HYBRID^{PRO} bag is a good example of this approach, combining Mondi's Advantage ONE sack kraft paper with high-density polyethylene (HDPE) to create a bag that is bad-weather repellent and has the moisture protection of a plastic bag while being completely compatible with traditional paper bag high-speed filling equipment. Another example demonstrating the value of our broad product range and customer solutions is how we have integrated our Extrusion Coatings' barrier solution, Miprotex, with special corrugated designs to allow for the substitution of plastic buckets.

We have a continuous dialogue with our customers about the use of virgin and recycled fibre and promote both as sustainable and complementary. Our virgin fibre comes from responsibly managed sources and our production operations use innovative and resource efficient processes. Customer concerns are typically around price, quality and the overall sustainability and resource-efficiency profile of fibre-based packaging. There are shortages of recycled paper in some of our markets. To address this we work with our customers to provide them with the most sustainable total solutions.

Customer surveys were carried out for the business unit in 2015, demonstrating good progress across all areas. Our production network improvement initiatives, focused on product quality and service delivery, are intended to address those areas our customers identified as priorities to them.



Employee conducting industrial bag test at our research and development centre in Frantschach (Austria)

Community engagement and development

Our Fibre Packaging operations tend to be smaller in scale than our pulp and paper mills and forestry operations, and are usually located within small communities or on the fringes of larger urban areas. We contribute to local initiatives and community development projects particularly in areas where we are a major employer or where we see significant development challenges. Our dual education project in Mexico, for example, was launched last year and helps students from technical schools complete their training at Mondi. Employee volunteering schemes also add value to local communities and create learning opportunities and personal development for our employees.

Looking ahead

- Continue to combine virgin and recycled fibre with other materials such as plastic, to create products that meet business imperatives and customer requirements on sustainability, particularly regarding resource efficiency
- Building our management competence through leadership training
- Ongoing investments in product innovation, new equipment and systems

Performance

		Year ended 31 December 2015	Year ended 31 December 2014
TRCR	per 200,000 hours worked	1.13	1.31
CoC Certification	% operations certified to FSC or PEFC CoC standards	67	68

Consumer Packaging

Our Consumer Packaging business develops, manufactures and sells innovative consumer packaging solutions, advanced films, hygiene product components and release liner.

“We focus on the development of flexible packaging solutions that use less raw material and energy and generate lower CO₂ emissions than rigid products.”



Peter J Oswald
CEO, Europe & International
and Consumer Packaging

Performance highlights

- Our investments in skills development and training, including The Mondi Sales Academy and Performance and Development Reviews, have strengthened the commercial skills and operational effectiveness of our people
- Close partnerships with customers and suppliers have contributed to the design of innovative and sustainable packaging solutions
- Our ongoing determination to achieve our zero harm goal has further strengthened our safety performance and culture

Business overview

11	27	4,600
Number of countries	Number of operating sites	Number of employees

Consumer Packaging

Sustainability overview

Our Consumer Packaging business works closely with our customers and suppliers during the development and manufacture of its packaging, advanced films and components products. The strength of our approach is innovative solutions that combine resource-efficient and responsible use of resins, metal and fibre with smart packaging design. Our products add value to society and help preserve the things that matter, as well as contribute to our customers' reduced carbon footprint.

“We will be running more Inspire meetings, open-door days and town hall meetings to encourage our people to give feedback and offer suggestions for improvements across our business.”

Peter J Oswald
CEO, Europe & International
and Consumer Packaging

Resource efficiency

We continue to work closely with our suppliers, customers and other partners to ensure ongoing improvements in resource efficiencies, with the aim of doing more with less. This includes obtaining materials from responsibly managed sources, ensuring responsible water management and energy consumption during production, and ensuring material efficiencies of our packaging solutions.

In 2015 our larger operations conducted energy management audits according to the EU Energy Efficiency Directive. Improvements have been identified and are currently being implemented. We have also started the revision of our supplier audit procedure to provide a greater focus on sustainability performance.



Quality control checks at our consumer goods packaging operation, Steinfeld (Germany)

People

In 2015, we extended our Performance and Development Reviews (PDR) to cover more employees. As well as reflecting on personal performance, employees continue to use this process as an opportunity to provide feedback to their managers.

We have also run a number of town hall meetings and business breakfasts for groups of employees. These sessions provide an opportunity to learn more about developments within the business and across the Group, and for employees to offer their views and experiences of working at Mondi. We also convene Inspire meetings, involving executives and 15–20 employees, with an open agenda where ideas can be exchanged and questions can be raised and freely debated.

Our 2015 employee survey results again showed a high participation rate, evidence that we are on the right track with our Inspire programme. Feedback confirmed that we have made good progress across the three areas we prioritised since the 2013 employee survey, namely open and honest communication; feedback, recognition and reward; and the entrepreneurial aspect of our culture. Employee engagement; recognition and reward; and increased collaboration remain key focus areas for the future.

The Mondi Academy continues to be a great success, offering a range of programmes from technical courses to negotiation skills. The sales programmes for line managers have been positively received.

Safety and Health

The safety and health of our employees and contractors remains a high priority. We continue to focus on the Top 5 Fatal Risks, addressing these through engineering controls where feasible, and managing residual risks through robust procedures. A number of our operations are also running programmes to further strengthen our safety culture. We are pleased with our overall improvement in safety performance during 2015 and will continue our efforts to provide a safe and healthy working environment in 2016.

Product strategy and innovation

Together with our customers, we design products that meet their needs while using less resources and energy. For example, Mondi Halle (Germany) produces customised stretch-bailer film for all kinds of complex wrapping shapes, made of polyethylene (PE) to improve the wrapping of individual or multi-pack goods. The business has reduced the weight of the film by 35%, reducing resource consumption and CO₂ emissions without compromising elasticity and strength.

Flexible packaging can provide considerable advantages over rigid packaging alternatives. An independent review by Flexible Packaging Europe (the European forum for the flexible packaging industry) illustrated saving of over 70% in packaging material, and reduced greenhouse gas emissions and water usage by up to 40% (see www.flexpack-europe.org). We have also focused on the reduction in volume of raw materials, particularly plastics, used in our compound products.

Consumer Packaging

In addition, we continued to develop innovative products such as re-sealable bags, single-serve pouches, extrusion-coated barrier material and water-resistant containerboard. These high-quality packaging solutions help to protect and increase the shelf-life of food products, thereby reducing waste during transport and in a retail environment. This is particularly important as approximately one-third of global food production is lost or wasted each year.

As a Group, we contribute to SAVE FOOD, an international coalition seeking to reduce food waste. Members include the UN Food and Agriculture Organization, UN Environment Programme, Messe Düsseldorf and many industry players.

Community engagement and development

Our operations are mostly converting plants located in urban areas. As such they play less of a fundamental economic development role as some of the Group's large pulp and paper mills and forestry operations. Our community engagement activities are focused around localised initiatives, often driven by our employees and involving volunteering and assisting local organisations.



Employee engagement at our Jackson operation (US)

Looking ahead

- Promoting flexible packaging
- Ongoing focus on innovation and product development for sustainable, customer-focused solutions
- Continuing to embed safety throughout our operations

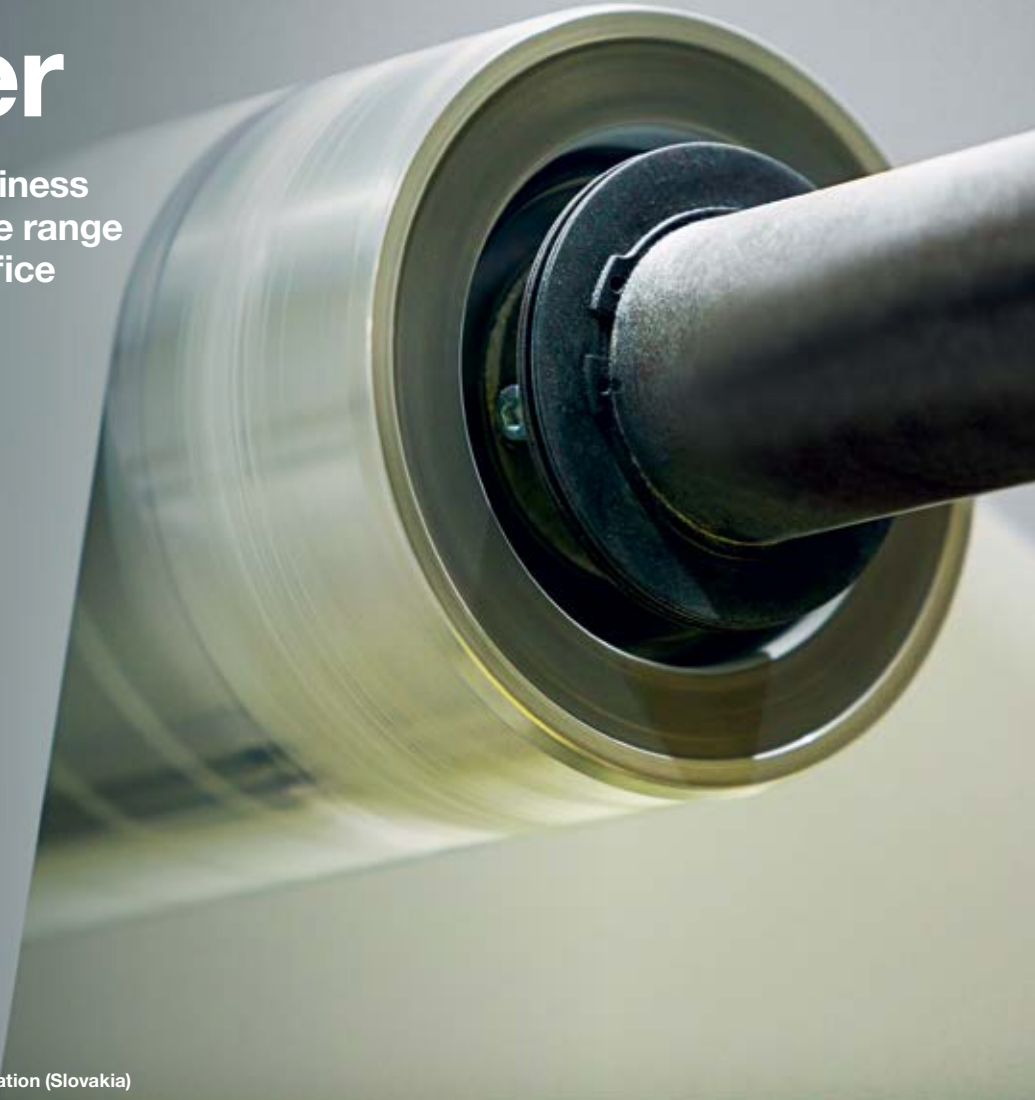
Performance

		Year ended 31 December 2015	Year ended 31 December 2014
TRCR¹	per 200,000 hours worked	1.14	1.54
Hygiene certification	% food contact operations certified to recognised food hygiene standards	100%	100%

¹ 2014 restated to include Release Liner Asia converting operation.

Uncoated Fine Paper

Our Uncoated Fine Paper business manufactures and sells a wide range of quality papers for use in office and professional printing.



Uncoated fine paper production at our Ružomberok operation (Slovakia)

“The significant investments that we are making in boilers and kilns at our mills will greatly reduce air emissions and enhance operational efficiency.”



Peter Orsich
CEO, Uncoated Fine Paper

Performance highlights

- Launched the WWF-Boreal Forest Platform (BFP) with WWF and Silver Taiga, to explore how a wider landscape approach can enable commercial forest areas to be more intensively managed without loss of biodiversity and high conservation value areas (HCVs)
- Project Next is attracting talent from technical and forestry universities into Komi and Syktyvkar (Russia), and offering career paths and development opportunities at the mill
- Guardian Angel and other programmes are significantly improving safety behaviour across our forestry and mill operations

Business overview

3

Number of countries

3

Number of operating sites

6,000

Number of employees

Uncoated Fine Paper

Sustainability overview

Our Uncoated Fine Paper products are based on wood, a renewable and recyclable resource. We procure our wood only from responsible sources, enabling us to deliver sustainable products to our customers. Our integrated structure and our landholdings in Russia contribute to our fibre self-sufficiency, and help maintain a high percentage of Chain-of-Custody (CoC) certified wood for processing in our pulp mills. We continue to manage our climate footprint and emissions, particularly through investment and good management to increase our energy self-sufficiency and improve our waste water treatment plants.

Forests and wood procurement

Credible certification of forests, including identification and protection of HCV areas, and responsible sourcing are key to sustainable fibre supply chain. We lease and manage 2.1 million hectares of forests in the Komi Republic (Russia) and we maintain 100% FSC and PEFC certification of these forests. We are not party to illegal logging or deforestation.

In the Komi Republic, we continued to modernise our harvesting and silviculture systems and equipment and in 2015 were able to re-organise our forest harvesting areas to reduce transport distance, costs and associated environmental impacts. We have also significantly increased our nursery capacity to up to 8 million seedlings per year, to supplement the regeneration of all harvested areas.

As part of our Mondi-WWF global partnership, we supported WWF-Russia in the launch of the WWF-Boreal Forest Platform (WWF-BFP) in April 2015 and hosted the first field visit in Komi. The goal is to establish a safe platform for developing best practice for the boreal forest, increasing yields from commercial areas while protecting HCV areas and benefiting local people. We continue to support local NGO, Silver Taiga, and WWF-Russia in their efforts to identify and protect intact forest landscapes in north west Russia.

We strive to continually increase the amount of credibly certified wood we procure. All our mills are FSC and/or PEFC CoC certified and any non-certified wood that we procure meets our company minimum wood standard that complies with the standard for Controlled Wood (FSC-STD-40-005), and complies with the EU Timber Regulation (EUTR) and our own Requirements for the Responsible Procurement of Wood, Virgin Fibre, Biomass and Finished Product.

We engage with local stakeholders such as communities, authorities, scientific institutions and NGOs, to address challenges collectively and to share value with all stakeholders across the value chain.

Resource efficiency

Our operational excellence programmes underpin reductions in energy, water and the resource intensity of our production processes. Since 2010 our mills at Syktyvkar, Ružomberok (Slovakia) and Neusiedler (Austria) have reduced their specific greenhouse gas emissions and have increased their electricity self-sufficiency. This included investment in a new recovery boiler at Ružomberok mill, which went into operation at end of 2014.

We continue to invest in these operational excellence programmes and Best Available Techniques (BAT) equipment and systems to further reduce our carbon intensity and increase the efficiency of water use and treatment.

People

The Republic of Komi's population is declining each year, which presents a challenge when recruiting skilled employees. Project Next aims to attract talent from technical and forestry universities into Komi and Syktyvkar, then offer them defined career paths and development opportunities at the mill. We have also invested in succession planning, by identifying a pool of talented people that can move into senior positions. We have seen that there is a willingness on the part of motivated people with relevant skills to work in remote areas, if they have high-quality jobs with career prospects.

“One of the most important initiatives for UFP is Project Next, which focuses on building management capacity in our mills that are located in remote areas.”

Peter Orisich
CEO, Uncoated Fine Paper

Uncoated Fine Paper

Safety and Health

We unfortunately experienced a fatality at our logging operations in Syktyvkar in March. Immediate investigation and a comprehensive response has led to changes to controls to prevent reoccurrence. With the safety and health of our employees and contractors across all our operations being a priority, we continue to develop the systems and processes to address our Top 5 Fatal Risks, particularly those relating to moving and rotating equipment and working at heights. Good progress has been made in engineering out our most significant risks and extensive safety training has been provided to all our people.

In our Ružomberok mill we have a Guardian Angel initiative, where people are commended for making colleagues aware of risks attached to their activities. Another initiative involves taking photographs of an unsafe activity in and around the mill. The photos are sent to the relevant business team, who then respond as necessary. This has proven popular and has been used by up to 60% of the mill employees each month.

Overall, we have had a strong focus on developing safety driven behaviours across our mills and logging operations. This will continue through 2016.

Product strategy and innovation

We are well respected by our industry peers and for the seventh time in a row were ranked first for mill performance in the EMGE¹ cut-size brand and supplier benchmarking survey (June 2015). Being ranked first in Europe in the performance ratings for reliability of delivery, product range and innovative marketing approach is a testament to our firm focus on customer needs and our continued drive to innovate and do things better. It also confirms the excellent working relationships that we have with equipment manufacturers, in support of our product development work. A great example of this is our work in high-speed inkjet papers, a growing segment in the UFP business. Another innovation is the launch of our new range of design papers under the brand PERGRAPHICA® in 2015 targeted specifically at the creative industries.



Cut-size paper at our uncoated fine paper operation at Ružomberok (Slovakia)

Community engagement and development

Engaging with communities around our forestry operations and mills in Russia, Slovakia and Austria is a social and economic imperative. For example, we have been consulting closely with the community close to Ružomberok mill, where we plan to increase pipeline capacity and build a new paper machine. In Russia, we conducted a Socioeconomic Assessment Toolbox (SEAT) review for the logging operations, a transparent and third party facilitated process involving interviews with a wide range of stakeholders, allowing us to gain feedback and understand our impact on local communities. The management's response to the issues raised will be reflected in the operation's SEAT report 2015, to be published on the Group's website in 2016.

All our mills are also contributing to local community initiatives and investments in education, health, infrastructure and enterprise support.

Looking ahead

- Embedding safety culture consistently and thoroughly throughout our operations
- Launching new Green Range criteria
- Continuing to engage with our stakeholders

Performance

		Year ended 31 December 2015	Year ended 31 December 2014
TRCR	per 200,000 hours worked	0.29	0.37
Energy consumption	million GJ	65.79	62.36
Scope 1 and 2 GHG emissions	million tonnes CO ₂ e	2.32	2.32
Forest certification	% managed land certified to FSC and PEFC standards	100	100
CoC-certified wood procured	%	79	76
Environmental management certification	% of pulp and paper mills and forestry operations certified to ISO 14001 standards	100	100

¹ EMGE is a consultant company specialised in paper industry focused market research, forecasts and analysis.

South Africa Division

Our South Africa Division manages forestry operations and manufactures and sells a range of pulp, virgin containerboard, uncoated fine paper and newsprint products.

Eucalyptus seedlings at our Mountain Home nursery in KwaZulu-Natal (South Africa)

“The safety of our people and our contractors remains a top priority in our mills and our forestry operations, with our focus on eliminating fatalities and life-altering injuries”



Ron Trail
CEO, South Africa Division

Performance highlights

- We started a project to create a state-of-the-art wood yard, incorporating the latest technology. This will greatly enhance efficiency, productivity and improve yields from the Richards Bay mill. It will also use significantly less energy and require less maintenance
- We upgraded our nursery operation. This has involved greater automation, which has significantly improved handling and the development and protection of trees. This is having a positive impact on the plantations, with fewer plants failing and a halving of the development cycle which is speeding up the introduction of new clones and showing a 10% yield increase
- We have reduced our total waste to landfill at our Merebank mill by more than 80% in 2015 compared to the previous year

Business overview

1	2	1,600
Number of countries	Number of operating sites	Number of employees

South Africa Division

Sustainability overview

Our sustainability priorities are the safety of our people, sustainable forest management, stakeholder engagement and community development.

Our integrated structure and our landholdings contribute to our self sufficiency, and help maintain a high percentage of Chain-of-Custody (CoC) certified wood for processing in our mills.

We own and manage approximately 258,000 hectares of land in South Africa and place great importance on proactive and responsible stewardship of forests and freshwater ecosystems and maintaining biodiversity and habitats. The safety of our people and our contractors is also a top priority in our mills and our forestry operations as we strive to eliminate fatalities and life-altering injuries. Engaging with stakeholders and communities around our operations is another major focus for us in the management of our impacts and building mutually beneficial relationships.

Forestry and wood procurement

We own and manage approximately 258,000 hectares of land in South Africa and maintain 100% FSC certification of our forests – including the identification and protection of high conservation value (HCV) areas. We also continually strive to increase the amount of credibly certified wood we procure.

In addition to certification and sustainable procurement practices, the proactive and responsible stewardship of forests and freshwater ecosystems and the maintenance of biodiversity and habitats is also a priority. Responsible forest management involves increasing long-term productivity and preserving ecosystem values in rural landscapes, and protecting HCV areas such as wetlands.

The current drought in South Africa has reduced growth rates and exacerbated the damage from pests and disease, further emphasising the importance of ecosystem stewardship and resilience in the landscape.



Employees at our Mountain Home nursery in KwaZulu-Natal (South Africa)

We continue our work in a number of areas in this regard. For example, our investment in technology and automation in our nurseries has contributed to making our nursery operations safer and more efficient, with clonal material showing a 10% increase in growth rate. We have also continued our 10-year relationship with the Department of Conservation Ecology and Entomology at Stellenbosch University, with the aim of managing ecological networks in our plantation forests. Our continued investment in tree research is also yielding significant benefits in increased yield and disease resistance, with yields having improved significantly over the past 10 years.

As part of our Mondi-WWF global partnership, the WWF-Mondi Wetlands Programme (WWF-MWP) has also contributed to freshwater stewardship, making significant progress in the application of a landscape approach (see [page 26](#)).

Resource efficiency

Our investment in energy generation has resulted in our Richards Bay mill being self-sufficient and a net exporter of electricity. Water conservation continues to be an important focus for us, with our Richards Bay mill having reduced its specific water consumption by 9% compared to 2014.

We are operating below the Level 3 water restriction limits of the Department of Water and Sanitation and will be well below the Level 4 water restriction limits proposed for implementation in March 2016. We continue to explore opportunities for increasing water recovery from the mill's production processes and we are investigating alternative water sourcing options in collaboration with government, industry and agriculture.

People

The South Africa Division's results from the 2013 Group-wide survey, involving our 1,600 employees, identified communication as a key issue, alongside building trust in management. In response, through 2014 and 2015, we ran regular forums where employees were informed about business strategy and performance.

In parallel, at the operational level, we rolled out engagement workshops with employees to discuss the progress against the results of the survey and to identify further areas of improvement, including development opportunities and key priorities for the business.

The development opportunities are supported by annual or bi-annual one-to-one Personal Development Plan (PDP) discussions for each employee with their manager, to get feedback on their development progress and further needs.

We have a consistently high level of training in our operations, and this year have focused on the further development of those programmes; for example, the inclusion of diversity training. A highlight this year was having four of our employees receive their international Pulp and Paper Craftsman qualification in Europe.

“We have developed an extensive programme of high-quality training to support our employees in achieving their full potential.”

Ron Trail, CEO
South Africa Division

South Africa Division

Safety and health

We have maintained a strong focus on eliminating fatalities and life-altering injuries, with the safety of our people and contractors being a priority for us as we strive for zero harm.

An important aspect of this focus is the improvement of safety during maintenance. At our Richard Bay mill, ahead of the maintenance of our recovery boiler, we produced a video describing how the boiler should be safely accessed. We also developed a video camera system used for checking the safety of the boiler before accessing the boiler. These were used successfully during the 2015 maintenance shut and are currently being updated to accommodate the new procedures and equipment in time for 2016 (see [page 51](#)).

Product strategy and innovation

In addition to Baywhite kraftliner¹, we are investing in the capability to manufacture a competitive kraftliner. The ability to produce both white top and a brown liner will offer us additional market flexibility.

Community engagement and development

We engage with a wide range of stakeholders, including government, NGOs, suppliers and communities. The latter are a major focus of our investment in health, education and local enterprise. Mondi Zimele, our local enterprise initiative, has an excellent track record of creating sustainable businesses and jobs. In addition, it helps to maintain a steady supply of high-quality fibre from a network of small forest enterprises and has continued to make a positive impact on the lives of people in our rural communities.

Jabulani, the pilot Agri-village in Mkhondo, provides 110 permanent residences with secure tenure, basic services, land for vegetable growing and access to economic opportunity (see [page 60](#)).

Health and education are key community investment priorities. We have continued to support REAP (rural educational access programme) which provides bursaries and access to tertiary education in rural forestry areas.

Our mobile clinics, operating in partnership with local NGOs and the Department of Health, continue to provide high-quality healthcare for our contractors and communities (see [page 59](#)).

At the end of 2015, we had settled 21 land claims, covering approximately 37,000 hectares of forests. We continue to work closely with stakeholders to assess and settle claims (see [page 57](#)). The SEAT completed at our Merebank mill (see [page 56](#)) in KwaZulu-Natal involved our employees and key stakeholders, including local community organisations and suppliers. It highlighted the mill's effective management and the benefits of our community investments.

Our wider community investments continue to assist and empower schools, university students, forest smallholders and entrepreneurs, as well as provide healthcare in rural areas and support development of sustainable 'agri-villages'.

Looking ahead

- Continue to focus on the safety of our employees and our contractors – both in our mills and our forestry operations
- Continue to address the challenge of odour reduction at our Richards Bay mill
- Continue to build on the progress made with employees to strengthen engagement, and share in their aspirations and understanding of the business
- Improve customer communications, particularly around the sustainability performance of our products and operations
- Continue to improve energy and resource efficiency at our Richards Bay and Merebank operations
- Continue to invest in assisting and empowering schools, university students, forest smallholders and entrepreneurs, as well as providing healthcare in rural areas and developing sustainable 'agri-villages'

Performance

		Year ended 31 December 2015	Year ended 31 December 2014
TRCR	per 200,000 hours worked	0.49	0.42
Energy consumption	million GJ	28.53	29.56
Scope 1 and 2 GHG emissions	million tonnes CO ₂ e	1.35	1.36
Forest certification	% managed land certified to FSC and PEFC standards	100	100
CoC-certified wood procured	%	77	81
Environmental management certification	% of pulp and paper mills and forestry operations certified to ISO 14001 standards	100	100


¹ Baywhite kraftliner is a premium quality uncoated white-top kraftliner. It is a 100% virgin grade consisting of a top sheet of bleached eucalyptus kraft pulp, and a base sheet containing unbleached softwood.

Performance

In this section we outline how we progressed against the sustainable development commitments we set in 2011 against a 2010 baseline, and show our performance in detail.

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Our sustainable development commitments¹

Material issues	What we said	What we did	Performance highlights	Status
Securing access to sustainable fibre in the short, medium and long term Overall progress 	We will maintain our Forest Stewardship Council® (FSC®) certification of all owned and leased forests.	In 2015, we maintained 100% FSC® certification of our owned and leased forests.	100% of owned and leased land FSC-certified	Achieved
	We will procure over 60% of wood, virgin fibre and biomass from credible certified sources . The balance will be sourced according to our company minimum wood standard that complies with the Controlled Wood Standard (FSC-STD-40-005).	66% of our total procured wood in 2015 was Chain-of-Custody (CoC) certified to FSC or Programme for the Endorsement of Forest Certification (PEFC) standards (a 6% improvement compared with our 2010 baseline of 60%) with the balance according to our company minimum wood standard that complies with the standard for Controlled Wood (FSC-STD-40-005). We are not party to deforestation and we do not use illegal wood.	66% of wood CoC-certified	Achieved
	We will continue to work with our South African forestry partners to provide support to land reform beneficiaries in an effort to sustain productivity after the land has been transferred.	To date, some 37,000 hectares of Mondi land under forestry has already been settled with community beneficiaries, bringing the percentage of land transferred to claimant communities to 33% of the total of transferred and remaining land ² and the percentage of the claims settled since inception of the process to 33% of the total of settled and remaining claims ³ .	33% land claims settled in South Africa, 33% of land transferred in South Africa to claimant communities	Achieved
	We will maintain our Chain-of-Custody certifications for our mills and certify Stamboljiski (Bulgaria) by 2013.	All our mills (100%) have CoC certifications.	100% of mills CoC-certified	Achieved
	We will promote the Mondi brand by increasing the proportion of fibre-based products which is certified against a credible forestry standard.	66% of our products based on wood procured directly by our mills, and 77% based on pulp procured externally by our mills, were manufactured from CoC-certified sources. The balance in both cases was sourced according to our company minimum wood standard that complies with the standard for Controlled Wood (FSC-STD-40-005).	66% of wood-based products and 77% of external pulp-based products from CoC-certified materials	Achieved

¹ Progress data excludes our 2014 acquisition of Pine Bluff mill (US).

² According to the adjusted baseline of 114,341 hectares at the outset of the process.

³ According to the adjusted baseline of 63 land claims recorded at the outset of the process.

Our sustainable development commitments

Material issues	What we said	What we did	Performance highlights	Status
Maintaining our licence to trade by making a real and lasting contribution to the communities in which we operate Overall progress	We will continue to disclose our carbon and forestry footprint performance.	We report annually to CDP's climate, water, forests and supply chain programmes, and were included in the CDP FTSE 350 Climate Disclosure Leadership Index (CDLI) for the fifth time since 2010.	Included in the CDLI for the fifth time	Achieved
	We will continue to engage with the United Nations Global Compact (UNGC) and promote, support and implement its 10 principles.	We continue to engage with the UNGC and reported our Communication on Progress (CoP) in August 2015. We continue to report at an Advanced Level.	Advanced Level reporter at the UNGC	Achieved
	We will continue to engage with the World Business Council for Sustainable Development (WBCSD) to address the most contentious global sustainability matters affecting our business.	We support the WBCSD's promotion of the role of business in sustainable development. Mondi's CEO is a core member of the Ecosystem Cluster and we are an active member of the Forest Solutions Group. Mondi is co-chair of the Sustainable Value Chain and Procurement team.	Active member of the WBCSD	Achieved
	All mill operations to be certified to ISO 14001 and OHSAS 18001 .	All our mills (100%) have maintained their certification to both ISO 14001 and OHSAS 18001 standards.	100% of mills maintained certification to ISO 14001 and OHSAS 18001	Achieved
	All converting operations to be certified to OHSAS 18001 .	70% (59 of 84 operations) have achieved certification by the end of 2015.	70% of converting operations certified to OHSAS 18001	Progress made




- Achieved
- Progress made
- Not achieved

Our sustainable development commitments


Material issues	What we said	What we did	Performance highlights	Status
Maintaining our licence to trade by making a real and lasting contribution to the communities in which we operate continued	All forestry operations to be certified to ISO 14001 by 2013.	100% of forest operations maintained their ISO 14001 certification in 2015.	100% of forest operations certified to ISO 14001	Achieved
	We will reduce our level II environmental incidents by 50% by 2015 from the 2010 base year and maintain a zero level III environmental incident performance.	We had four level II environmental incidents in 2015, an improvement of 80% against a 2010 baseline.	80% reduction of level II environmental incidents	Achieved
	We will revise our community complaints system by 2012 and will focus on the reduction of odour-related complaints.	In 2013 we have revised our methodology on reporting complaints in order to categorise and report complaints and incidents separately.	Revised community complaints system in place	Achieved
	All operations that are involved in producing food contact packaging to be certified to a recognised food hygiene standard .	Out of the 69 operations producing food contact packaging in 2015, 46 (67%) were certified to a recognised food hygiene standard, with the balance meeting Good Manufacturing Practice standards.	67% certified to food hygiene standards	Progress made
	All mills and forestry operations to have a rolling community engagement plan (CEP) and Russian and South African forestry and mill operations to have a socioeconomic assessment toolbox (SEAT) process updated on a three- to five-year cycle.	All our forestry operations and all but three of our smaller pulp and paper mills have CEPs in place. Merebank mill (South Africa) and Syktyvkar logging operations (Russia) had SEATs in 2015. SEAT reviews were done regularly for our mills and forestry operation in the 2015 commitment period, all on a need basis.	All our forestry operations and all but three of our smaller pulp and paper mills have CEPs in place	Progress made

Our sustainable development commitments


Material issues	What we said	What we did	Performance highlights	Status
Understanding and minimising our contribution to climate change Overall progress  <ul style="list-style-type: none"> ● Achieved ● Progress made ● Not achieved 	<p>We will progress towards being a carbon neutral company in the longer term, by increasing the proportion of renewable resources for primary energy needs against the 2010 baseline.</p>	<p>59% of the total fuel consumed by our pulp and paper mills in 2015 came from renewable energy sources, mainly biomass, compared with 56% in 2010.</p>	<p>59% of fuel consumed by our mills from renewables</p>	Achieved
	<p>We will progress towards becoming electricity self-sufficient in the longer term.</p>	<p>A 103% electricity self-sufficiency was achieved by 2015, mainly as a result of energy-related investments such as the recovery boilers in Świecie (Poland), Ružomberok (Slovakia) and Frantschach (Austria) mills.</p>	<p>103% electricity self-sufficiency</p>	Achieved
Action area	What we said	What we did	Performance highlights	Status
Climate change	<p>By 2030, we will reduce our CO₂e emissions per unit of saleable production from our mills by 15%, against a 2014 baseline¹.</p>	<p>In 2015 there was a slight increase by 0.9% in specific CO₂e emissions per tonne of saleable production due to increased energy sales.</p>	<p>0.9% increase in specific CO₂e emissions</p>	2030 commitment launched, ongoing

¹ This is our new climate commitment to 2030 which is not part of the original set of 2011–2015 commitments, but we report on it here in our first year of progress against the 2014 baseline.


Our sustainable development commitments

Material issues	What we said	What we did	Performance highlights	Status
<p>Operating in a world of constrained resources and recognising concerns regarding biodiversity, forests, water and ecosystem services</p> <p>Overall progress</p>  <p>7 commitments</p> <ul style="list-style-type: none"> ● Achieved ● Progress made ● Not achieved 	<p>We will implement ecosystem management plans (EMPs) at all our forestry operations by 2013.</p>	<p>All our forestry operations have EMPs in place.</p>	<p>100% of forest operations with EMPs in place</p>	Achieved
	<p>We will report on seedlings planted, our tree improvements, the invasive species fight back and our work on pest and disease resistance.</p>	<p>In 2015, we planted around 31 million seedlings and 52,799 hectares of land in our South African forests was maintained in terms of alien species. More information on our tree improvements, invasive species eradication and pest and disease resistance can be found on pages 24 and 28.</p>	<p>31 million seedlings planted</p>	Achieved
	<p>We will report on land set aside for conservation purposes.</p>	<p>In 2015, 25% of our owned and leased forestry land was set aside for conservation purposes.</p>	<p>25% of managed land set aside for conservation</p>	Achieved
	<p>Mondi participates in WWF's New Generation Plantations (NGP) platform and is committed to the concept.</p>	<p>In 2015, we continued to support and participate in and helped launch the Russian WWF-Boreal Forest Platform, based on NGP principles.</p>	<p>Helped launch the WWF-Boreal Forest Platform</p>	Achieved
	<p>We will carry out water impact assessments (WIAs) of our forestry operations and mills.</p>	<p>We have completed WIAs at our mills and forestry operations and implemented improvement action plans.</p>	<p>100% of mills and forestry operations have undergone WIAs</p>	Achieved
	<p>We will continue to work with WWF to support the WWF-Mondi Wetlands Programme (WWF-MWP) in South Africa and will involve local communities in educational, restoration and conservation activities where reasonable.</p>	<p>Mondi remains the principal sponsor of the WWF-MWP and promoted cooperation with WWF's NGP in expanding social learning for shared value.</p>	<p>Continued support to the WWF-MWP</p>	Achieved
	<p>We will continue to work with our stakeholders to identify areas of high conservation value (HCV) in the Komi Republic (Russia) and in South Africa.</p>	<p>Mondi has continued to be the core sponsor of Silver Taiga's work since 2008. To date, we have identified 523,865 hectares of HCV areas, 2,715 hectares in South Africa and 521,150 hectares in the Komi Republic (Russia).</p> <p>We continue to contribute funding to WWF's work in the neighbouring Arkhangelsk region to identify HCV areas.</p> <p>Mondi has continued to be an active supporter of the newly restructured HCV Resource Network (HCVRN) and is a member of the management committee.</p>	<p>523,865 hectares of HCV areas identified</p>	Achieved

Our sustainable development commitments

Material issues	What we said	What we did	Performance highlights	Status
Safeguarding the wellbeing of employees and contractors and securing key talent and skills Overall progress  5 commitments ● Achieved ● Progress made ● Not achieved	Avoid work-related employee and contractor fatalities .	We deeply regret that an employee in our Russian logging operation lost his life in a roadworks vehicle accident. We continue our focus on the Top 5 Fatal Risks to eliminate serious incidents at Mondi.	One fatality	Not achieved
	Prevent work-related life-altering employee and contractor injury.	We have reduced the number and severity of life-altering injuries. Despite the progress made, we still experienced three life-altering injuries in 2015. These injuries related to an incident involving a loss of an arm, and two incidents involving partial loss of fingers.	Three life-altering injuries	Progress made
	We will achieve a TRCR of 0.75 or below by 2015, including employees and contractors, against a 2010 base year.	We set a revised TRCR milestone of 0.83 for 2015 to reflect the inclusion of newly acquired operations. We achieved a TRCR of 0.70 for the year, well below our commitment and 16% ahead of the 2015 milestone.	0.70 TRCR	Achieved
	Through a partnership approach with government and NGOs, Mondi will facilitate access to a comprehensive primary health care service, including the provision of ARTs for its employees and contractors.	36 employees and 130 contractors in our South African operations are currently on ART.	166 employees and contractors on ART	Achieved
	We will continue to report on the diversity of our workforce.	22% of our employees and 9% of our senior managers in 2015 were female.	22% of employees and 9% of senior managers female	Achieved

Our sustainable development commitments

Material issues	What we said	What we did	Performance highlights	Status
Increasing the eco-efficiency of our products Overall progress  <ul style="list-style-type: none"> ● Achieved ● Progress made ● Not achieved 	<p>We will increase the number of products in our Green Range, including non-fibre based products.</p>	<p>We have created seven new Green Range criteria for the Group in collaboration with all our businesses and WWF demonstrating our environmentally, socially responsible and extended product offering.</p>	<p>Revised approach to Green Range criteria in 2015 supported by WWF</p>	Achieved
	<p>We will progress towards being a zero waste company by reducing the total waste to landfill by 20% by 2015 against 2010 base year.</p>	<p>By the end of 2015, we had reduced waste sent to landfill by 22% compared with 2010 and by 13% compared with 2014. The main reductions were achieved at our Świecie (Poland) and Merebank (South Africa) mills.</p>	<p>22% reduction of waste to landfill</p>	Achieved
	<p>We will reduce TRS emissions from our mill operations by 20% in 2015, against a 2010 base year.</p>	<p>A 33% reduction was achieved by the end of 2015, mainly by closing loops and collection and incineration of odour-containing off-gases in our boilers.</p>	<p>33% reduction of TRS emissions</p>	Achieved
	<p>We will promote conservation, reuse and recycling practices to reduce specific contact water consumption by 10% by 2015, against a 2010 base year.</p>	<p>We achieved a 5% reduction of our specific contact water consumption at the end of 2015. Further investments in our pulp and paper mills such as planned investments in Syktyvkar (Russia) and Świecie (Poland), as well as improvements from action plans resulting from water impact assessments will reduce contact water going forward.</p>	<p>5% reduction of specific contact water consumption</p>	Progress made
	<p>We will reduce our effluent load to the environment, either directly or indirectly discharged, by 10% against a 2010 base year.</p>	<p>A 12% reduction of COD emissions was achieved by the end of 2015, mainly by projects at our mills involving the modernisation of our waste water treatment plants at Świecie (Poland) and Syktyvkar (Russia).</p>	<p>12% reduction of COD emissions</p>	Achieved
	<p>We will continue to report on our consumption of recovered fibres.</p>	<p>1.4 million tonnes from recovered paper in 2015.</p>	<p>1.4 million tonnes of recovered paper</p>	Achieved

Consolidated performance data

Historical data have been provided for comparison over a five-year period, with the exception of data sets that relate to the 2015 commitments, in which case 2010 baseline data have additionally been provided. Data for the 2014 US acquisition Pine Bluff mill have been given as an additional row where relevant.

Financial performance

	2011	2012	2013	2014	2015
Group revenue	5,739	5,790	6,476	6,402	6,819
Underlying operating profit	622	574	699	767	957
Basic underlying EPS	68.1	69.2	95.0	107.3	133.7
Capital expenditure cash outflows	(263)	(294)	(405)	(562)	(595)
Net debt	831	1,875	1,619	1,613	1,498
ROCE (%)	15.0	13.6	15.3	17.2	20.5

People and communities

Gender diversity 2015

	Male	%	Female	%
Directors	7	78	2	22
Senior managers	259	91	25	9
Employees	19,300	78	5,400	22

Management by origin 2015

	%
Austria	18.3
UK	1.6
South Africa	15.8
Russian Federation	4.4
Czech Republic	2.2
Slovakia	2.8
Poland	8.8
France	0.3
Italy	3.5
Hungary	0.6
Turkey	2.6
Other nationalities	38.9

	2014	2015
Training hours	871,000	827,000

Consolidated performance data

Safety

Number of work-related fatalities	2011	2012	2013	2014	2015
Employees	1	1	0	0	1
Contractors	2	1	4	0	0

Total recordable case rate (per 200,000 hours worked)	2011	2012	2013	2014	2015
	0.92	0.79	0.78	0.83	0.70

Community & social investments ('000 €)	2011	2012	2013	2014	2015
Health and welfare	205	219	211	85	172
Education and youth	797	835	574	2,078	1,775
Environment	81	102	456	518	558
Community development	5,828	4,895	4,302	4,138	4,063
Arts, culture and heritage	903	235	313	129	249
Housing	333	288	235	211	172
Other	9,150	7,716	3,907	0 ¹	0
Total²	17,297	14,290	9,998	7,159	6,991

Forests and fibre procurement

Forestry data 2015	Russia	South Africa	Total
Total area of land (ha)	2,110,231	257,717	2,367,948
Proportion of land set aside for conservation (%)	25%	27%	25%
Number of seedlings planted	2,465,000	28,500,000	30,965,000
Wood self-sufficiency potential (%)			51%

¹ In 2014 we removed the reporting category 'other' in order to eliminate ambiguity, and for more clarity on our investments. The remaining six categories reflect the full range of our social investments.

² Changes in investment levels over the years do not necessarily represent a change in investment strategy, and 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

Fibre procured	2011	2012	2013	2014	2015
Wood (million m ³)	16.8	16.2	16.4	16.3	16.4
Pulp (million tonnes)	3.5	3.8	3.9	3.9	3.8
Paper for recycling (million tonnes)	1.5	1.5	1.4	1.5	1.4

Fibre procured from FSC or PEFC™ CoC-certified sources 2015 (%)	FSC	PEFC™	Total
Wood	46	20	66
Pulp (procured externally)	72	5	77

CoC-certified wood procured (%)	2011	2012	2013	2014	2015
FSC	46	46	47	46	45
PEFC	15	19	19	20	21
Total	61	65	66	66	66

Energy and climate

CO ₂ e emissions from our pulp and paper mills (tonnes)	Scope 1	Scope 2	Total CO ₂ e
2011	4,304,138	996,851	5,300,989
2012	4,261,792	1,162,898	5,424,690
2013	3,914,452	1,129,899	5,044,351
2014	4,246,520	927,692	5,174,212
2015	4,415,881	750,225	5,166,107
<i>Pine Bluff mill 2015</i>	<i>61,785</i>	<i>27,104</i>	<i>88,888</i>
Mondi Group including Pine Bluff mill 2015	4,477,666	777,329	5,254,995

Specific CO ₂ e emissions (tonnes per tonne of saleable production)	Specific scope 1	Specific scope 2	Specific total (scope 1 and 2) CO ₂ e
2011	0.70	0.16	0.87
2012	0.68	0.19	0.87
2013	0.62	0.18	0.81
2014	0.67	0.15	0.82
2015	0.71	0.12	0.83
Mondi Group including Pine Bluff mill 2015	0.70	0.12	0.82

Consolidated performance data

CO₂ emissions from our pulp and paper mills by country 2015 (tonnes)	Scope 1	Scope 2	Total scope 1 and 2 emissions
Austria	209,886	0	209,886
Czech Republic	355,865	49,980	405,845
Germany	103,681	323	104,004
Poland	496,711	189,332	686,043
Russia	2,024,724	648	2,025,372
Bulgaria	22,926	38,947	61,873
Sweden	14,129	57,995	72,123
Turkey	58,471	0	58,471
Finland	16,005	15,536	31,541
Slovakia	124,898	34,386	159,283
Europe total	3,427,297	387,145	3,814,442
South Africa	988,585	363,080	1,351,665
Mondi Group total	4,415,881	750,225	5,166,107
US	61,785	27,104	88,888
Group total including US	4,477,666	777,329	5,254,995

Electricity self-sufficiency (%)	2011	2012	2013	2014	2015	Mondi Group incl. Pine Bluff mill 2015
Own electricity produced	93.5	93.0	89.5	97.4	102.9	100.9
Electricity purchased	25.2	25.7	25.6	28.6	26.4	27.9
Electricity sold	18.7	18.7	15.2	26.0	29.3	28.7

Fuel consumption for our pulp and paper mills (million GJ)	2011	2012	2013	2014	2015	Mondi Group incl. Pine Bluff mill 2015
Produced from our own biomass	78.8	79.8	82.5	80.7	82.1	83.3
Purchased fuel	72.1	72.6	65.4	70.0	73.4	75.6

Consolidated performance data

Energy use, pulp and paper mills (GJ)	2011	2012	2013	2014	2015	<i>Pine Bluff mill 2015</i>	Mondi Group incl. Pine Bluff mill 2015
Electricity purchased	6,471,682	6,655,930	6,292,282	7,071,178	6,438,142	492,793	6,930,935
Own biomass	78,768,760	79,820,452	82,471,187	80,737,751	82,086,817	1,200,163	83,286,981
Purchased biomass	8,105,830	8,781,214	7,604,285	7,570,315	9,032,918	1,172,063	10,204,981
Fossil fuels consumed	64,022,553	63,852,690	57,826,324	62,437,669	64,358,817	989,323	65,348,140
Heat purchased	366,895	40,380	64,181	84,752	63,558	0	63,558
Energy sales	10,858,806	11,268,382	9,916,875	12,714,744	13,009,030	134,520	13,143,550
Total energy use	146,876,914	147,882,284	144,341,384	145,186,921	148,971,222	3,719,822	152,691,044

Energy use, converting operations (GJ)	2011	2012	2013	2014	2015		
Electricity purchased			1,124,704	975,818	1,664,432	1,657,052	1,786,181
Fossil fuels consumed			1,339,580	1,526,357	1,750,070	1,916,421	2,037,447
Heat purchased			165,521	129,337	209,856	170,687	183,093
Total energy use			2,629,805	2,631,512	3,624,358	3,744,160	4,006,722

Scope 3 emissions 2015 (tonnes)	2014	2015
Fuel and energy-related activities (not included in scope 1 or 2)	444,392	439,291
Purchased goods and services	1,499,524	1,663,253
Employee commuting	48,705	47,177
Upstream transportation and distribution	421,137	471,914
Downstream transportation and distribution	263,869	260,980
Business travel	3,936	4,134
Total	2,681,563	2,886,749

Consolidated performance data

Water, air and waste

Water

Water input (m ³)	2010	2011	2012	2013	2014	2015	Pine Bluff mill 2015	Mondi Group incl. Pine Bluff mill 2015
Total water input (potable and non-potable)	315,218,839	313,230,685	306,744,602	308,225,924	323,647,294	302,612,737	5,917,505	308,530,242
Potable water input	31,389,149	31,241,107	29,762,268	28,791,667	29,451,135	25,997,450	0	25,997,450
Non-potable water	283,829,690	281,989,578	276,982,334	279,434,256	294,196,159	276,615,286	5,917,505	282,532,792
Second-class water	11,158,333	12,271,228	11,757,353	10,361,089	10,065,008	10,534,946	0	10,534,946
Surface water	252,624,975	248,355,294	246,247,103	249,992,902	263,893,523	246,398,245	0	246,398,245
Ground water	20,046,382	21,363,056	18,977,878	19,080,265	20,237,628	19,682,095	5,917,505	25,599,600
Waste water from third parties	41,325,349	37,261,038	39,606,995	39,212,851	39,919,055	38,249,896	0	38,249,896

Emissions to water (tonnes)	2010	2011	2012	2013	2014	2015	Pine Bluff mill 2015	Mondi Group incl. Pine Bluff mill 2015
Emissions to water, COD (tonnes)	49,923	46,987	47,049	45,552	44,901	44,021	2,021	46,043
Emissions to water, AOX (tonnes)	150	160	155	151	150	166	0	166

Effluent (water discharges) (m ³)	2010	2011	2012	2013	2014	2015	Pine Bluff mill 2015	Mondi Group incl. Pine Bluff mill 2015
Water discharge via on-site or off-site treatment	232,482,459	236,528,086	238,274,102	229,832,212	230,690,929	232,313,310	6,087,989	238,401,299
Effluent direct to surface water without treatment	85,866,479	93,279,736	89,297,491	88,936,025	97,652,438	77,880,033	0	77,880,033
Effluent to irrigate land	82,518	64,181	51,267	24,338	6,637	52,236	0	52,236
Total water output	318,431,456	329,872,003	327,622,860	318,792,575	328,350,004	310,245,578	6,087,989	316,333,567
Waste water from third parties and other Mondi operations	41,325,349	37,261,038	39,606,995	39,212,851	39,919,055	38,249,896	0	38,249,896
Total water output (excluding third parties)	277,106,107	292,610,965	288,015,865	279,579,724	288,430,949	271,995,683	6,087,989	278,083,672

Contact and non-contact water use (m ³)	2010	2011	2012	2013	2014	2015	Pine Bluff mill 2015	Mondi Group incl. Pine Bluff mill 2015
Non-contact water	87,312,437	94,923,395	87,923,755	90,478,291	105,153,432	85,336,641	51,868	85,388,509
Contact water	204,788,290	213,190,384	211,492,160	207,783,963	205,733,272	203,685,577	5,865,657	209,551,234

Consolidated performance data

Air

Air emissions (tonnes)	2010	2011	2012	2013	2014	2015	Pine Bluff mill 2015	Mondi Group incl. Pine Bluff mill 2015
Total NOx emissions from processes	11,316	11,616	11,514	11,348	11,705	12,253	168	12,421
TRS from processes	106	90	99	65	67	71	600	671
Total particulate emissions	2,937	1,536	1,614	1,646	1,570	1,382	1,087	2,470
Total SO ₂ emissions from processes	3,805	4,244	4,185	3,955	5,107	5,593	3	5,596
Emission of ozone-depleting substances (kg)	2010	2011	2012	2013	2014	2015	Pine Bluff mill 2015	Mondi Group incl. Pine Bluff mill 2015
HFC	1,993	6,333	2,865	4,826	4,146	6,383	0	6,383
HCFC	158	963	2,712	1,301	999	995	0	995
CFC	36	744	0	3	2	2	0	2
Halons	0	0	6	0	0	0	0	0
Total loss of ozone-depleting substances	2,187	8,040	5,583	6,130	5,147	7,379	0	7,379

Waste

Waste to landfill (tonnes)	2010	2011	2012	2013	2014	2015	Pine Bluff mill 2015	Mondi Group incl. Pine Bluff mill 2015
Non-hazardous waste to landfill	292,590	299,436	264,938	270,676	260,697	228,022	1,232	229,253
Hazardous waste to landfill	1,108	794	1,704	2,107	1,671	778	37	814
Total waste to landfill	293,698	300,230	266,642	272,783	262,368	228,799	1,268	230,068
Hazardous waste (tonnes)	2010	2011	2012	2013	2014	2015	Pine Bluff mill 2015	Mondi Group incl. Pine Bluff mill 2015
Hazardous waste to landfill	1,108	794	1,704	2,107	1,671	778	37	814
Hazardous waste incinerated	1,210	1,407	1,845	2,265	2,467	2,668	0	2,668
Hazardous waste sent for recycling/reuse	2,431	1,393	1,273	2,485	3,102	2,539	0	2,539
Hazardous waste for treatment	14,676	11,515	7,089	9,652	8,387	8,059	0	8,059
Total hazardous waste	19,425	15,109	11,911	16,509	15,627	14,045	37	14,081

Consolidated performance data

Non-hazardous waste (tonnes)	2010	2011	2012	2013	2014	2015	<i>Pine Bluff mill 2015</i>	Mondi Group incl. Pine Bluff mill 2015
Non-hazardous waste for treatment	4,063	812	576	1,419	2,454	1,916	32	1,948
Non-hazardous waste to internal or external incineration	47,283	67,432	66,384	65,951	90,994	85,039	0	85,039
Non-hazardous waste recycled	733,185	866,873	911,755	872,385	699,304	734,925	158	735,083
Non-hazardous waste to landfill	292,590	299,436	264,938	270,676	260,697	228,022	1,232	229,253
Total non-hazardous waste	1,077,121	1,234,553	1,243,653	1,210,431	1,053,449	1,049,901	1,422	1,051,323

Total debris (tonnes)	2010	2011	2012	2013	2014	2015	<i>Pine Bluff mill 2015</i>	Mondi Group incl. Pine Bluff mill 2015
Non-hazardous debris	33,220	54,672	77,070	11,203	9,600	20,488	0	20,488
Hazardous debris	3	10		1,514	1,205	14	0	14
Total debris	33,223	54,682	77,070	12,717	10,805	20,503	0	20,503

Total solid waste (tonnes)	2010	2011	2012	2013	2014	2015	<i>Pine Bluff mill 2015</i>	Mondi Group incl. Pine Bluff mill 2015
	1,129,769	1,304,344	1,332,634	1,239,657	1,079,881	1,084,449	1,458	1,085,907

Stakeholder engagement matrix

Key stakeholders in 2015 ¹	Reason for engagement	Key engagement activities in 2015	What's next?
Employees	Employees are the bedrock of our business, therefore open and honest dialogue is crucial. Alongside day-to-day management contact, we engage in discussions and feedback about our values and culture – as expressed in The Mondi Way. Informal channels of communication and formal surveys give our employees a voice and allow us to understand their concerns and improve our performance, particularly around working conditions.	90% of Mondi's employees took part in the 2015 Group-wide survey (2013: 89%). Results showed that there have been positive developments across all categories. Safety and integrity were clear highlights and measures of engagement also improved. Please refer to page 46 for a more detailed overview of the issues raised in the employee survey. Making a Difference Day (MADD) was celebrated across the Group in May 2015. The focus was two-fold – waste reduction and safe working behaviour around mobile plant as well as moving and rotating equipment (see page 46).	Respond to the results of our November 2015 employee survey. MADD is an annual event across the Group.
Local communities	We work with urban and rural communities in and around our operations, so it's vital that we understand and respect their concerns. It makes good business sense to contribute to the long-term stability of these communities. We measure the success of our engagement through a formal socioeconomic assessment toolbox (SEAT) process, alongside annual community engagement plans (CEPs).	We carried out two SEAT reviews in July and October 2015; one in our Syktyvkar logging operation (Russia) and the other at our Merebank mill (South Africa). We produce annual CEPs for our largest pulp and paper mills and all forestry operations. Page 56 in the report provides a summary of the issues raised in the SEAT assessments. In 2015, we established a Social Sustainability Network to share and learn from best practice. Mondi Zimele (South Africa) provides small business loans, start-up capital and business development expertise to forest enterprises (see page 59). Mondi Syktyvkar invests in regional social infrastructure and the development of local enterprises (see page 59 for more).	Streamline our engagement processes and agree common frameworks for reporting and monitoring. Revisit our social action areas in line with our 2020 commitments. Our Merebank mill and Syktyvkar forestry SEATs will be published in 2016. We plan further SEAT reviews in 2016.
Suppliers and contractors	Collaboration with our suppliers and contractors is essential to deliver innovative, sustainable packaging solutions. It is important that contractors who work on our sites understand and accept our safety standards and way of working.	See pages 68 and 51 for information on engagement with suppliers and contractors. Together with external stakeholders, including World Business Council for Sustainable Development (WBCSD), we engaged with certification systems such as the Forest Stewardship Council® (FSC®), and the Programme for the Endorsement of Forest Certification (PEFC™) to encourage practical improvements to independent certification systems that will drive sustainable forestry practices and secure long-term wood fibre supplies. We are collaborating with shipping companies to develop a science-based methodology for scope 3 GHG emissions reduction targets. We conduct regular assessments of key fibre and non-fibre suppliers, working with local procurement teams to evaluate the quality of service and reliability of supply, as well as environmental and social practices.	Ongoing supplier and contractor engagement. Extend our supplier evaluation and assessment programme. We will formally request information on each supplier's sustainability performance to ensure that they are compliant with our Supplier Code of Conduct and key business practices. Promote the further development of credible forest and Chain-of-Custody certification that effectively and efficiently includes small and medium enterprises (SMEs) and community suppliers.
Customers	Collaboration with our customers is important to help us deliver innovative, sustainable packaging solutions.	WWF has supported us in further integrating environmental and social criteria in our Green Range and increasing customer awareness about responsible products. In 2015, we hosted a seminar, 'From Fibre to Corrugated Board', attended by over 300 customers at our Świecie mill. Customer surveys were carried out at our Packaging Paper and Fibre Packaging divisions, demonstrating good progress across all areas. Focus areas identified from the Packaging Paper survey are on improving our production planning and delivery, and ensuring that our products continue to meet the sustainability criteria. Fibre Packaging's production network improvement initiatives, focused on product quality and service delivery, are intended to address those areas their customers identified as priorities to them.	Our businesses will continue to conduct customer-focused events and customer surveys which will include sustainability challenges and opportunities.
Shareholder and investor community	An active dialogue with our shareholder and investor community allows us to explain our strategy and financial results and understand their expectations. Indices help investors to assess companies across sectors. They also provide us with benchmarks against which we can measure our sustainability performance.	In 2015, we maintained our membership of FTSE4Good and JSE Socially Responsible Investment indices. We were also included in the Ethibel Sustainability Index. We engage with our shareholders and investors through the AGM, results presentations, regular road shows, a Capital Markets Day and direct responses. Our second Capital Markets Day was held in London on 3 November 2015 to give investors and analysts further insight into our business, growth strategy and capital expenditure programme (see www.mondigroup.com/cmd for presentations and video recordings of all sessions).	We will continue to engage with our investors and remain open to discussion and questions.

¹ We engage regularly with these stakeholder groups, the frequency of which is determined by the requirements of the project schedules, scope and/or partnership agreements.

Stakeholder engagement matrix

Key stakeholders in 2015 ¹	Reason for engagement	Key engagement activities in 2015	What's next?
National and local governments	We engage with national and local governments working together with local operations teams to share our intentions and understand their concerns and priorities and find mutually beneficial solutions.	Mondi Syktyvkar has worked closely with the Komi Republic government since 2010 to establish the Komi Forest Academy. It provides training for employees and supports forestry curricula in colleges and universities (see page 58). Our Network of School Foresters has trained 647 students to date. In South Africa, we work in partnership with local NGOs and the Department of Health to operate our mobile health clinics (see page 59). We work with the South African government to settle forestry land claims and with the Mpumalanga Provincial government on the Mkhondo development project. Please refer to page 57 for further information on how we are working with the South African government to address the issue of land reform in South Africa.	Through regular engagement and established CEPs we will continue to work with government institutions to address mutual topics and help drive development and support livelihoods in the communities where we operate.

Stakeholder engagement matrix

Collaborative platforms and initiatives	Reason for engagement	Key engagement activities in 2015	What's next?
United Nations Global Compact (UNGC)	To reinforce socially responsible business practices on a global basis. Demonstrate our commitment to universal principles in the areas of human rights, employment, environment and anti-corruption.	In August 2015, we submitted our sixth CoP and met the minimum requirements for an Advanced Level of reporting. We were also selected for inclusion in the UNGC 100 stock index and signed the UNGC's CEO Water Mandate in 2015.	In addition to ongoing engagement, the UNGC Water Mandate requires us to report on our water impacts and performance in 2016.
World Business Council for Sustainable Development (WBCSD)	The WBCSD is a global, CEO-led organisation that coordinates a corporate response to sustainability challenges such as climate change. It operates programmes such as Action2020 and is a partner in Climate Savers. Mondi is a member, alongside 200 other global companies, including many of our key customers.	Mondi is a member of the Ecosystem Cluster and is represented by our CEO on the Cluster Board. As a member of WBCSD's Forest Solutions Group (FSG), we share our views and experience of sustainable forest management. In 2015, our Group head of sustainable development became co-chair of the Sustainable Value Chain and Procurement work stream. It published a paper on virgin and recycled fibre, plus information to support the WBCSD/WRI Sustainable Procurement Guide. We also remain a core member of the Ecosystem Cluster. We hosted an FSG meeting in South Africa after the World Forestry Congress in 2015.	The WBCSD Ecosystem Cluster along with the FSG and Water Groups will have important input to the development of the Natural Capital Protocol. We will continue to develop business solutions to forestry, manufacturing, ecosystem and landscape challenges. Our Group Head of SD will continue to co-chair the Sustainable Value Chain and Procurement work stream.
Confederation of European Paper Industries (CEPI)	Mondi is a member of CEPI, a Brussels-based organisation that champions the pulp and paper industry and the benefits of its products. CEPI speaks on behalf of more than 500 pulp, paper and board producing companies and 950 European paper mills.	Mondi's CEO for Europe & International (E&I) was appointed chair of CEPI in November 2015. Mondi's operations director for E&I is chair of the CEPI raw materials committee. A number of Mondi personnel hold positions on other CEPI committees. We support CEPI's calls for identification and possible removal of subsidies that encourage inefficient use of biomass and distort fair competition. We are part of the CEPI Environmental Footprint and Certification Network teams.	Continue to work with CEPI to address industry-related issues.
Paper Profile	A global, voluntary declaration scheme for presenting uniform environmental product information related to pulp and paper production enables the professional paper buyer to make well-informed product choices.	Mondi's Group environmental manager chaired the Paper Profile steering committee in 2015. Mondi also chaired the technical working group in 2015.	We will continue to actively support the Paper Profile steering committee and working group meetings.
Forestry South Africa (FSA) and the Paper Manufacturers Association of South Africa (PAMSA)	Both organisations engage stakeholders on legislation and critical industry issues such as research, land resettlement, skills development, environment, sustainability and recycling.	We are a member of the executive committee of PAMSA and a member of FSA. We supported FSA's participation in the World Forestry Congress in September 2015.	Continue to engage with FSA and PAMSA.
SAVE FOOD	SAVE FOOD aims to encourage dialogue on food waste across industry, academia, politics and civil society.	Mondi became a member of SAVE FOOD in 2013. We are helping to develop a wide range of innovative solutions to food packaging challenges, including closable bags, single-serve pouches, extrusion-coated barrier material and water-resistant containerboard.	Contribute further to SAVE FOOD's work, addressing food waste with our customers and supply chain partners.
CDP	CDP is a corporate transparency initiative. It plays an important role in disclosing high-quality, comparable data on company environmental performance to investors. The data covers climate change, water usage, forestry and supply chain.	In 2015, we disclosed on all metrics – climate change, water, forestry and supply chain. Mondi was included in the CDP FTSE 350 Climate Disclosure Leadership Index in 2015.	Continue to disclose information to CDP.

Stakeholder engagement matrix

NGOs	Reason for engagement	Key engagement activities in 2015	What's next?
Business in the Community (BITC)	BITC is a UK-based member-led charity that provides expert advice, benchmarking tools and networking opportunities for Mondi. It helps us to develop our social sustainability strategy and measure our performance.	In 2015 we continued our membership of BITC and strengthened our ties beyond cooperation at a Group level. We established our internal Social Sustainability Network, consisting of community and HR specialists from across the Group. In 2015, BITC joined the network and took part in our first event in the third quarter of 2015. BITC is an active network member and supports us with guidance documents, tools and frameworks, which we use to assess our social impact, engage our employees, invest in communities and evaluate our initiatives.	We will continue to work together with BITC on social and community projects, including impact assessments, employee volunteering for social projects, formalising our reporting approach and further strengthening the network
Forest Stewardship Council® (FSC®)	Since it was founded in 1993, the FSC has played a key role in promoting responsible forest management. Despite progress made, only 10% of the world's forests are currently certified and there isn't enough certified wood to meet demand. We are working closely with the FSC to address these challenges within the pulp and paper industry.	We have actively supported the FSC's new strategic plan, which promises to simplify the certification process and provide solutions for small forest owners and local communities, among others. Mondi Zimele, our business development arm, is currently working on an FSC study into our approach to working with smallholders and communities. The aim is to see if this approach could be applied more widely and even become the basis for an FSC certification standard for small growers.	Continue to actively support the FSC. Through the WBCSD and the TFD, we continue to work with the FSC and PEFC to adopt a simplified risk-based approach that facilitates SME and community participation in supplying certified wood and fibre.
WWF International	Our partnership with WWF allows us to share perspectives and experiences and leverage skills and influence from both networks. We also look for opportunities where we can address issues that are important to both Mondi and WWF.	The Mondi–WWF partnership continued in 2015. This global collaboration focuses on ecosystems, manufacturing and product stewardship and involves our forestry, pulp and paper mills and converting operations. Two key advocacy areas have been identified: certification and the cascading use of wood. We have held many productive meetings, shared our positions and developed projects and action plans. We continued to support the WWF-Mondi Wetlands Programme (WWF-MWP) and to expand this work at a landscape level. Obvious synergies between WWF-MWP and WWF's New Generation Plantations (NGP) have been realised and there has been close cooperation in promoting social learning and freshwater stewardship as part of a landscape approach within the global NGP and WWF networks. We commissioned a third party to prepare a Mondi/WWF paper on the cascading use of wood.	Continue with our existing work streams. Look at further ways to promote the cascading use of wood. Look at additional ways in which the WWF-Boreal Forest Platform (WWF-BFP) and the WWF-MWP may be further developed and/or adapted to other contexts.
WWF's New Generation Plantations (WWF NGP) platform	WWF's NGP platform aspires to an ideal form of plantations that contribute positively to people and nature. It promotes well-managed, inclusive and profitable plantations by sharing knowledge and experience.	As one of the founding participants, we've worked closely with WWF and other NGP participants to help promote WWF's NGP concept to wider audiences and expand the use of the concept to other forest types and agriculture. We supported WWF to develop and champion the WWF-BFP and in 2015, helped finance its launch in Moscow and the first field visit in north west Russia.	Mondi and WWF are exploring how the NGP concept and principles might be applied to include other forest types and agriculture. Continue to participate in and support the WWF-BFP. Continue to promote freshwater stewardship through a landscape approach.
WWF-Mondi Wetlands Programme (WWF-MWP)	Wetlands are an essential component of the freshwater ecosystem and important for wildlife, for people and for our business. These ecosystems are under increasing pressure, and in South Africa, where we own plantation forests and two mills, the demand for water is expected to outstrip supply by 2030.	With WWF-SA, we are promoting freshwater stewardship using a landscape approach that focuses on wetlands and freshwater. The WWF-MWP brings stakeholders together to tackle the challenges facing freshwater ecosystems in three catchments in South Africa that are important to us and the WWF-MWP partners. Using social learning tools and cooperating with WWF's NGP globally we are sharing best practice through the WWF network.	Continue to work with WWF in the Mondi–WWF partnership. WWF-MWP will support WWF-Chile in introducing the landscape approach. Continue to harness the synergies between the WWF-MWP and WWF's NGP to promote freshwater stewardship and responsible forestry practice.
The Forest Dialogue (TFD)	TFD is a WBCSD/World Bank initiative. It is a global multi-stakeholder process for dealing with contentious social and environmental issues in forestry. We are an active participant.	We contributed to TFD's scoping dialogue on intensively managed plantation forests and participated in TFD agenda items at the WBCSD.	Mondi will support the dialogues on intensively managed forests and landscape approaches.

Stakeholder engagement matrix

NGOs	Reason for engagement	Key engagement activities in 2015	What's next?
The High Conservation Value (HCV) Resource Network	The HCV Resource Network (HCVRN) works closely with the FSC, NGOs, IGOs (IUCN, World Bank, FOA, UNEP etc.) and companies to bring a consistent HCV approach across all land uses.	Mondi's Group natural resources manager is a co-chair of the HCVRN.	Mondi will continue to be an active member and co-chair of the HCVRN. A restructured network and new management committee will promote the HCV approach as a resource management tool for forestry and agriculture globally.
Silver Taiga	We work with local NGO, Silver Taiga in Russia, to develop best boreal practice for the Komi Republic and participate in shared projects with the WWF and the FSC.	Mondi has been the core sponsor of Silver Taiga's work since 2008 (see page 24). They provide us with technical support on a number of issues, including FSC certification, ecosystem classification, identification and protection of IFLs, ecosystem definitions for harvesting operations and the WWF-BFP.	Continue to support and fund specific Silver Taiga projects in north west Russia including IFLs, Mezen River, ecosystem classification and the WWF-BFP initiative.
Scientific institutes and universities	Reason for engagement	Key engagement activities in 2015	What's next?
Stellenbosch University	Mondi has supported research into the effective design and management of ecological networks that can make a significant contribution to biodiversity and ecosystem stewardship.	The Mondi Ecological Network Programme (MENP) at Stellenbosch University provided important supporting science and guidance on biodiversity conservation and planning. We continued working with Professor Michael Samways to further support the management of ecological networks in our plantation forests. We have expanded the scope to include a focus on biodiversity of freshwater ecosystems and soil.	Continue to support the MENP initiative and expand the scope to include biodiversity aspects of freshwater ecosystems and soil in production landscapes.
Cambridge Institute for Sustainability Leadership (CISL)	CISL Natural Capital Leadership Platform is a collection of large companies involved in the management of natural capital.	We joined the Natural Capital Leadership Platform from January 2015 and contributed to its publication 'Doing Business with Nature' (www.cisl.cam.ac.uk/publications/publication-pdfs/doing-business-with-nature.pdf). We have contributed to a number of meetings/workshops throughout the year.	Participate as a pilot tester for the Cambridge-IUCN consortium for the Natural Capital Protocol. Continue to cooperate on forest sector issues.
University of Pretoria	We work with the University of Pretoria to stay informed of the most recent scientific trends and developments related to tree breeding and control of pest and disease.	Our ongoing partnership with the University of Pretoria involved sponsoring the Mondi Chair for Plant Pathology. This focuses on the increasing incidence of pests and disease in our plantations, in particular practical measures to manage the Sirex and Chalcid wasps, which damage pine and eucalyptus, respectively.	Continue to partner with the University of Pretoria's world-renowned Forestry and Agricultural Biotechnology Institute (FABI). Our interest will remain Future Forests and Food alongside the health and development of plants and their products.
University of KwaZulu-Natal (UKZN)	We work with UKZN on the Two Streams catchment project located on our land and sponsor part of the research.	Mondi is a patron of the Institute of Commercial Forestry Research (ICFR), based in Pietermaritzburg. The institute conducts applied research for the forest sector in South Africa. Two Streams catchment has reached the closing stage of the acacia phase. Preparations for setting up the science to capture the harvesting of the acacia crop, an appropriate fallow period and the replanting to eucalyptus are under way. In 2015, we embarked on a new project with soil and water specialists who will be using 50 years of rainfall-runoff data.	Continue to support the ICFR. Continue to support the Two Streams catchment project. Preparations to link the monitoring outputs from the project into a national system managed by South African Environmental Observation Network. Test the feasibility of using Mondi's detailed soil data with the 50-year rainfall-runoff data.
Vienna University of Economics and Business	Together with the Vienna University of Economics and Business, other research institutions, civil society organisations and companies, we are participating in the testing of sustainability tools to measure and manage impacts on global development.	In 2015, we joined Global Value, one of the largest EU-funded research projects to date, which addresses the measurement and management of business impacts on global sustainable development. We are working with the Vienna University of Economics and Business to develop a framework and online tool to help multinational companies to understand their impacts and improve their management. The work will also support the policy community in engaging the private sector on global development efforts.	Continue to actively support Global Value and the Vienna University of Economics and Business.

About this report

This 2015 Sustainable development report covers the 2015 financial year (1 January 2015 – 31 December 2015) and should be read in conjunction with our [Integrated report and financial statements 2015](#) as well as our [Looking back, moving forward: Sustainable development 2015 publication](#). Our previous report was published in [April 2015 for the financial year 1 January 2014 to 31 December 2014](#).

Reporting standards and format

This report provides a comprehensive view of our approach to sustainable development and our performance in 2015 with regard to environmental, social and governance issues. It is prepared in accordance with the Global Reporting Initiative (GRI) G4 core guidelines.

We have applied GRI guidelines in our annual sustainable development reports since 2009 and believe that they offer us the best way to present our most important sustainability information in a fully transparent, accurate and reliable way.

Guided by the GRI framework for structure and principles of reporting, the content is defined through various internal and external processes including risk management (see [Sustainability governance on page 19](#)), materiality assessment and aspects (see the discussion on [Our response on page 16](#)) and stakeholder engagement at various levels (see [Our stakeholders on page 18](#)).

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). In addition, we measure ourselves against the public commitments we made for the period 2011 to 2015 against a 2010 baseline, with the exception of climate and energy commitments that cover the period from 2004 to 2014 and 2014 to 2030.

Disclosures of management approach based on GRI G4 methodology

The focus areas in this report reflect the Group's sustainable development management areas, which usually include more than one GRI G4 material aspect. For example, the 'Operational excellence' focus area includes the material aspects water, emissions, and effluents and waste; and the 'People' focus area includes the material aspects employment, training and education, and diversity and equal opportunity.

Using the GRI G4 Guidance for Disclosures on Management Approach, we have described aspect-specific disclosures of management approach (DMAs) in the respective focus areas, whereas generic DMAs which apply across all material aspects and our own focus areas are provided here and include our approach to policies, commitments, goals and targets, responsibilities and resources.

Statements provided in the Governance section (see [page 19](#)) on the governance and accountability of sustainability at Mondi are valid for all reported focus areas and all GRI G4 material aspects reported 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 aspects, and our performance is guided by our public commitments – a set of mid- and long term goals that shape our approach and track our improvement regularly towards specific and measurable targets. Please see the GRI index on [page 116](#) for a more detailed overview of our reporting according to G4 core criteria, [page 91](#) for a more detailed overview of performance against our 2015 commitments, and [page 17](#) for our new set of commitments to 2020 and 2030.

Roles and responsibilities for managing our focus areas and material aspects are described in the Governance section ([page 20](#)) under 'Embedding sustainability'.

The resources that we use to manage our focus areas and material aspects include:

- Our well-invested, low-cost, high-quality integrated 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, NGOs and other stakeholders

Please refer to our business model on [page 11](#) and see individual focus areas for a more detailed overview of how we manage each material aspect.

About this report

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.
- Performance data for our Lohja mill (Finland) (closed in 2015) is included in the Group's performance.
- Performance data for our Raubling mill (Germany) (sold in 2015) has been included in the Group's performance until the end of the year.
- Performance data from our 2014 acquisitions of one Consumer Packaging plant (Kutno in Poland) and six Industrial Bags plants (Eastman, Bags Pine Bluff, Salt Lake City, Arkadia, Wellsburg and Louisville, all in the US) have been integrated into our 2015 reports.
- Environmental performance data for our 2014 acquisition of Pine Bluff mill (US) has been excluded from the Group's performance and 2011–2015 sustainable development commitments, but reported separately in performance data tables on [pages 98 to 105](#), including its impact on Group data.
- Our environmental performance covers our pulp and paper mills and converting operations (100% of our manufacturing operations), unless stated otherwise. Examples include some energy and climate-related data. See [page 33](#) for more details.
- Greenhouse gas (GHG) emissions are reported according to the GHG Protocol, published by the World Business Council for Sustainable Development and the World Resources Institute.
- Safety data includes all employees and contractors, but excludes service suppliers such as catering, office cleaning or telecommunications and management consultants.
- 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 (SCM).
- Key performance data throughout our [Looking back, moving forward: Sustainable development 2015 publication](#) is provided for context only, and our full performance is available in this online Sustainable development report 2015.

External assurance

We believe that external assurance plays an important part in the way we work and that it provides stakeholders with assurance in respect of our performance. Environmental Resources Management Certification and Verification Services (ERM CVS) provided limited assurance on selected key performance indicators that we report, on the status of compliance of this report with GRI G4 core guidelines and verification of GHG data in accordance with ISO 14064 to reasonable (pulp and paper mills) and limited (converting operations) levels of assurance. Deloitte, our appointed statutory auditors, provided an unqualified audit opinion on our 2015 financial statements.

Additional information

In addition to our online Sustainable development report 2015, other information – including policies and standards, report archives, governance of sustainability, associations we support, useful links and sustainability contacts – can be found at: www.mondigroup.com/sustainability.

In our Looking back, moving forward publication, we reflect on the progress we've made over the last five years since the launch of our second set of sustainable development commitments. This document can be found at: www.mondigroup.com/sdpublication15.

Independent assurance statement

ERM Certification and Verification Services (ERM CVS) was engaged by Mondi Group ('Mondi') to provide assurance in relation to the information set out below and presented in Mondi's Online sustainable development report 2015 (the Report).

Engagement Summary

Scope	2011–2015 performance against SD commitment	2015 absolute data
	1. Whether the 2015 data and the reported performance across the 2011–2015 SD commitments period against a 2010 base year for the following key performance indicators ('KPIs') are fairly presented, in all material respects:	
		Total energy usage (GJ)
		Total scope 1 and scope 2 GHG emissions (tonnes CO ₂ e)
	80% reduction of level II environmental incidents 0 level III environmental incidents	Environmental incidents (Levels II and III, number)
		Total water input (m ³)
		Total water output (m ³)
	5% reduction of specific contact water consumption	Total contact and non-contact water use (m ³)
	22% reduction of total waste to landfill	Total hazardous waste (tonnes) Total non-hazardous waste (tonnes)
	33% reduction of TRS emissions	Total Reduced Sulphides (TRS) emissions (tonnes)
	12% reduction in effluent load to the environment	Total COD emissions (tonnes) Total NOx emissions (tonnes)
	66% of wood Chain-of-Custody certified	Certified wood procured (tonnes)
	100% of mills Chain-of-Custody certified	Chain-of-Custody certified mills (number, percentage)
	100% of mills certified to ISO 14001 and OHSAS 18001	Mills certified to ISO 14001 and OHSAS 18001 (number and percentage)
	70% of Converting operations certified to OHSAS 18001	Converting operations certified to OHSAS 18001 (number and percentage)
	100% of forest operations certified to ISO 14001	Forestry operations certified to ISO 14001 (number and percentage)
	67% of food contact packaging operations certified to a recognised food hygiene standard.	Food contact packaging operations certified to a recognised food hygiene standard (number and percentage)
	All forestry operations and all but three mills have a rolling CEP	Mills and forestry operations which have a rolling community engagement plan (CEP) (number and percentage)
	25% of managed land set aside for conservation purposes	Managed land set aside for conservation purposes (percentage)
	100% of mills and forestry operations have undergone water impact assessments	Mills and forestry operations which have undergone water impact assessments (number and percentage)
	TRCR of 0.70	Total Recordable Case Rate (number/ 200,000 hours).
	33% of land claims settled	Land claims settled in forestry operations in South Africa (number and percentage)
	33% of land transferred to claimant communities	Land transferred to claimant communities in forestry operations in South Africa (area and percentage)
		Saleable production volume (tonnes, m ² , sacks)

Independent assurance statement

	<p>2. Whether the disclosures in the Report relating to 'Identified Material Aspects and Boundaries' and 'Stakeholder Engagement' have been prepared in accordance with the Standard Disclosures G4-17 to G4-27 of the GRI G4 Sustainability Reporting Guidelines (the 'GRI G4 Guidelines').</p> <p>3. Whether the disclosures relating to the above KPIs in the Report are consistently presented in Mondi's Integrated report and financial statements 2015 (Integrated report) and Mondi's printed sustainability publication, 'Looking back, moving forward' (the printed sustainability publication).</p> <p>4. Whether the disclosures relating to GHG emissions presented in the section 'Energy and climate change' on page 48 of the Integrated report comply with the requirements of the UK Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.</p> <p>In addition we were asked to check whether the Report is in accordance with the criteria for a 'Core' GRI G4 report.</p>
Reporting criteria	<p>GRI's G4 Sustainability Reporting Guidelines and internal indicator criteria developed by Mondi and described in the section 'About this report' and the relevant performance sections of the Report.</p> <p>ISO14064-1:2006 and the WBCSD WRI GHG Protocol (2004) (including the scope 2 Guidance, 2015) for the scope 1 and scope 2 GHG emissions.</p>
Assurance Standard	<p>ERM CVS' assurance methodology, based on the International Standard on Assurance Engagements (ISAE 3000).</p> <p>ISO 14064-3:2006 for the scope 1 and scope 2 GHG emissions.</p>
Assurance level	<p>Reasonable assurance: scope 1 and scope 2 GHG emissions for Mondi's pulp and paper mills.</p> <p>Limited assurance: scope 1 and scope 2 GHG emissions for Mondi's converting operations, and all other scopes set out above.</p>
Respective responsibilities	<p>Mondi is responsible for preparing the Report and for the collection and presentation of the information in it.</p> <p>ERM CVS' responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.</p>

Independent assurance statement

Our conclusions

In our opinion, the 2015 scope 1 and scope 2 GHG emissions for Mondi's pulp and paper mills are fairly presented, in all material respects, in accordance with the reporting criteria.

Based on our activities:

- nothing has come to our attention to indicate that the 2015 data and the reported performance over the 2011–2015 SD commitment period 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 disclosures in the Report relating to 'Identified Material Aspects and Boundaries' and 'Stakeholder Engagement' have not been prepared in accordance with the Standard Disclosures G4-17 to G4-27 of the GRI G4 Guidelines;
- 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 the printed [sustainability publication](#); and
- nothing has come to our attention to indicate that the disclosures relating to GHG emissions presented in the section 'Energy and climate change' on page 48 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 reports to identify relevant sustainability issues in the reporting period.

- A review of the internal reporting guidelines, including conversion factors, estimates and assumptions used.
- A visit to Mondi's E&I division's headquarters in Vienna, Austria to
 - Interview relevant staff to understand Mondi'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.
- Visits to six production sites in South Africa, Sweden, Austria, Germany and the United States to verify the source data underlying the scope 1 and scope 2 GHG emissions, the other environmental and safety indicators, the certified wood and pulp indicator, the Chain-of-Custody certification indicator and the saleable production volume indicator.
- A visit to the offices of Mondi Group in Pietermaritzburg, South Africa to review the source data underlying the land claims indicators.
- An analytical review and desktop testing of the year end data submitted by all sites included in the consolidated 2015 group data for the KPIs.
- Reviewing selected evidence related to the design, information collection, and production of the Report in accordance with the GRI G4 Guidelines.
- Reviewing the presentation of information relevant to the scope of our work in the Report to ensure consistency with our findings.
- Reviewing the consistency of the assured disclosures between the Report, the [Integrated Report](#) and the [printed sustainability publication Looking back, moving forward](#).

- Reviewing the GHG disclosures in the [Integrated Report](#) against the requirements of the UK Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

In addition, for the scope 1 and scope 2 GHG data:

- Assessing the conclusions of accredited third-party verification bodies relating to the verification of scope 1 CO₂e emissions for 2015 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.
- Requesting and performing desktop verification of underlying source data for GHG emissions from pulp and paper mills not covered by our site visits or the EU ETS verification process.
- Testing the calculation of the scope 1 and scope 2 GHG emissions and reviewing uncertainties associated with the measuring and reporting of GHG emissions data for Mondi's pulp and paper mills at site and Group levels.

The limitations of our engagement

The reliability of the assured data 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 website, including controls used to achieve this, and in particular whether any changes may have occurred to the information since it was first published.

Our Observations

We have provided Mondi with a separate detailed management report. Without affecting the conclusions presented above, we have the following key observations:

- In this Report Mondi reports on its performance against the five-year SD commitments which it set in 2011. While recognising Mondi's achievement of 29 of those 35 commitments, further effort will be required to address the remainder.
- During 2015 Mondi has developed a set of challenging new SD commitments for 2020. While some of these commitments are clearly measurable, we recommend that Mondi translates the other broader commitments into specific and measurable performance indicators to enable Mondi to evaluate and report on its progress across the five-year period.
- Stakeholder engagement activities are described throughout the Report. In future reports we recommend that Mondi makes more explicit the link between the key concerns and issues raised by its stakeholders and the programs and targets which Mondi has established to address these.

Jennifer Iansen-Rogers

Partner, Head of Report Assurance

4 April 2016

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ERM CVS is a member of the ERM Group. The work that ERM CVS 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. ERM CVS and the staff that have undertaken work on this assurance exercise provide no consultancy related services to Mondi Group in any respect.

ERM CVS
Informed Assured

GRI G4 content index

General standard disclosures

		Section covered in IR	Section covered in SD
Strategy and analysis			
G4-1	CEO Statement	Our external context, Joint chairmen's statement, Chief executive's review, Chief financial officer's review, 'Looking back' in Sustainability at Mondi	CEO/Chairman statement (page 4), Our global context (page 12), Commitments performance table (page 91), New action areas and commitments (page 17), Growing responsibly (page 16)
Organisational profile			
G4-3	Name of the organisation	Front cover	Front cover
G4-4	Primary brands, products and services	Our products	
G4-5	Location of the organisation's headquarters	Where we operate	
G4-6	Number of countries where the organisation operates	Where we operate	Performance data tables: Carbon emissions per country (reflects countries where we have pulp and paper mills) (page 101)
G4-7	Nature of ownership and legal form	Who we are	
G4-8	Markets served	Who we are and Where we operate	
G4-9	Scale of the organisation, including employees, operations, revenues and quantity of products and services	Where we operate, Who we are, Joint chairmen's statement, Chief executive's review, Chief financial officer's review, Our products, Business reviews, Financial statements, Production statistics	People (page 44)
G4-10	Total number of employees broken down by contract and gender and employment type, and supervised workers		People (gender and region are covered, type of contract not covered) (pages 44 and 46), Business unit reviews (page 73)
G4-11	Percentage of total employees covered by collective bargaining agreements		People (page 44)
G4-12	Description of the supply chain	Our business model	
G4-13	Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	Chief executive's review, Financial statements 'Operating special items' and notes 23, 24 and 25	
Commitments to external initiatives			
G4-14	How the precautionary approach or principle is addressed by the organisation		Governance (page 19)
G4-15	External economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes		DMAs for each section of the report, SDMS policies in Governance (page 20)
G4-16	Memberships of associations maintained at the organisational level		Stakeholder table (page 106)

GRI G4 content index

		Section covered in IR	Section covered in SD
Identified material aspects and boundaries			
G4-17	Entities included the report	IR financial statements '9: List of subsidiary and associated undertakings and other significant holdings'	
G4-18	Process for defining report content and Aspect Boundaries		About this report (page 111)
G4-19	Material aspects identified in the process for defining report content		G4 index, see 'Material aspects' table (page 118)
G4-20	Aspect Boundary within the organisation		G4 index, see 'Material aspects' table (page 118)
G4-21	Aspect Boundary outside the organisation		G4 index, see 'Material aspects' table (page 118)
G4-22	Effect of any restatements of information provided in previous reports		About this report (page 111)
G4-23	Significant changes from previous reporting periods		About this report (page 111)
Stakeholder engagement			
G4-24	List of stakeholder groups engaged by the organisation		Stakeholder table (page 106)
G4-25	Basis for identification and selection of stakeholders with whom to engage		Stakeholder table (page 106)
G4-26	Approach to stakeholder engagement		Stakeholder table (page 106)
G4-27	Key topics and concerns that have been raised through stakeholder engagement		Stakeholder table (page 106), SEAT reports archive (www.mondigroup.com/SEATarchive), and throughout focus area sections
Report profile			
G4-28	Reporting period		About this report (page 111)
G4-29	Date of most recent previous report		About this report (page 111)
G4-30	Reporting cycle		About this report (page 111)
G4-31	Contact point for questions		Back cover
Report profile: GRI content index			
G4-32	The 'in accordance' option the organisation has chosen		About this report (page 111), GRI Index (page 116)
Report profile: assurance			
G4-33	Policy and current practice with regard to seeking external assurance for the report		About this report (page 111), ERM CVS Statement (page 113)
Governance			
G4-34	Governance structure of the organisation		Governance (page 19)
Ethics and integrity			
G4-56	The organisation's values, principles, standards, and norms of behaviour	Governance report	Governance (page 19)

GRI G4 content index

Material aspect boundaries

Material aspects (G4-19)	DMA and indicators	Material within Mondi			Material outside Mondi	Section covered
		Pulp and paper mills	Converting operations	Forestry operations		
Economic	Economic Performance	✓	✓	✓	Payments to shareholders, lenders, governments, communities, suppliers, contractors, etc.	Integrated report and financial statements 2015
	Indirect Economic Impacts	✓		✓	Communities	Communities (page 53)
Environmental	Materials	✓	✓	✓		Consolidated performance data (page 98)
	Energy	✓	✓		Indirect energy use (in the supply chain) and resulting carbon emissions	Energy and climate change (page 29)
	Water	✓	✓		Impact on communities and other local stakeholders and natural ecosystems through consumption and discharges	Operational excellence (page 34)
	Biodiversity			✓	Impact on communities and other local stakeholders and natural ecosystems through managing our land in Russia and South Africa and procuring fibre for our operations	Forests and ecosystems (page 23)
	Emissions	✓	✓		Indirect energy use (in the supply chain) and resulting carbon emissions; Impact on communities and other local stakeholders and natural ecosystems through emissions	Energy and climate change (page 29), Operational excellence (page 34)
	Effluents and Waste	✓	✓		Impact on communities and other local stakeholders and natural ecosystems through discharges and waste	Operational excellence (page 34)
	Products and Services	✓	✓	✓	Customers and wider society	Products and solutions (page 62), Integrated report and financial statements 2015
	Compliance	✓	✓	✓		Sustainability governance (page 19)
	Transport	✓	✓	✓	Indirect energy use (in the supply chain) and resulting carbon emissions	Supply chain (page 66)
	Environmental Grievance Mechanisms	✓	✓	✓	Communities	Communities (page 53), Operational excellence (page 34), Sustainability governance (page 19)
Labour practices and decent work	Occupational Health and Safety	✓	✓	✓	Contractors and suppliers	Safety and health (page 48)
	Training and Education	✓	✓	✓		People (page 43)
	Diversity and Equal Opportunity	✓	✓	✓		People (page 43)
	Labour Practices Grievance Mechanisms	✓	✓	✓		People (page 43), Sustainability governance (page 19)
Human rights	Non-discrimination	✓	✓	✓		People (page 43)
	Indigenous Rights			✓	Communities	Communities (page 53)
Society	Local Communities	✓		✓	Communities	Communities (page 53)
	Anti-corruption	✓	✓	✓		Sustainability governance (page 19)
	Anti-competitive Behaviour	✓	✓	✓		Sustainability governance (page 19)
	Compliance	✓	✓	✓		Communities (page 53), Sustainability governance (page 19)
Product responsibility	Customer Health and Safety	✓	✓		Customers	Products and solutions (page 62)
	Product and Service Labelling	✓	✓		Customers	Products and solutions (page 62)
	Marketing Communications	✓	✓		Customers	Products and solutions (page 62)
	Customer Privacy	✓	✓		Customers	Products and solutions (page 62)
	Compliance	✓	✓		Customers	Products and solutions (page 62)

GRI G4 content index

Specific standard disclosures

Material aspects (G4-19)	DMA and indicators	Section covered (SD/IR)	
Economic			
Economic performance	G4-EC1	Direct economic value generated and distributed	Value distribution 2015 graph – Integrated report and financial statements 2015 (page 24)
	G4-EC2	Risks and opportunities posed by climate change	Partial coverage under Energy and climate (page 31), Our global context (page 13) and Governance (page 21), Principal risks (Integrated report and financial statements 2015 (page 38))
	G4-EC4	Financial assistance received from government	Governance (gifts and donations) (page 21), Financial statements (Integrated report and financial statements 2015 (page 136))
Indirect economic impacts	G4-EC7	Development and impact of infrastructure investments and services supported	Communities (pages 55–60)
	G4-EC8	Significant indirect economic impacts, including the extent of impacts	Communities (pages 55–60)
Environmental			
Materials	G4-EN1	Materials used by weight or volume	Partial coverage under Supply chain (page 71), and Performance data (page 100)
	G4-EN2	Percentage of materials used that are recycled input materials	Percentage figure not directly provided – absolute recovered fibre tonnes provided, and total pulp consumption provided (see G4-EN1)
Energy	G4-EN3	Energy consumption within the organisation	Energy and climate (page 33), Performance data (page 102)
	G4-EN4	Energy consumption outside of the organisation	Indirectly as part of scope 3 disclosure in Energy and climate (page 33)
	G4-EN5	Energy intensity	Energy and climate (page 31)
	G4-EN6	Reduction of energy consumption	Energy and climate (page 31), Performance data (page 102)
	G4-EN7	Reductions in energy requirements of products and services	Indirectly as part of standard energy and carbon disclosures in Energy and climate, not specific to products (see above)
Water	G4-EN8	Total water withdrawal by source	Operational excellence (page 38), Performance data (page 103)
	G4-EN9	Water sources significantly affected by withdrawal of water	Partial coverage under Operational excellence (pages 38–39), Forests and ecosystems (pages 24, 26)
	G4-EN10	Percentage and total volume of water recycled and reused	Partial coverage under Performance data (page 103)
Biodiversity	G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Forests and ecosystems (pages 25–28)
	G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Partial coverage under Forests and ecosystems (pages 25–28)
	G4-EN13	Habitats protected or restored	Partial coverage under Forests and ecosystems (pages 25–28)

GRI G4 content index

Material aspects (G4-19)	DMA and indicators	Section covered (SD/IR)
Emissions	G4-EN15 Direct greenhouse gas (GHG) emissions (scope 1)	Energy and climate (page 33), Performance data (pages 100–101)
	G4-EN16 Indirect GHG emissions (scope 2)	Energy and climate (page 33), Performance data (pages 100–101)
	G4-EN17 Other indirect GHG emissions (scope 3)	Energy and climate (page 33), Performance data (page 102)
	G4-EN18 GHG emissions intensity	Energy and climate (page 33), Performance data (page 100)
	G4-EN19 Reduction of GHG emissions	Energy and climate (page 33), Performance data (page 100)
	G4-EN20 Emissions of ozone-depleting substances (ODS)	Performance data (page 104)
	G4-EN21 NOx, SOx, and other significant air emissions	Operational excellence (pages 36, 40), Performance data (page 104)
	G4-EN22 Total water discharge by quality and destination	Operational excellence (page 37), Performance data (page 103)
	G4-EN23 Total weight of waste by type and disposal method	Operational excellence (page 35), Performance data (pages 104–105)
Effluents and waste	G4-EN24 Total number and volume of significant spills	Operational excellence (page 41)
	G4-EN25 Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention	Partial coverage under Operational excellence (page 35), Performance data (page 104)
Products and services	G4-EN27 Extent of impact mitigation of environmental impacts of products and services	Operational excellence (pages 35–41), Products (pages 63–65), Performance data (pages 100–105)
Compliance	G4-EN29 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Governance (page 21)
Transport	G4-EN30 Significant environmental impacts of transporting products and other goods and materials for the organisation's operations, and transporting members of the workforce	Scope 3 emissions under Supply chain (page 72), Energy and climate (page 33)
Supplier environmental assessment	G4-EN33 Significant actual and potential negative environmental impacts in the supply chain and actions taken	Partial coverage under Supply chain (page 72)
Environmental grievance mechanism	G4-EN34 Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	Environmental incidents and complaints under Operational excellence (page 41)

GRI G4 content index

Material aspects (G4-19) DMA and indicators			Section covered (SD/IR)
Category social labour practices and decent work			
Employment	G4-LA3	Return to work and retention rates after parental leave, by gender	Partial coverage under People (page 46)
Occupational health and safety	G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Partial coverage under Safety (page 49)
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	Occupational health, and Healthcare provision in South Africa, under Safety (page 52)
Training and education	G4-LA9	Average hours of training per year per employee by gender, and by employee category	Partial coverage under People (page 47)
	G4-LA10	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	People (page 47)
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	People (page 45)
Diversity and equal opportunities	G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	People (page 46), Performance data (page 98)
Supplier assessment for labour practices	G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken	Partial coverage under People (pages 44, 46), Supply chain (pages 67, 68, 71), and Global Context (page 14)
Labour grievance mechanism	G4-LA16	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms	Speakout under Governance (page 21)
Human rights			
Child Labour	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour	Partial coverage under policy level disclosures. People (page 44), Supply chain (pages 67, 68, 71)
Forced or Compulsory Labour	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour	Partial coverage under policy level disclosures. People (page 44), Supply chain (pages 67, 68, 71)
Indigenous Rights	G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	Communities (page 57)
Supplier Human Rights Assessment	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	Partial coverage under Supply chain (pages 68, 71), People (pages 44, 46), Global context (page 14)
Human Rights Grievance Mechanisms	G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	Land claims under Communities (page 57), Speakout under Governance (page 21)

GRI G4 content index

Material aspects (G4-19)	DMA and indicators	Section covered (SD/IR)	
Society			
Local Communities	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programmes	Communities (page 54), Operational excellence (page 41), Stakeholder engagement (page 106)
	G4-SO2	Operations with significant actual and potential negative impacts on local communities	Operational excellence (page 41)
Anti-Corruption	G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Partial coverage under Governance (page 21)
	G4-SO4	Communication and training on anti-corruption policies and procedures	Partial coverage under Governance (page 21)
	G4-SO5	Confirmed incidents of corruption and actions taken	Governance (page 21)
Public Policy	G4-SO6	Total value of political contributions by country and recipient/beneficiary	Governance (page 21)
Anti-competitive Behaviour	G4-SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	Governance (page 21)
Compliance	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Governance (page 21)
Supplier Assessment for Impacts on Society	G4-S10	Significant actual and potential negative impacts on society in the supply chain and actions taken	Partial coverage under Supply chain (pages 67, 68, 71), Global context (page 14)
Customer Health and Safety	G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	Products (page 64)
Product and Service Labelling	G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	Products (page 64)
	G4-PR5	Results of surveys measuring customer satisfaction	Products (page 63), Business unit reviews (pages 77, 80)
Marketing Communications	G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	Products (page 64)
Customer Privacy	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Products (page 64)

Glossary

This report contains a number of terms which are explained below:

AOX

Adsorbable organic halogen (AOX) compounds is a metric for emissions to water and is measured in tonnes.

ART

Anti-retroviral treatment.

BAT

Best Available Techniques. 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 conclusions are defined by the European Community and published in the 'Best Available Techniques Reference Document for the Pulp, Paper and Board Industry' according to the Industrial Emissions Directive (IED) [EU Directive 2010/75/EU]

BBBEE

Broad-based black economic empowerment.

BITC

Business in the Community, a UK-based, business-led charity, focused on promoting responsible practices.

Blue water footprint

The consumption of potable, surface, second-class and ground water.

CDLI

Climate Disclosure Leadership Index. CDP (see below) recognises companies with high-quality disclosure as top scoring companies in its FTSE 350 CDLI, where scores are calculated according to a standardised methodology which measures whether and how well a company responds to each question.

CDP

CDP is an international not-for-profit organisation providing a global system for companies to measure, disclose, manage and share information on carbon, water, forests and supply chain.

CEP

Community engagement plans (CEPs) provide the basis of our engagement and support for local communities and are updated annually by our mills.

CEPI

The Confederation of European Paper Industries (CEPI) is a Brussels-based not-for-profit organisation representing the European pulp and paper industry. It monitors and analyses activities and initiatives in the areas of industry, environment, energy, forestry, recycling and competitiveness in general, and provides a unique source of information both for and on the industry. Its members are 550 pulp, paper and board producing companies across Europe and 1,000 paper mills, together representing 25% of world production in 19 countries.

CFCs

Chlorofluorocarbons.

CITES

The Convention of International Trade in Endangered Species (CITES) 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.

CoC

Chain-of-Custody (CoC) is a tracking system that allows manufacturers and traders to demonstrate that wood comes from a forest that is responsibly managed in accordance with credible standards.

COD

Chemical oxygen demand (COD) is a measure of the oxygen consuming capacity of inorganic and organic matter present in waste water. It is a metric for emissions to water and is measured in tonnes.

CO₂e

Greenhouse gases (GHG) are often compared on the basis of their estimated potential to cause global warming. Factors can be used to convert a quantity of non-CO₂ GHG (such as CH₄ or N₂O) into an amount of CO₂ with an equivalent warming potential. Of importance in the pulp and paper industry, CH₄ and N₂O emissions are considered. Every gram of CH₄ is equivalent to 21 grams of CO₂ and each N₂O gram is equivalent to 310 grams of CO₂. Total GHG emissions can be calculated as the sum of several GHGs expressed as the equivalent amount of CO₂ – abbreviated as CO₂e.

Contact water

The sum of all water volumes used on a site in production 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 Standard (FSC-STD-40-005)

A standard for company evaluation of Controlled Wood to allow companies to avoid trading in wood that is harvested – illegally, in violation of traditional and civil rights, in forests with threatened HCV areas, in forests being converted to non-forest use or in forests with GMO trees. It strongly supports due diligence in meeting legal compliance and zero deforestation.

Controversial sources

Mondi defines controversial sources as wood that is illegally harvested, in violation of traditional and civil rights, harvested in forest management units in which high conservation value areas 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.

Converting operations

Operations for the conversion of corrugated packaging, industrial bags, extrusion coatings, release liner, consumer packaging and advanced films.

CoP

Business participants in the UN Global Compact commit to issue an annual Communication on Progress (CoP), a public disclosure to stakeholders (e.g. investors, consumers, civil society, governments, etc.) on progress made in implementing the 10 principles of the UN Global Compact, and in supporting broader UN development goals.

CSI

Corporate social investment.

DLC

Dual listed company.

Ecosystem services

Human beings are both part of ecosystems and benefit from ecosystems in many ways. Ecosystem services are the benefits we derive from ecosystems – such as food, water, fibre and recreation.

EMP

Ecosystem management plan.

EN

Ecological network. Landscape-scale ENs are interconnected conservation corridors of high-quality habitat used to mitigate the adverse effects of landscape fragmentation and to connect with protected areas. It is the EN that retains the biodiversity and ecosystem processes in production landscapes.

ERM CVS

Environmental Resources Management Certification and Verification Services.

EU ETS

European Union Emissions Trading Scheme.

EUTR

The EU Timber Regulation (EUTR) came into force on 3 March 2013, making it illegal to place illegally harvested timber and timber products on the EU market.

FABI

The Forestry and Agricultural Biotechnology Institute (FABI) focuses on future forests, food and the health and development of plants and their products to help contribute to global economic development and food security.

FAO

The Food and Agriculture Organization (FAO) of the United Nations' mandate is to raise levels of nutrition, improve agricultural productivity, better the lives of rural populations and contribute to the growth of the world economy.

Food4Forests

A social initiative by Mondi in South Africa to deliver nutritious meals to forestry contractors every working day.

FSA

Forestry South Africa (FSA) is South Africa's premier and largest forestry organisation representing timber growers in South Africa. The association has over 90% of all registered timber growers as members (numbering more than 2,500).

FSC®

The Forest Stewardship Council® (FSC®) 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

The FTSE/JSE Responsible Investment index series replaces the JSE's Socially Responsible Investment (SRI) index.

Glossary

GHS

The Globally Harmonized System of Classification and Labelling of Chemicals (GHS) is used to categorise chemicals by their hazardous characteristics. GHS is an internationally agreed upon system, created by the United Nations. For further information GHS regulations can be found on the United Nations website at www.unece.org/trans/danger/publi/ghs/ghs_welcome_e.html

Global Footprint Network

An independent think tank based in the US, Belgium and Switzerland, which develops and promotes tools for advancing sustainability, including the Ecological Footprint and bio-capacity, which measure the amount of resources we use and how much we have. These tools aim at bringing ecological limits to the centre of decision making.

GM

Genetically modified.

Green water footprint

The consumption of rainwater stored in vegetation or soil as moisture. Water consumption during fibre growth in forests is counted and reported as green water.

Grey water footprint

The volume of fresh water required to assimilate the load of pollutants based on existing ambient quality standards.

GRI

The Global Reporting Initiative (GRI) is a not-for-profit organisation that produces one of the world's most widely used standards for sustainability reporting.

HCFCs

Hydrochlorofluorocarbons.

HCV

High conservation value (HCV) areas need to be appropriately managed in order to maintain or enhance high conservation values across a landscape.

HCVRN

HCV Resource Network (HCVRN) promotes a practical, consistent application of a HCV methodology globally.

IFL

An intact forest landscape (IFL) is an unbroken expanse of natural ecosystems within the zone of current forest extent, showing no signs of human activity and large enough that all native biodiversity, including viable populations of wide-ranging species, could be maintained. For more information see www.intactforests.org.

ILO

The International Labour Organization (ILO) is a UN agency dealing with labour issues, particularly international standards, social protection and work opportunities.

IPCC

The Intergovernmental Panel on Climate Change (IPCC) is the leading international body for the assessment of climate change. It was established by the United Nations Environment Programme (UNEP) and the World Meteorological Organization (WMO) in 1988 to provide the world with a clear scientific view on the current state of knowledge on climate change and its potential environmental and socioeconomic impacts.

ISO 14001

International standard created by the International Standards Organization (ISO) for formal and certified environmental management systems.

JSE

Johannesburg Stock Exchange Limited.

Komi

The Komi Republic is a federal subject of Russia (a republic) situated to the west of the Ural mountains, in the north east of the East European Plain. Its capital is the city of Syktyvkar.

KPI

Key Performance Indicator.

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.

Level II environmental incident

A Level II environmental incident is any occurrence that has actually resulted in the loss of primary containment of at least 1 kg GHS hazard category 1 substance or > 10 kg of all other GHS classified substances.

Life-altering injuries

Injuries that would change the injured person's life, such as permanent impairments.

LOPC

Loss of primary containment (LOPC) is an unplanned or uncontrolled release of any material from primary containment, including non-toxic and non-flammable materials (e.g. steam, hot condensate, nitrogen, compressed CO₂ or compressed air). The hazard characteristics of a chemical are categorised according to its GHS hazard category.

LTI

Lost-time injury.

MADD

Making a Difference Day, Mondi's Group-wide annual employee engagement initiative, that focuses on what everyone can do to improve our safety, health, environmental and social performance.

MENP

Mondi Ecological Network Programme.

WWF-MWP

WWF-Mondi Wetlands Programme (WWF-MWP) is a joint programme between WWF, the Wildlife and Environmental Society of South Africa, the Mazda Wildlife Fund and Mondi. It has been the most successful non-governmental wetland conservation programme in South Africa.

NGO

Non-governmental organisation.

NGP

WWF's project aspires to an ideal form of plantations that contribute positively to people and nature. It promotes well-managed, inclusive and profitable plantations by sharing knowledge and experience.

NOx

NOx is a generic term for NO and NO₂ emissions. Our NOx emissions arise from the combustion of fossil fuels and biomass in our on-site energy generation plants.

OHSAS 18001

An internationally applied British standard for occupational health and safety management systems.

PAMSA

The Paper Manufacturers Association of South Africa.

Paper for recycling

Formerly known as 'recovered paper', is a new 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 material 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.

PDI

Previously disadvantaged individuals, a term used in South Africa in the context of Black Economic Empowerment (BEE), a programme launched by the South African government to redress the inequalities of apartheid by giving certain previously disadvantaged groups of South African citizens (Blacks, Coloureds, Indians, etc.) economic privileges previously not available to them.

PEFC™

Programme for the Endorsement of Forest Certification (PEFC™) is an international not-for-profit non-government organisation dedicated to promoting sustainable forest management through independent third party certification.

PPE

Protective personal equipment.

Recovered paper

See 'paper for recycling'.

Resilient landscapes

Production landscapes where there is a mosaic of commercial and natural ecosystems that have the capacity to recover from disturbances such as climate change, intensive management, poverty-induced overuse, drought, fire, floods, pests and disease.

SAVE FOOD

A campaign supported by the UN Food and Agriculture Organization, the UN Environment Programme and Messe Düsseldorf to address challenges related to global food waste.

SDGs

The UN Sustainable Development Goals were launched in 2015, involving a comprehensive, far-reaching and people-centred set of 17 universal and transformative Goals and 169 targets. They are integrated and indivisible, and will stimulate action over the next 15 years in areas of critical importance for humanity and the planet: people, planet, prosperity, peace and partnerships.

Glossary

SDMS

Mondi's Sustainable Development Management System (SDMS) is used to govern our approach to sustainability and implement our sector policies.

Scope 1 emissions

Total GHG emissions from sources owned or controlled by Mondi and its subsidiaries. This includes CO₂e from fossil fuels and processes, company leased/owned vehicles, CH₄ emissions from waste and waste water treatment, make-up chemicals, and other GHG gases.

Scope 2 emissions

Total GHG emissions from sources that are related to the generation of purchased energy outside the company boundaries.

Scope 3 emissions

Total GHG emissions from business travel; fuel; transport of products and raw materials; and employee commuting.

SEAT

Socioeconomic assessment toolbox process (SEAT) is a formal series of open and transparent sessions of dialogue with our stakeholders facilitated by an independent third party. It is a key tool for engaging with and managing our socioeconomic impact on local communities.

SHE

Safety, health and environment.

Silver Taiga

A Komi Republic regional NGO founded in 2002 on the basis of WWF. It is implementing the Komi Model Forest, Forest Village and high conservation value (HCV) Forests projects in Komi (Russia). The founder of the Silver Taiga Foundation is the Swiss Agency for Development and Cooperation (SDC), an arm of the Swiss government.

Silviculture

The growing and cultivation of trees.

Speakout

Mondi's confidential reporting hotline and whistle-blowing programme.

Specific

Measurement of emissions or consumption calculated based on tonnes of saleable production.

TFD

The Forests Dialogue (TFD) is a group of individuals with diverse interests and from different regions, committed to conservation and sustainable use of forests.

TRCR

Total recordable case rate (TRCR) is calculated as the number of total recordable cases (the sum of fatalities, lost-time injuries, restricted work cases, medical treatment cases and occupational diseases) divided by the number of hours worked per 200,000 man hours.

TRS

Total reduced sulphur (TRS) compounds are the sum of the following reduced malodorous sulphur compounds generated in the pulping process: hydrogen sulphide, methyl mercaptan, dimethylsulphide and dimethyldisulphide expressed as sulphur. It is a metric for emissions to air and is measured in tonnes.

TSS

Total suspended solids (TSS) describes the total pollutant load consisting of non-dissolved solids from the site that reaches the aquatic environment.

UNEP

United Nations Environmental Programme (UNEP) 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 (UNGC) 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.

WBCSD

World Business Council for Sustainable Development (WBCSD) is a chief executive officer-led, global association of some 200 international companies dealing exclusively with business and sustainable development.

WIA

Water impact assessments.

WRI

World Resources Institute (WRI) 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.

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Integrated report and financial statements 2015

A balanced overview of Mond's performance in 2015 and insight into how our approach to strategy, governance, people and performance combine to generate value in a sustainable way.

Also available online at www.mondigroup.com/ir15



Looking back, moving forward: Sustainable development 2015

A printed publication reflecting on the progress made over the last five years since the launch of our second set of sustainable development commitments.

Also available as a downloadable pdf at www.mondigroup.com/sdpublication15



Online Sustainable development report 2015

A comprehensive view of our approach to sustainable development and our performance in 2015, prepared in accordance with the GRI G4 core guidelines. Available online as an interactive pdf at www.mondigroup.com/sd15