Mondi Group
Sustainable development report 2016

We are Mondi:
IN TOUCH EVERY DAY

We want to delight you with our innovative and sustainable packaging and paper solutions. With over 100 products customised into more than 100,000 solutions, we offer more than you may expect.

You deserve the best from us, and that influences everything we do. From managing forests and producing pulp, paper and compound plastics, to developing effective and innovative industrial and consumer packaging solutions.

Collaborating with our customers and other strategic partners inspires us to develop quality products that prioritise the responsible use of resources.

Delivering value to our stakeholders is always top of mind.

This report gives a comprehensive account of our approach to sustainable development and our performance in 2016 across our key focus areas.

ERM CVS has provided limited assurance on selected key performance indicators as well as the status of compliance of the report with GRI G4 core guidelines.

📖 99

Our 2016 suite of reports

Please visit our online reporting hub where copies of our reports can be downloaded: www.mondigroup.com/reports16

Integrated report and financial statements 2016

A balanced overview of Mondi's performance in 2016 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/ir16

Global thinking, local action: Sustainable development 2016

A printed publication looking at how we're using our Growing Responsibly model to address some of our greatest challenges and enabling our businesses to deliver. Available online at www.mondigroup.com/sdpublication16

Online Sustainable development report 2016

A comprehensive view of our approach to sustainable development and our performance in 2016, prepared in accordance with the GRI G4 core guidelines. Available online as an interactive pdf at www.mondigroup.com/sd16

How to use this report

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Front cover: Mondi's Aqua grades: Pack smart. Pack strong. Pack green.

* Desktop view only

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Overview

Mondi's Menu Box: A convenient all-in-one solution for fast food consumers

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

Global thinking, local action: well prepared for the challenges and opportunities ahead

"It's a time of collaboration, collective action and holistic thinking, with an increased expectation for business to play a more active role. Our approach is well aligned with the current global sustainable development agenda and provides a strong foundation for future sustainable profitable growth."

Stephen Harris
Chairman of the DLC sustainable development committee

"With our Growing Responsibly model now integrated into how we do business, I have no doubt that our collective efforts as a Group, together with our stakeholders, will continue to meet the challenges and guide our responsible growth and ongoing success."

David Hathorn
Chief executive officer

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

We introduced our Growing Responsibly model in our 2015 report and have spent the past year rolling it out across our businesses, engaging our leaders and embedding it into our day-to-day business activities. As the external environment and stakeholder expectations continue to evolve, we've also strengthened the Group-wide sustainability policies that underpin our approach.

Global initiatives and the drive for transparency

2015 saw the initiation of two important global actions: the first-ever universal, legally binding global climate deal in Paris during COP21 and the 17 UN Sustainable Development Goals (UN SDGs) that will frame the sustainable development agenda to 2030.

While growing responsibly has long been our philosophy, our Growing Responsibly model has helped focus our efforts on delivering 16 clearly defined commitments to 2020[1] and beyond, across 10 action areas that span our entire value chain.

The model gives us the opportunity to share what we're doing as a Group and provides a dashboard for our businesses and local operations to drive and monitor progress in the areas most relevant to them. Appreciating the important role business must play in the global sustainability agenda, we have and will continue to demonstrate strong links between our commitments and the UN SDGs.

Working together to achieve scale and impact

Collaboration and our ongoing participation in global platforms and agendas remain central to our approach. Our strategic partnerships continue to strengthen – particularly our three-year global partnership with WWF. Together, we published our Cascading Use of Wood report, supported the launch of the WWF Boreal Forest Platform (BFP) in Russia, and celebrated the ongoing success of the WWF-Mondi Wetlands Programme (WWF-MWP) which marked its 25th anniversary this year. As we approach the end of this three-year period, we're currently discussing the possibility of a next phase of our long-standing collaboration.

We also contributed to the Natural Capital Protocol, WBCSD's Social Capital Protocol and CISL's[2] Natural Capital Leadership Platform. We continued to collaborate with global academic partners and to engage with our customers, working together to develop joint solutions that offer them and ourselves a competitive advantage. It's encouraging that investors are increasingly looking to integrate sustainability into their business decisions. It makes good business sense, and it's how we do things at Mondi.

Addressing the UK Modern Slavery Act of 2015 will be a key focus in 2017 as we maintain our ongoing commitment to transparency and the role that business must play in supporting human rights across the supply chain.

A strong safety culture

We're extremely pleased that we had no fatalities or life-altering injuries at Mondi in 2016, however are deeply saddened by a fatality in our South African forestry operations in February 2017.

While good progress has been made in 2016 in strengthening our safety culture, our journey is far from over. We will continue to focus on eliminating fatal and life-altering injuries at our operations with our increasingly engaged and risk-focused businesses committed to identifying and engineering out their top risks.

Listening and learning from our people

Feedback from our latest Group employee survey in 2015 shaped much of the work that followed in 2016. We learned that we needed to work together more often and more effectively across our businesses.

Our employees also want us to strengthen informal, day-to-day recognition and encourage more frequent and personal feedback. We also need to empower all our operations to deliver local goals, while contributing to global strategy and priorities.

In terms of progress, we still have some way to go but we're taking positive steps all the time. We're focused on employee training and engagement, increasing feedback from our leaders across the business, and running collaboration-themed workshops and events across various operations and offices.

Gearing up to meet the challenges and opportunities ahead

As we look to the coming year, we'll continue to train and engage our people and to use supporting science to help refine our Growing Responsibly commitment metrics where necessary. Participating in global platforms and agendas, strengthening links to the UN SDGs and other global initiatives – and continuing to think globally while acting locally will be key.

Stephen Harris visits our Syktyvkar operations (Russia)

1 Our climate commitment runs to 2030
2 Cambridge Institute for Sustainability Leadership
   www.cisl.cam.ac.uk

Sustainable development highlights 2016

Refreshed and launched Sustainable Development Policies

Rolled out our Growing Responsibly model

25th anniversary of WWF-Mondi Wetlands Programme

Achieved CDP 'Leadership A' List for Climate, Forest and Supply Chain

CDP A LIST 2016

Launched WWF Boreal Forest Platform in Russia together with WWF

BOREAL FOREST Platform

9% reduction in specific CO₂e since 2014

790,000 training hours for employees

€7.9m invested in community projects

67% of wood and

81% of external pulp procured FSC or PEFC certified

5% reduction in specific COD emissions since 2015

Zero fatalities[1] and life-altering injuries, and 0.66 TRCR

11% reduction in specific waste to landfill since 2015

1 Regrettably in February 2017 we suffered a fatality in our South African forestry operations

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 and premium listing on the London Stock Exchange

Capital expenditure
€465m

Four acquisitions completed
€185m

Number of employees
25,400

FSC®-certified forests[1]
100%

Electricity self-sufficiency
98%

Safety: Total recordable case rate
0.66

Proactive risk management
Our risk and internal control management framework is designed to address all the significant strategic, financial, operational and compliance-related risks that could undermine our ability to achieve our business objectives.

Best-practice governance
Our Boards strongly support adherence to the highest standards of corporate governance with a focus on transparency, integrity and accountability. Our directors are committed to ensuring that we reflect best practice and dedicate time to reviewing developments, assessing our performance and enhancing our approach.

Where we operate
With operations in Europe, Russia, North America, Middle East & North Africa, Asia, and South Africa; we're more international than you may expect.

Countries
32

Operations
109

Our people
Our people and our culture really matter. We're connected, guided and inspired by our cultural characteristics and values. Zero harm is at the heart of the way we operate, and we are fully committed to ensuring our people return home safely. Every day.

Our commitment to growing responsibly
While growing responsibly has long been our philosophy, our Growing Responsibly model focuses our efforts on delivering 16 clearly defined commitments to 2020 and beyond, across 10 action areas that span our entire value chain.

1 2016 lease exchange in Russia resulted in a new lease of around 39,000 hectares which will be FSC certified during 2017 after completion of state inventory and state forest management plan

Financial highlights 2016

Revenue
€6,662m ↓2%

Return on capital employed
20.3%

Underlying EBITDA
€1,366m ↑3%

Underlying earnings per share
137.8 euro cents ↑3%

Underlying operating profit
€981m ↑3%

Dividend per share
57.0 euro cents ↑10%

→ Strong financial performance
→ Capital projects delivering growth
  • Completed major projects contribute around €50m to operating profit
  • Over €800m in major expansionary projects approved and in progress
→ Four acquisitions totalling €185m expanding our packaging interests

About Mondi

Our businesses

Group underlying operating profit[1]

€981m

Group return on capital employed

20.3%

1 Excludes special items of €38 million

The Group's externally reportable operating segments reflect the internal reporting structure of the Group and is based on the underlying nature of the products produced. Due to its unique characteristics in terms of geography, currency and underlying risks, the South Africa Division is managed and reported as a separate geographic segment.

	Packaging Paper	Fibre Packaging	Consumer Packaging	Uncoated Fine Paper	South Africa Division
Segment revenue	€2,056m	€1,929m	€1,562m	€1,246m	€594m
Segment underlying operating profit	€361m	€123m	€121m	€264m	€147m
Return on capital employed (ROCE)	22.4%	13.5%	10.5%	36.0%	27.8%

Products

Packaging Paper	Fibre Packaging	Consumer Packaging	Uncoated Fine Paper	South Africa Division
Our **virgin and recycled containerboard** is used to make corrugated packaging. **Sack kraft paper** is the main component of valve and open mouth industrial bags. **Our speciality kraft paper** is used to make retail shopping bags and attractive food packaging.	Our **corrugated packaging** products go well beyond traditional boxes to fully customised solutions. Our **industrial bags** are a sustainable packaging solution, optimised for high-speed filling. **Extrusion coatings** provide high-quality barrier solutions ranging from food packaging to building insulation.	Our **consumer goods packaging** products extend shelf life and improve the end-user experience. **Personal care components** form part of diaper and femcare products used around the world every day. Our **release liners** are used for labels, tapes and graphic arts; and our **technical films** provide solutions from high-quality laminating films to surface protection films.	Our extensive range of **office papers** is designed to achieve optimal print results on laser, inkjet and copy machines. Our high-performance **professional printing papers** are perfect for offset presses, high-speed inkjet presses and the latest digital print technologies.	We sustainably manage plantation **forests** that provide us with high-quality fibre to produce **pulp**. Our **virgin containerboard** is used to make corrugated packaging, and we offer a range of multifunctional **office paper**.

Sustainability highlights

Communities	Climate change	Sustainable products	Safety	Sustainable products	Safety	Forestry partnerships	Communities	Forestry partnerships	Water stewardship
€2m invested	15% reduction in CO_2e (tonnes per tonne of saleable production against a 2014 baseline)	IceBox launched	14% improvement in TRCR (against a 2015 baseline)	PaperPack for frozen food launched	700 people trained in behavioural safety, Gronau (Germany)	WWF Boreal Forest Platform launched	€2m invested	25 year anniversary of WWF-Mondi Wetlands Programme	12% freshwater reduction (against a 2015 baseline)

About Mondi

Creating sustainable value

Our strategy is to deliver sustainable value by providing high-quality packaging and paper solutions, and we achieve this by focusing on our four strategic value drivers.

This approach enables us to make the most of the competitive advantages we enjoy today, and sets a clear framework for our investment and operational decisions so that we can continue to create value into the future. While all strategic value drivers are relevant to each of our businesses, priority levels may differ across the value chain.

Our consistent and focused strategy, robust business model and firm focus on operational excellence all continue to contribute to our performance. We remain confident of continuing to deliver industry leading returns.

Our priorities for the business in 2017 are to continue to evaluate both product and market opportunities, to successfully complete our current capital expenditure projects, fully realise the potential of acquisitions completed over the last two years, maintain tight control of costs and further embed our Growing Responsibly model throughout our operations.

In the longer term we will continue to focus on these strategic priorities, evaluating opportunities for growth in our packaging businesses and investing in our asset base to maintain our competitiveness.

For a detailed account of our strategic value drivers see page 14 of our Integrated report and financial statements 2016.

Driving performance

Investing in our high-quality, low-cost assets

Innovating through customer partnerships

We deliver sustainable value by providing high-quality packaging and paper solutions through:

Growing responsibly and inspiring our people

Our business model

Creating value the Mondi Way

The Mondi Way

The Mondi Way provides a framework to explain how our business model creates value. We believe it's the combination of the Mondi Way elements that makes us successful as each part plays a key role in guiding the decisions we make and the way we work.

Purpose

What we do at Mondi and why we do it. Our purpose statement fuels our inspiration and provides the context for our strategy.

We delight you with innovative and sustainable packaging and paper solutions. Every day.

Strategy

Our plan of action designed to deliver sustainable value. It is the roadmap we follow to secure competitive advantage in line with our purpose.

To deliver sustainable value by providing high-quality packaging and paper solutions through:

→ Driving performance
→ Investing in our high-quality, low-cost assets
→ Innovating through customer partnerships
→ Growing responsibly and inspiring our people

Operating framework

We use the Mondi Diamond to drive day-to-day performance by converting strategy into clear objectives at an operational level. All five areas contribute to our success and our operations decide how to get the balance right in line with their priorities.

The Mondi Diamond:

→ Cutting-edge solutions
→ Inspired people
→ Operational excellence
→ Successful customers
→ Sustainable development

Culture and values

We are connected, guided and inspired by our culture and values. Our cultural characteristics make Mondi unique and set out the behaviours required of each of us to be successful. Our values are just as important as they describe our shared core beliefs.

→ **We are dynamic, entrepreneurial and empowered**
Value: Passion for performance
→ **We are respectful and responsible**
Value: Caring
→ **We encourage honesty and transparency**
Value: Acting with integrity

The risks we manage

Strategic risks
→ Industry productive capacity
→ Product substitution
→ Variability in selling prices and margins
→ Country risk

Financial risks
→ Capital structure
→ Currency
→ Tax

Operational risks
→ Cost and availability of raw materials
→ Energy security
→ Technical integrity of operating assets
→ Environmental impact of our operations
→ Employee and contractor safety

Compliance risks
→ Reputational
→ Information technology

Our business model

Key inputs

→ **High-quality, well-invested, low-cost integrated production base**

→ **Engagement and collaboration with customers and suppliers**

→ **Strong financial position and cash flow generation**

→ **Responsible procurement of raw materials and other inputs**

→ **Diverse and talented people with a broad range of skills and experience**

→ **Constructive relationships with communities, governments, NGOs and other stakeholders**

Our value chain

Our integrated value chain shows how we convert raw materials into innovative and sustainable solutions in line with our strategic priorities.

Pulp and paper mills

Raw materials
Wood fibre
Paper for recycling
Resins and film

Converting operations

Packaging and paper solutions for our customers
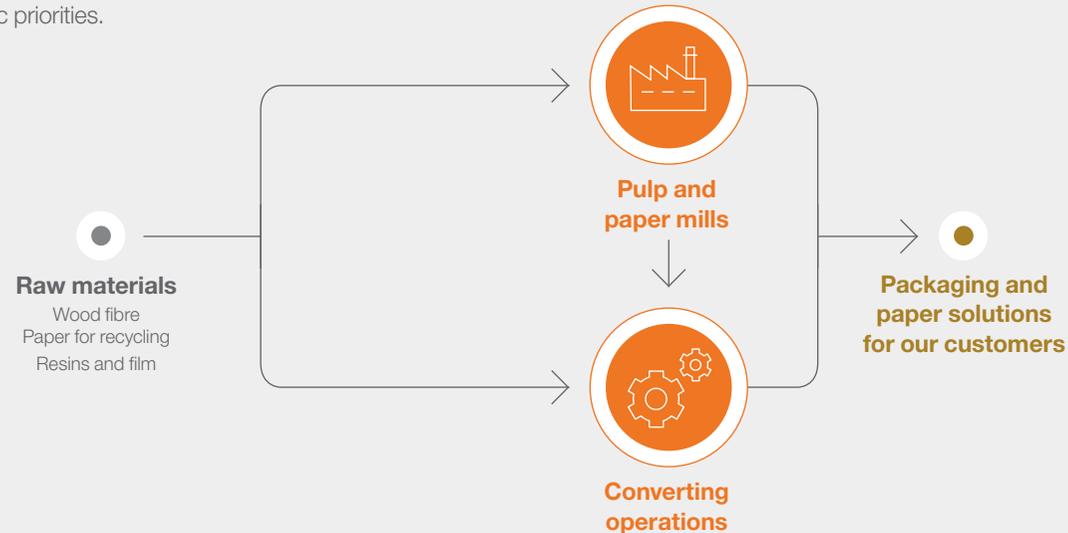
We sustainably manage forests and purchase wood from responsible sources to produce pulp. Along with paper for recycling, we then turn the pulp into containerboard, kraft paper and uncoated fine paper.

Our converting operations require paper and other raw materials such as resins, films and non-wovens (some of which we produce ourselves) to create a wide range of innovative and sustainable packaging solutions and advanced materials that contribute to our customers' success.

Key outputs in 2016

→ **High-performing operations**

20.3%
ROCE

19
production records on pulp & paper machines

→ **Innovative products and solutions**

€19m
spent on research & development

6
innovation centres

→ **Capital appreciation and dividends to shareholders**

10%
increase in dividends

314%
total shareholder return (5 years)

→ **Sustainably managed natural resources**

67%
FSC or PEFC certified wood

100%
owned/managed forests FSC certified[1]

→ **Inspired and skilled people**

790,000
training hours

90%
biennial employee survey participation (2015)

→ **Support to regional economies and local communities**

€173m
direct taxes paid

€8m
community investment

Our competitive advantages

→ **Superior returns on capital employed** thanks to our disciplined approach to, and implementation of investment decisions

→ **Inherent and sustainable cost advantages** because of our high-quality, low-cost production base; footprint in emerging markets; and **focus on driving performance**

→ **Improved security of supply and reduced exposure to price volatility** by being integrated through the value chain

→ **Consistently high level of service and innovation** driven by our scale, global reach, diverse product range and strong market positions

→ **Integrated approach to sustainable development and risk management,** safeguarding our long-term future

→ **Commitment to unlocking the potential of our people** by promoting a safe, inspiring and productive working environment

1 2016 lease exchange in Russia resulted in a new lease of around 39,000 hectares which will be FSC certified during 2017 after completion of state inventory and state forest management plan

Where we operate

Our global presence

Mondi has around 100 production sites across more than 30 countries, with key operations located in central Europe, Russia, North America and South Africa.

We're more international than you may expect.

North America

South America

Africa

Europe

Asia

Australasia

Key

- Packaging paper
- Fibre packaging
- Consumer packaging
- Uncoated fine paper
- Pulp
- Forestry

Capital investments

1. Świecie (Poland)

€260m
Recovery boiler, turbine, biomass boiler, 100 ktpa pulp, 80 ktpa lightweight kraftliner (start-up in Q1 2017)

2. Richards Bay (South Africa)

€30m
Wood yard upgrade (completed)

3. Štětí (Czech Republic)

€470m
Recovery boiler, rebuild of fibre lines, debottlenecking and new 90 ktpa machine glazed speciality kraft paper machine (approved in Q1 2017, subject to incentives and permitting)

4. Ružomberok (Slovakia)

€310m
300 ktpa kraft top white containerboard machine (approved, subject to incentives and permitting)

5. Syktyvkar (Russia)

€144m
Power plant rebuild and waste water treatment plant modernisation (approved)

Revenue by location of production
%

€6,662m

Emerging | Mature

Emerging Europe	32
Russia	12
South Africa	9
Other	1
Western Europe	37
North America	9

Employees per region
%

25,400 employees

Emerging | Mature

Emerging Europe	31
Russia	22
South Africa	7
Other	3
Western Europe	28
North America	9

Corporate offices

Johannesburg	■
London	■
Vienna	■

Production sites

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

Our global context

We operate in a changing world

Many complex issues affect society, livelihoods and the way we do business – from climate change and resource scarcity to biodiversity loss, deforestation and the shift in socioeconomic balance globally.

Collectively, we must find more effective ways to support business and livelihoods within the limits of the planet. At Mondi, we're clear that our success depends on how we manage the risks and opportunities associated with the key global trends affecting our business, and how we work with others to find long-term solutions.

The UN Sustainable Development Goals (UN SDGs) will drive collective action on a global level until 2030. They are also helping to shape how we respond as a business through our sustainability approach and commitments. In this section, we describe the key global megatrends affecting society and our business.

Climate change

Climate change continues to be one of the greatest threats to society, the environment and the economy. Despite international action, greenhouse gas emissions continue to rise with knock-on effects for biodiversity, water and food security. At the Paris climate conference COP21 in December 2015, 195 countries adopted the first-ever universal, legally binding global climate deal. It sets out a global action plan to limit global warming to well below 2°C.

We operate an energy intensive business and manage 2.3 million hectares of forests, so we have a clear responsibility to minimise our impact on climate. We focus on improving energy efficiency, increasing our use of renewable energy, sustainably managing our forests and ecosystems, sourcing our raw materials and services responsibly in collaboration with stakeholders along the value chain, and developing new products that contribute to a low-carbon economy.

Read more about our approach to:

Our global context

Resource scarcity and industrial emissions

Humanity currently uses the equivalent of 1.6 planets to provide its resources and absorb its waste[1]. Alongside the environmental and social benefits, using resources more efficiently makes good business sense. Adaptive businesses do more with less and provide their customers with the opportunity to do the same as part of the circular economy. Failure to use resources more efficiently and develop circular and sustainable business models will result in higher costs and impact on competitiveness[2].

Our business is resource intensive and has an impact on the natural environment through its emissions to air and water and generation of waste. We work to secure our raw materials sustainably and to reduce our operational footprint, while addressing the needs of our customers to contribute to society's shift to a circular economy.

📖 **Read more about our approach to:**

37 Practicing and promoting sustainable forestry.

43 Using efficient and renewable sources of energy.

48 Efficient water consumption, waste minimisation, and managing our emissions to air and water.

63 Responsible sourcing of wood and other fibre-based raw materials.

71 Developing resource-efficient, innovative and value-adding product solutions.

Shift in global socioeconomic balance

The global population is growing at a rapid pace, particularly in urban areas. Economic power and production patterns are also shifting to the east and south, with overall trade volumes and disposable incomes rising. Some 3.6 billion people are expected to enter the middle classes by 2030, up from 1.7 billion people today[3]. Such demographic and economic shifts are driving increased demand for basic materials, energy and natural resources. These changes can impact on the socioeconomic status of our operating regions as well as customer demand and purchasing power, providing opportunities and challenges in emerging markets.

We strategically move into markets that offer us growth opportunities. Global socioeconomic shifts can translate into opportunities for our business to develop new products and markets. But this can present challenges related to material input and products' end-of-life. In addition, in areas of weaker governance, we could face human rights challenges. There are however, opportunities to address these challenges through strengthened mechanisms in our operations and value chain. These include a healthier, more diverse and more productive workforce across the supply chain; a fair and inclusive supply chain that benefits all; and more resource productivity resulting from cleaner production along the chain.

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.

📖 **Read more about our approach to:**

48 How we strive for resource efficiency in everything we do.

48 Our contribution to society's shift to a circular economy.

55 Investing in communities.

63 Addressing human rights in our supply chain.

📖 How we motivate, engage and train our people in remote locations in our Global thinking, local action 2016 publication.

Increased transparency, connectedness and public awareness

We operate in an increasingly connected world. With widespread use of the internet, mobile technology and social media, society now has greater access to a much wider range of information. This is driving the need for more transparency across complex and globalised supply chains as stakeholders question where their products and services come from. Today's global connectedness means stakeholders can also form instant virtual communities and use their collective power to shape business and influence public policy, bringing both challenges and opportunities for organisations.

Our business risks and opportunities are not limited to our own operational boundaries but can occur anywhere along the value chain. We believe everyone needs to work together to develop a joint approach to managing risks and opportunities if we're all to benefit. We support the drive for more transparency through proactive engagement with our stakeholders and by disclosing our performance.

📖 **Read more about how:**

63 Our sourcing of certified and controlled wood supports the tracing of fibre along the value chain.

63 Our response to the Modern Slavery Act 2015 in the UK will drive improvements in risk assessments, practices and reporting.

63 Our Suppliers Relationship Management (SRM) system is strengthening supply chain opportunities for improvements and collaboration.

1 www.footprintnetwork.org/
2 BITC 'Forces for change' report
3 BITC 'Forces for change' report

Our global context

Collective action and international commitment

Collaboration across sectors and governments is essential to address sustainable development challenges and meet the UN SDGs and the Paris Climate agreement of 2015. There's an important role for business to play, and partnerships across the public, private and civil sectors will be crucial in scaling the response.

Our policies, standards, reporting and practices are guided by international conventions and agreements. Working with stakeholders globally, locally and across the value chain is a core part of how we do business. We believe in partnerships that help bring about change, sustainability and scale. Our collaborations include our global partnership with WWF, active participation in the Forest Solutions Group of World Business Council for Sustainable Development (WBCSD) and membership of the Cambridge Institute for Sustainable Leadership (CISL). Our Growing Responsibly action areas have links to the UN SDGs.

📖 Read more about our approach to:

18 Growing Responsibly model.

20 Global and local partnerships and stakeholder engagement.

44 Science-based targets to reduce carbon.

55 Community development initiatives and investments.

Business and human rights

Respecting human rights is a global standard of conduct for all businesses, wherever they operate. Human rights issues have become increasingly central to the public debate about the interaction of business and society. High profile breaches have shown the business and human costs of getting it wrong. There's an increasing expectation of businesses to proactively tackle their human rights issues, particularly in areas of weak governance. Meanwhile, legislation is expanding with changes such as the introduction of the UK Modern Slavery Act 2015.

Human rights challenges for businesses include child labour or forced labour within the supply chain, poor safety or security practices and environmental pollution causing harm to people's health. To identify and better understand the salient human rights issues in our supply chain, we're strengthening the monitoring and reporting of our suppliers' sustainability performance and the sourcing of our raw materials and services, and improving our risk assessment processes. In 2016 we updated and strengthened our Group-wide policies on Labour and Human Rights and Supply Chain.

📖 Read more about how:

64 Our fibre sourcing is governed by certification and Controlled Wood standards, which include labour and human rights criteria.

65 Our SRM system addresses responsible procurement of raw materials and services.

Water

Water is essential for sustaining livelihoods, wellbeing and development. Access to water is a basic human right, but competing demands for use in agriculture, households and industry are impacting both water quality and availability, particularly for the most vulnerable. According to the 2030 Water Resources Group, without improvements in how water is managed and used, the world could face a 40% supply gap by 2030[1]. Climate change impacts will further exacerbate the challenges – creating new risks for businesses, governments, communities and the environment.

We rely on water throughout our supply chain, from growing trees to using water in our manufacturing processes and discharging treated water back into the environment. Across our business, we continuously strive to use and treat water responsibly and efficiently.

📖 Read more about how:

51 We look to reduce our specific contact water consumption through focused investments and implementing closed loops and recycling water streams in our operations.

52 Since 2011, we've undertaken detailed water impact assessments of all our forest and mill operations to identify and address shared water challenges in the catchment, manage our water impacts and implement improvement plans.

Degradation of ecosystems and biodiversity

Ongoing deforestation and land conversion continue to cause biodiversity loss and are major contributors to climate change. WWF's Living Planet Index 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 ecosystem services upon which communities and business rely – especially soils, water and biodiversity, the fundamental elements that support livelihoods and business.

Wood is one of our primary raw materials and we procure it only from responsible sources. We sustainably manage forests and associated ecosystems that our business, communities and stakeholders rely on. Forest Stewardship Council® (FSC®) certification helps provide assurance of responsible forest management (page 38). Our forest lands, associated freshwater ecosystems and high conservation value areas are supported by Ecosystem Management Plans at all forestry operations (page 38). We apply sound science and sustainability principles to increase yields from our commercial forests while working with key stakeholders to maintain a balance of commercial and conservation areas (page 39).

Our global context

Occupational health and safety

The human cost and adverse global impact of occupational accidents, diseases and major industrial disasters are vast. The International Labour Organization (ILO) estimates that 6,300 people die every day from occupational accidents and work-related diseases (over 2.3 million deaths per year), and 317 million accidents happen on the job annually. The economic burden alone is estimated at 4% of global GDP each year[1].

While we're among the leading safety performers in our industry, we remain mindful that our operations involve many high-risk activities. A number of our highest risk activities occur during annual maintenance shut-downs and projects at our mills. We believe health and safety in the workplace is a fundamental right of every employee and contractor and our ultimate goal is zero harm. It's our responsibility to develop systems, policies and practices that minimise the probability of incidents, injury and exposure to health hazards in our operations.

Demand for sustainable products

With more and more people wanting to make the right choices, consumer interest in responsible products and services is greater than ever. This is driving demand for increased transparency across the whole value chain, as demonstrated by the growth in demand for certified forestry products over the last 20 years. Certification helps provide stakeholders with confidence that wood-based products are sourced from sustainably managed forests. But only limited areas of the world's forests are certified. This shortfall must be urgently addressed if certification is to remain relevant and demand for sustainable, certified wood is to be met.

While much of our focus remains on securing responsibly produced fibre and other raw materials, as well as increasing efficiency and reducing emissions during production, we also look to better communicate our sustainability practices with our customers. This helps to show the value embedded in our products and to encourage responsible purchasing in markets where we operate.

Read more about:

66 How we're working through multi-stakeholder platforms to improve certification systems, including the implementation of the new FSC global strategy and supporting efforts to make certification more practical and affordable for small and medium enterprises and communities.

72 How our packaging contributes to reducing food waste in global food supply chains.

74 Our Green Range.

1 ILO, 'Safety and Health at Work'

Our response

Growing responsibly

The sustainability challenges we face as a business and as a society are ever changing and increasingly complex. To support our long-term strategy and deliver our local priorities, we rely on a robust framework which builds on what we've learned and achieved to address current and future risks and opportunities in a holistic and inclusive way. This helps us to grow responsibly and create value for our stakeholders long into the future.

Although growing responsibly has long been part of our philosophy, our Growing Responsibly model was officially launched in our 2015 report. As one of our strategic value drivers, it provides a framework to demonstrate, monitor and improve the way sustainability is embedded in everything we do across our businesses and throughout the value chain.

Our previous commitment period (2011-2015) delivered significant sustainability progress for our business – from reducing our climate impact, emissions and waste to promoting responsible forestry; developing collaborative relationships critical to our success; and developing a culture of safety and of zero harm. Now we're building on that strong foundation for 2020 and beyond.

The Growing Responsibly model includes 16 clearly defined 2020 commitments across 10 action areas (excluding our climate commitment which runs to 2030). It demonstrates that our thinking is aligned with international initiatives such as the UN SDGs which will drive collective action at a global level until 2030.

We continued to engage with our businesses and leadership throughout 2016 to further strengthen the model and its integration across the business. Our goal is to fine tune and advance the commitment metrics (particularly where no externally established, credible metrics are available) and make sure they are appropriate and measurable. Read about our progress to this end on .

In our 2015 report, we demonstrated some of the links our action areas have to the 17 UN SDGs. This year, we have focused on our strongest links to the UN SDGs and their respective targets.

Our response

Our Growing Responsibly model

10 action areas:

Employee and contractor safety
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 industry[1].
32

A skilled and committed workforce
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.
26

Fairness and diversity in the workplace
The diversity of our workforce is one of our greatest strengths. We promote fair working conditions for a better, more diverse workplace.
26

Sustainable fibre
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.
63

Climate change
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.
43

Constrained resources and environmental impacts
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.
48

Biodiversity and ecosystems
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.
37

Supplier conduct and responsible procurement
We're taking steps to encourage greater transparency and promote fair working conditions by developing a responsible, inclusive and sustainable supply chain.
63

Relationships with communities
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.
55

Solutions that create value for our customers
We encourage sustainable, responsibly manufactured products and closer collaboration with our customers and partners.
71

16 commitments[2], by 2020[3]:

Employee and contractor safety
→ Avoid work-related employee and contractor fatalities
→ Prevent life-altering employee and contractor injuries
→ Reduce TRCR by 5% compared to 2015 baseline, including new acquisitions

A skilled and committed workforce
→ Engage with our people to create a better workplace

Fairness and diversity in the workplace
→ Promote fair working conditions in the workplace

Sustainable fibre
→ Maintain 100% FSC certification of our owned and leased forestry operations and promote sustainable forest management
→ Procure a minimum of 70% of our wood from FSC or PEFC™ certified sources with the balance meeting our company minimum wood standard that complies with the standard for Controlled Wood (FSC-STD-40-005)

Climate change
→ Reduce specific[4] CO_2e emissions from our pulp and paper mills by 15% by 2030 against a 2014 baseline

Constrained resources and environmental impacts
→ Reduce specific contact water consumption from our pulp and paper mills by 5% compared to a 2015 baseline
→ Reduce specific waste to landfill by 7.5% compared to a 2015 baseline
→ Reduce specific NOx emissions from our pulp and paper mills by 7.5% compared to a 2015 baseline
→ Reduce specific effluent load to the environment (measure COD) by 5% compared to a 2015 baseline

Biodiversity and ecosystems
→ Promote ecosystem stewardship in the landscapes where we operate through continued multi-stakeholder collaboration

Supplier conduct and responsible procurement
→ Encourage supply chain transparency and promote fair working conditions together with our key suppliers

Relationships with communities
→ Enhance social value to our communities through effective stakeholder engagement and meaningful social investments

Solutions that create value for our customers
→ Encourage sustainable, responsibly produced products

Our strongest links to the UN SDGs include:

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   4 Figures reported in specific terms are normalised to saleable production tonnes

Our stakeholders

Working together

Given the scale and nature of the challenges we face, we believe that by working together we will achieve far more impact, innovation and scale than we could by working alone. This drives us to collaborate with others, building our shared understanding of sustainability issues and developing the best solutions, together.

Working together is an enabler for change and we promote collaboration across our value chain. Our key stakeholders include employees, customers, suppliers, other land users, communities, scientific institutions, NGOs, investors, lenders, processors and retailers. For full details of our stakeholders and how we engage with them, see page 90.

Engaging with local communities
We engage openly and regularly with communities and look to increase the value we bring. Our businesses assess local socioeconomic conditions around their operations and take appropriate action. Local partnership and engagement with stakeholders is key to our approach (see page 55). Our commitment to FSC certification also helps to ensure we address community and business needs and that we respect human rights (see page 63).

Supporting global partnerships
Our global partnership with WWF International focuses on: minimising the impacts of Mondi's operations on forests, climate and water; sharing our initiatives and encouraging sustainable practices in the industry; and demonstrating leadership and best practice to show that strong environmental stewardship makes good business sense.

We're an active participant of the WBCSD Forest Solutions Group. This global platform for strategic collaboration among value chain partners aims to bring more of the world's forests under sustainable management and expand markets for responsible forest products.

There are strong links between our performance and the UN Sustainable Development Goals (UN SDGs), launched in 2015. Our Growing Responsibly model reaffirms that we are working on the right things and that our thinking is aligned with the objectives of many of the UN SDGs (see page 18). Each 'Issues in focus' (pages 25 to 76) shows our strongest link to the UN SDGs.

Our stakeholders

Developing joint solutions

We work closely with global and local NGOs, industry associations and scientific institutions to understand environmental and social challenges and maximise the shared value we create. This includes contributing to multi-stakeholder collaborations that seek sustainable solutions along the entire wood value chain (see page 67) to developing responsible supply chains (page 68) and creating innovative solutions (page 71).

Here are just a few examples of our stakeholder collaborations from the past year:

As part of our global partnership with WWF, and in cooperation with WWF-Russia and local NGO, Silver Taiga, we actively supported the launch and development of the WWF Boreal Forest Platform in Russia. It aims to explore and promote effective ways of balancing increased commercial yields with protecting high conservation value areas and benefiting local people (see page 42)

In 2016, we celebrated 25 years of the WWF-Mondi Wetlands Programme for which we have been the primary funder since 2001. We are extremely proud of this collaboration, which has brought the important role wetlands play to the forefront of conservation efforts, and driven change in the way that wetlands are identified, delineated, restored and protected across sectors in South Africa and beyond (see page 41).

In 2016, we participated in WBCSD's pilot testing of the Social Capital Protocol for its Forests Solutions Group. We tested the Protocol for some of our community investments and initiatives, looking at ways our engagement with and investment in communities create social value and contribute to skills and employment in those communities (see page 59).

Peter Oswald, Mondi's CEO for Europe & International (E&I) division, was appointed chair of CEPI in November 2015. CEPI is a Brussels-based organisation that champions the pulp and paper industry and the benefits of its products. It speaks on behalf of more than 500 pulp, paper and board producing companies and 950 European paper mills (see pages 49 and 92).

Engaging with investors and analysts

There's wide and growing recognition among the investment community of the links between sustainable operations and long-term financial success. Fund managers' and investors' choice of companies with a strong sustainability performance is often based on external indices and rankings. It's a positive development that, as the global pool of socially responsible investors grows, sustainability performance is considered increasingly important to investors and ESG[1] analysts.

We regularly share our sustainability performance with our investors, analysts and shareholders in our annual reports and through formal and informal enquiries and meetings. Feedback from investors and analysts, in turn, helps inform our own reporting and management practices.

Read more about our approach to:

91 Engaging with our investor community

UN SDG

17.6 Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilise and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries.

1 Environment, social and governance

Sustainability governance

Operating responsibly

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

Our sustainability governance framework

Boards

Oversight and responsibility for economic, social, environmental and ethical performance of the Group

Monitor   **Oversight**   **Support**

Internal audit team

Group sustainability and safety and health teams

Sustainable development committee

→ Oversees the Group's sustainable development approach, policies and commitments
→ Chaired by Stephen Harris, an independent non-executive director
→ Governance responsibility for environmental, labour, human rights, society and product responsibility
→ Ensures alignment with global best practice

Executive committee

→ Management responsibility for sustainability performance within operations guided by the sustainable development committee
→ Chaired by David Hathorn, Chief executive officer
→ Ensures that business unit line management holds primary responsibility and accountability for sustainability performance
→ Supported by the global specialist network groups (see below)

Global specialist networks

→ Specialists drawn from across the Mondi Group to manage specific sustainable development issues
→ Provide valuable expertise and knowledge
→ Support the executive committee and line management in meeting our commitments

Safety and occupational health	Social sustainability	Energy	Fire safety
Environment	Product stewardship	Black liquor recovery boiler	

Sustainable Development Management System (SDMS)

Policies

→ Our Sustainable Development Policies support overall approach

Standards

→ Guide effective management of sustainability governance and the implementation of sector policies
→ Ten operating standards define minimum requirements for good operational management and control across all policy areas
→ Nine specific management standards define governance, operational management and control across all policy areas

Performance requirements

→ Define minimum requirements for good management and control at operational level

Accountability for sustainable operating practices

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 our decisions and actions are based on integrity, responsibility, accountability, fairness and transparency. The Boards approve our approach and review performance. Members of the Boards are diverse in respect of origin, gender, race and education, reflecting the broad nature of our activities and operational territories.

In 2016, two of our nine directors were women and one of the three South African directors was from a historically disadvantaged community. Together, the directors bring a wealth of experience and expertise to the Group.

Our committees, to which the Boards delegate specific areas of responsibility, have authority to make decisions according to their terms of reference. While the Boards have ultimate responsibility, accountability at Group level for our sustainable development (SD) policies, systems, practices, commitments and actions is guided and monitored on three levels:

→ the sustainable development committee chaired by Stephen Harris, an independent non-executive director;
→ the executive committee chaired by David Hathorn, our Chief executive officer; and
→ seven global specialist network groups (see sustainability governance framework on page 22).

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.

Business ethics

Mondi's Code of Business Ethics sets clear standards to ensure we conduct business to a high ethical standard and build trust with all stakeholders. It is based on a number of voluntary codes, principles and guidelines.

The Code of Business Ethics comprises five principles under the following headings: legal compliance; honesty and integrity; human rights; stakeholders; and sustainability.

Responsibility for monitoring compliance is shared by the sustainable development and audit committees: the sustainable development committee has responsibility for the human rights, stakeholders and sustainability principles while the audit committee has responsibility for the legal compliance and honesty and integrity principles.

In addition, the Mondi Limited social and ethics committee has a duty to monitor certain activities covered by the code.

Mondi's Group sustainable development function

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

Internal and external engagement is a key responsibility of the SD function. Internally, this means communicating our position and performance while supporting 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 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.

We updated and restructured our sustainable development policies in 2016 with the support of the sustainable development committee. This update involved all relevant teams across the Group and was supported by external experts. Policy developments were informed by current best practice and aligned with our Growing Responsibly model.

Our new Sustainable Development Governance Policy supports our overall approach and is further supported by updated policies for: Safety and Occupational Health; Labour and Human Rights; Sustainable Forestry; Energy and Climate Change; Environment; Supply Chain and Responsible Sourcing; Product Stewardship and Communities. These, in turn, inform our detailed sustainability commitments.

The SD 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. We are currently reviewing our management and operating standards.

Our central reporting system captures and consolidates monthly data on key safety and health, energy, environmental, wood procurement 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.

Our SD policies are available on our website: www.mondigroup.com/sd-policies

Sustainability governance

Managing risks and opportunities

Our Group-wide risk management framework is designed to address all 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 way sustainable development risks are identified and managed. Our risk management approach – particularly relating to environmental issues – incorporates the precautionary principle, which implies our responsibility to protect the natural environment from harm where there is a plausible risk.

We update our sustainable development risk register annually to ensure mitigation plans are in place for those risks with a high likelihood of occurrence and/or impact potential. These risks include inherent operational 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 , and for progress against our commitments, see .

You can read more about our principal risks on .

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 duties and obligations under the corporate governance codes of South Africa and the UK, and in reporting 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 across our business in a systematic way to ensure the overall internal control environment 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.

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

Speakout hotline

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

During 2016, we received 335 Speakout messages (2015: 133) relating to 76 cases (2015: 88). These covered a number of topics, in particular the reporting of HR-related concerns, potential business irregularities and perceived fraudulent activities. Although the number of messages increased significantly, this was due to multiple messages for some cases, with total cases down compared to last year. The committee receives a report at each meeting of Speakout messages received in the period since the prior meeting and ensures that appropriate investigation into each message has been undertaken and responses given with actions taken where any allegation proves to have some foundation.

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 does it condone anti-competitive practices in its dealings with governments or in the marketplace. Mondi does not permit contributions or donations for political purposes. Our approach to preventing corruption is published in 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 material fines or non-monetary sanctions for non-compliance with laws and regulations.

| Overview | Issues in focus | Performance |

Our people · Safety and health · Forests and ecosystems · Energy and climate change · Operational excellence · Communities · Supply chain · Products and solutions

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Issues in focus

SPLASHBAG: the water-resistant bag that protects powdered products

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Our people

We believe it is difference in people – not uniformity – that is key to Mondi's success. The geographic, cultural and personal diversity of the business is one of our greatest strengths. Through open engagement with our people, we work hard to secure their commitment to the business. We act quickly, we empower them and we offer great opportunities for their personal and professional development. Of course, there is always more we can do as we strive to develop a culture that inspires every employee to fulfil their potential.

Mondi employees at our Świecie mill (Poland)

Discover how we are…

→ Applying insights from the 2015 employee survey to create a better workplace and improve our culture
→ Supporting diversity in the business through engagement and training
→ Developing and training our employees to realise their full potential
→ Inspiring our people to drive improvements and overcome challenging times

Growing Responsibly

Relevant action areas:

→ **A skilled and committed workforce**
→ **Fairness and diversity in the workplace**

Our strongest links to the UN SDGs include:

4 QUALITY EDUCATION
→ **4.4** By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship

8 DECENT WORK AND ECONOMIC GROWTH
→ **8.5** By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

Overview	Issues in focus	Performance	⌂

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Our people

Management approach

At the end of 2016, we employed around 25,000 people across more than 30 countries. In addition, we had an average of 12,000 contractors working on-site at our mills and forestry operations during the year. As the business has grown and expanded, we've increased our global business portfolio as well as our cultural diversity through many acquisitions. Inspiring and developing our people is central to our approach.

Diversity and equal opportunities

We have a zero tolerance policy towards discrimination and harassment in our operations and we provide equal opportunities for all employees irrespective of origin, nationality, disability or gender. We strive to create an inclusive environment where differences are respected and valued.

Our objective is to engage, involve and inspire everyone who is part of the Mondi Group. We monitor gender diversity annually across the entire business and in our senior management, as well as regional diversity in management globally. We consider applications for employment in a fair and balanced way, seeking to cater to individual requirements, disabilities and needs. We also consider vulnerable groups in our workforce such as migrant and temporary workers. Our Labour and Human Rights policy ensures training, career development and promotion is consistent and fair for everyone, including for people with disabilities as far as is possible. In the event of an employee suffering a life-altering or life-threatening injury at work, we facilitate appropriate medical treatment, transportation to and from the hospital for their families, and rehabilitation. Every effort is made to support their continued employment with Mondi.

To support and enable gender and cultural diversity in the Group, we support various training schemes (see). Whenever possible, we offer flexible working solutions designed to empower our employees to make important life choices – such as starting a family – without fear of jeopardising their career. We want our employees to know that their contribution is valued, their individual situation considered, and that there is support for them to work flexibly to manage their work/life demands.

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

Employment and human rights

We comply with all applicable national laws and industry standards on working hours and we promote a culture that fosters workplace flexibility and work/life balance. For young workers below the age of 18 and above legal minimum working age, we ensure special protections are in place. Mondi does not tolerate inhumane treatment of employees or any form of forced labour, slavery, human trafficking, physical punishment or other abuse. Responsibility for implementing these principles lies with local line management. We plan to provide training for employees on our sustainable development policies in 2017 and 2018.

We protect the health and safety of our employees, provide a secure working environment and promote their health and wellbeing. See for our detailed approach and practices on keeping our people and contractors safe and for how our community engagement projects target the health and wellbeing of employees and communities.

We report annually on our compliance with the 10 principles of the United Nations Global Compact (UNGC). Our Communication on Progress is publicly available[1] and we report at 'Advanced Level'. The UN Guiding Principles on Business and Human Rights provides a sensible and effective framework for business. We're strengthening our monitoring and reporting of potential issues in our operations and supply chain, as reflected by our action areas and 2020 commitments. These include better integration of sustainability criteria relating to labour and human rights in our Supplier Relationship Management (SRM) system, fibre procurement due diligence and audit processes, purchasing policies, Code of Conduct for Suppliers, and audit protocols (see).

Child labour and forced/compulsory labour

We do not tolerate any forms of child labour in our operations or our supply chain. We don't employ people below the age of 15 or below the local minimum employment or mandatory school age, whichever is higher. We put in place special protections for young workers below the age of 18 and above legal minimum working age. We do not tolerate any form of forced labour, slavery or human trafficking (see for our measures to identify and tackle risk of modern slavery in our supply chain).

Collective bargaining and freedom of association

Mondi respects the rights of all employees to form and join trade unions and to take part in collective bargaining. We abide by legally binding collective agreements and, in locations where the right to freedom of association and collective bargaining are restricted by law, we can facilitate parallel means of independent and free employee representation. This includes ensuring employee representatives do not suffer discrimination and that they have open access to members in the workplace. We do not collect or report information on employee union membership at a Group level due to differences in national legislation in the countries where we operate. However, as part of our annual remuneration survey, we do collect information from our local entities on salary increases resulting from collective bargaining agreements and the proportion of employees covered by these agreements.

Remuneration

We provide fair wages and benefits that meet legal or industry minimum standards as a minimum. The Group has a number of performance-related pay schemes that reward employees for the pursuit and achievement of business objectives. The majority of our employees participate in these schemes.

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Our people

Grievance mechanisms

We have strong internal processes and tools to facilitate the reporting, investigation and resolving of grievances. Speakout, the Group's confidential reporting and whistleblowing hotline, is operated by an independent third party. It provides a simple, accessible and confidential channel through which employees and other stakeholders can raise concerns (see page 24). Social media channels are also increasingly used by our external stakeholders and employees to engage with us, share ideas and raise concerns. We monitor these, investigate and respond as appropriate.

Corporate restructuring

We constantly review our operational footprint to ensure the long-term sustainability and growth of our business. This process involves careful review of options, with any decision about business restructuring requiring director-level approval. Where employees are affected, we follow our own HR policies and local labour rules as a minimum – including consultation, notice periods, regular briefings and trade union involvement, where feasible/available. Where employee roles are at risk, we seek to provide retraining, re-employment and relocation of those employees affected, supporting entrepreneurship as well as severance payments depending on local regulations and available legal schemes. Active measures promoting employment and retraining are carried out in close cooperation with relevant authorities and other third parties where appropriate.

Employee engagement

Employee engagement is integral to our culture and we regularly conduct performance and development reviews at a local level. We have developed 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. We encourage employees to take personal responsibility for ensuring that our conduct complies with our principles and policies.

All relevant employees (maintaining a sales or marketing function or any other position where they have actual or potential contact with competitors) go through competition compliance training. As part of their induction, they also receive training related to our business, products, strategy, focus areas and approach, as well as sustainable development. Specific training schemes are designed to empower and support diversity, particularly gender diversity.

The Mondi Academy is our global training facility based in Austria. It was originally established in 1998 in our pre-demerger Austrian operation, and in 2007 was reconstituted following our demerger from Anglo American. It offers business-related trainings to leaders, line managers and other employees. Along with local academies in Poland, Russia, Slovakia and South Africa and other Group-wide training networks, it plays a key role in our employees' development, offering high-quality training as well as networking and knowledge sharing. Its customised training programmes, for example for procurement and sales teams and for finance managers, place increasing emphasis on global topics and leadership. The Mondi Academy is located in Vienna where core training programmes are designed and delivered. This is supported by business and local initiatives delivered through Mondi specialist trainers or local experts who adhere to our criteria and quality standards.

Accountability and process

We have developed a robust Group HR structure and decentralised approach that allows our managers to respond quickly and effectively to local needs. Two divisional HR directors lead people development and management at our Europe & International (E&I) and South Africa divisions respectively, working closely to identify strategic HR priorities and policies and to ensure a globally consistent approach. They are supported by country and local HR managers who work closely with businesses and operations, supported by a wide-reaching network of HR specialists and advisers.

Commitments

In our Growing Responsibly model for people, we have committed to:

→ engage with our people to create a better workplace
→ promote fair working conditions in the workplace.

78 Commitments to a skilled and committed workforce, and fairness and diversity in the workplace

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Our people

Performance

Our 'Inspire' programme

Our three core values connect our people wherever they are working – passion for performance, acting with integrity, and caring. Launched in 2011, the 'Inspire' programme set out to reinforce these values throughout the business. Since then, we've worked together to develop a culture which is organised around six cultural pillars: dynamic, respectful, responsible, entrepreneurial, empowered and transparent. Inspire remains at the heart of developing our people and our culture. It has guided our training and development programmes, promoted transparency throughout the business and helped us engage and motivate our employees.

Diversity and equal opportunities

In 2016, 22% of employees were female (2015: 22%). Two of our nine Board members are women and one of the three South African-based Board members came from a historically-disadvantaged community (in January 2017 we appointed Tanya Fratto as an additional Board member, so once Anne Quinn steps down after the AGMs, we will continue to have two women on our Boards). In 2016, 47% of Mondi South Africa Division's management team were from previously disadvantaged individuals (PDI) (2015: 45%).

Gender diversity 2016
%

● Male	78
● Female	22
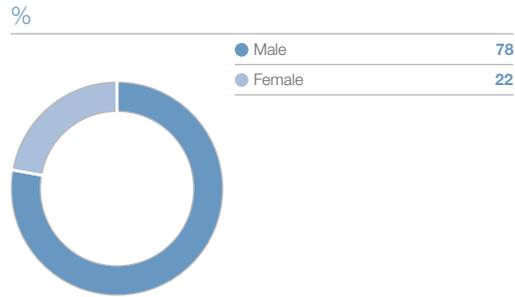
To help embed and promote cultural diversity, we offer inter-cultural training. When employees are posted to new countries, depending on the specific timeframes and situation, we provide cultural training prior to expatriation as well as local coaches to help them settle and understand the cultural norms of their new home. We also support our employees during and after maternity and paternity leave to fulfil their career ambitions – offering guidance and flexible working packages to enable return to high responsibility positions, along with specialist training on career development. Where possible, our offices and operations support or provide parents with childcare and day care programmes/facilities. One example is the kindergarten at our Vienna Headquarters office (around 500 employees work in this office). it can accommodate up to 95 children aged between 0 and 6 years, and provides full-day care for the children of Mondi employees.

We've increased our focus on gender diversity in Mondi Leadership and training programmes. 'Success Management' training targets international female talent to strengthen capabilities and support career planning. Targeted training supports talented women in some locations below the age of 30 to combine family and career. We also support female talents through mentoring and by giving more visibility to female talents through exposure to Business Unit/Business Segment and Operational Committee meetings or In-depth Review meetings. Networking opportunities include Mondi's Professional Women's Network which enables talented women at Mondi to stay connected, learn from each other and support one another. We regularly feature successful female employees in internal newsletters to share success stories and to promote role models within Mondi.

Management by origin 2016
%

● Hungary	1
● France	1
● UK	5
● Czech Republic	5
● Slovakia	6
● Turkey	10
● Russian Federation	16
● Italy	15
● Poland	30
● South Africa	50
● Austria	68
● Other nationalities	136
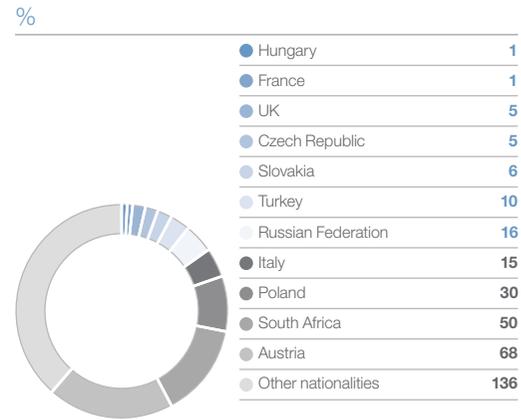
Transparency and feedback

Annual performance and development reviews (PDRs) provide an opportunity for employees and their managers to reflect on the past year's performance and to set individual goals for immediate and long-term development. PDRs are mandatory for all office employees and line managers, including shift leaders.

360° feedback sessions are conducted every three years for managers with at least three direct reports, and every two years for all executives. Using a questionnaire structured around our six cultural pillars, feedback is invited from direct reports and other internal stakeholders to allow managers to understand how they are perceived and identify areas for improvement. New leaders receive a special 360° feedback within around six to eight months of being hired which focuses on their new role, their understanding of the business and engagement of their employees. In 2016, we provided the opportunity for our operations to use the new 360° feedback process for non-leading employees. This was well received and perceived as value-adding across the business.

Developing leaders from within the business

Over the past five years, we've focused 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're enhancing their leadership skills through dedicated development centres. Around 200 high potential employees have benefited from this programme to date.

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Our people

Employee engagement

In focus:

Acting on our most recent employee survey

Our most recent Group-wide employee survey was completed in November 2015. It provided an overview of how we are performing against our cultural values and characteristics. 90% of employees took part and, overall, there was a higher level of engagement with our culture compared to the previous survey.

We reported how the survey was conducted and initial high-level findings in our Sustainable development report 2015 (page 46). While improvements were seen in terms of our performance-oriented culture and our safety record, some challenges were identified. Three high-level findings were found to be cross-cutting across all our operations and highly relevant to the entire group, as well as to our Inspire culture:

Belief in local goals: there was a perception among some employees that delivering global and Group-level strategy and direction did not always fully incorporate local goals.

Recognition of contributions and achievements: there was a desire for more day-to-day recognition of employees by leaders and managers – both formal and informal.

Group-wide collaboration: it was highlighted that we need to do more to encourage and facilitate collaboration – internally and externally, top-down and bottom-up, cross-departmental and cross-business unit/segment.

In 2016, human resources teams led the response at different organisational levels. At each of our operations and offices, findings and feedback specific to that site shaped the main focus of the resulting activities.

Our leaders were quick to respond and support action throughout the organisation. Workshops at local operations and head offices were held to identify and explore specific improvements. Outcomes included:

Simplified language and local flexibility: To reduce the barriers associated with over-complex language sometimes used at Group-level, corrective action was taken to simplify documentation and allow greater flexibility for local adaptation.

Increased feedback by leaders: Operational committee members were tasked with cascading more visible, frequent and personal feedback by managers to their teams and employees across all operations.

Fostering collaboration: We commissioned credible third parties to facilitate collaboration-themed workshops and events at different operations and offices, providing a deep dive into the systemic and behavioural barriers to collaboration. We also launched a new intranet platform, PlanetMondi, which aims to provide effective and user-friendly tools to enable people to collaborate more easily and effectively.

In October, the second MDs' 'best practice sharing' workshop was held to promote collaboration among our management teams.

All Mondi Academy trainings were reviewed to identify opportunities to further enable these three key themes, with new training solutions on track to be fully launched in 2017. Our next employee survey is planned for 2018.

90%
of employees took part in the 2015 survey

Mentoring and coaching

Our internal mentoring programme sees 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 Mondi Way and Inspire, provide additional independent advice.

Training

In 2016, we devoted around 790,000 hours of employee and contractor time to training and development (2015: 827,000 hours). Roughly 38% of this training was dedicated to safety and health issues (2015: 34%). This figure does not include informal and on-the-job training, where much of our employee learning happens.

Coverage of safety in training hours 2016
%

● Safety-focused training	38
● Other training	62

In 2016, The Mondi Academy conducted over 100 seminars and programmes which were attended by more than 800 Mondi employees. These included standard programmes such as specific on-demand seminars, the Sales Excellence Academy, First Line Managers programmes, Financial Leadership Programme and Procurement Academy. Other seminars targeted business and technical excellence, personal excellence and leadership excellence.

The Mondi Academy is only one training vehicle and there are many other global and local training schemes which target the needs of employees and promote Mondi's cultural and business values. Success management training for international talent and training for female talent below the age of 30 are just two examples.

As part of the induction process, senior managers and sales managers go through competition compliance training and various additional modules related to our business, products, strategy, focus areas, and sustainable development. In 2017 and 2018, we plan to roll out training for all employees on our Labour and Human Rights Policy.

Collective bargaining and freedom of association

As part of our annual remuneration survey, we collect information from our local entities on salary increases resulting from collective bargaining agreements and the proportion of employees covered by these agreements. In 2016, an estimated 78% of our E&I employees, and 56% of our MSAD employees, were covered by collective agreement mechanisms.

Estimated coverage of employees by collective bargaining agreements 2016 (CBAs)
%

E&I employees

● Covered by CBAs	78
● Not covered by CBAs or no data available	22

MSAD employees

● Covered by CBAs	56
● Not covered by CBAs or no data available	44

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Our people

> **"It was a slow start and people were sceptical at first, but we all started to see a shift. People began to trust that the new approach will be good for business and good for people."**
>
> **Eveline Wagner**
> MD, Mondi Korneuburg, Austria

In focus:

How strong leadership and a people-centred culture has provided a new direction for our Korneuburg operation

In 2012, Korneuburg, our consumer goods packaging operation in lower Austria, went through a transformational change. Against a backdrop of the plant going through challenging times, people felt unmotivated and detached. Team work and collaboration across departments was poor. Eveline Wagner was appointed as MD of Korneuburg in January 2013, having worked in the plant for a number of years. We spoke to her about the journey she went through with her people.

While many issues required Eveline's urgent attention when she began as MD, nothing concerned her more than the lack of engagement among the workforce. Eveline strongly believes team work is key to success, but she quickly realised many of her production employees didn't share a common language. Roughly 20 languages were spoken and over 90% of employees were not native German speakers. Low literacy levels among a significant number of people added to the challenge.

Work soon followed to address the gap. German language courses were initiated and, as an interim measure, posters and leaflets were adapted to provide highly graphic and visual information with little or no text. Eveline herself has a high presence in the plant every day, with an open-door policy at all times. She leads a culture of honesty and transparency with her teams. Capital investments and strong leadership support from the Europe & International (E&I) senior management boosted working conditions and the prospects of the plant, increasing employees' sense of being part of its future. Four years down the line, the plant has an increasingly engaged and motivated workforce which will help secure the plant's success long into the future.

Remuneration

We base reward and recognition on performance. Total compensation consists of base salary plus benefits and incentives, which are determined by global rules, local legislation, market practice, seniority and individual performance (see page 29 for how PDRs help to assess employee performance). As our organisation is decentralised, we do not collect information centrally on local remuneration schemes. Instead, we run an annual remuneration survey through which our local entities provide information on incentive and pay schemes and salary increases resulting from collective bargaining agreements.

An estimated 64% of employees in E&I and 95% of employees in MSAD received a bonus of some kind in 2016. 38% of employees in E&I received the Mondi standard bonus – 60% of which is determined by the financial performance of the local or relevant entity, 30% by individual performance and 10% base on the safety performance of the local or relevant entity.

Employees receiving bonus 2016
%

E&I employees
- Bonus of any type — 64
- Other mechanisms — 36

MSAD employees
- Bonus of any type — 95
- Other mechanisms — 5

For our approach to executive and Board remuneration, please see page 109 of our Integrated report and financial statements 2016.

Grievance mechanisms

During 2016, we received 335 Speakout messages (2015: 133) relating to 76 cases (2015: 88). These covered a number of topics, in particular the reporting of HR-related concerns, potential business irregularities and perceived fraudulent activities. Although the number of messages increased significantly, this was due to multiple messages for some cases, with total cases down compared to last year. We see the number of messages and quality of information as a positive measure of 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.

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Safety and health

Our ultimate safety goal is zero harm. While we're among the leading safety performers in our industry, we remain mindful that our operations involve many high-risk activities. In 2016, we continued to assess our risk management programme, in particular prioritising and addressing the top risks in all operations. A large proportion of our highest risk activities occur during annual maintenance shuts and projects at our pulp and paper mills (hereafter referred to as 'mills'). We place a lot of emphasis on reducing these risks and have experienced safe and successful shuts across the Group in 2016.

Employees at our Syktyvkar operation (Russia)

Discover how we are…

→ Reducing the top risks across our operations
→ Avoiding incidents during annual mill maintenance shuts and projects
→ Introducing new training to align all safety and health professionals and first line managers
→ Improving the health and wellbeing of our employees

Growing Responsibly

Relevant action area:

→ **Employee and contractor safety**

Our strongest links to the UN SDGs include:

3 GOOD HEALTH AND WELL-BEING

→ **3.3** By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases

8 DECENT WORK AND ECONOMIC GROWTH

→ **8.8** Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

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Safety and health

Management approach

Safety of our people

The safety and health of our employees and contractors is of paramount importance, which is why our goals are zero harm to employees and contractors and providing a safe and healthy workplace. Our people often work in potentially hazardous environments and we have established clearly defined procedures and robust controls to which they are required to adhere. These include: close call and incident reporting and investigation; risk assessment; audits; permit to work requirements; energy isolation and lock out systems; specialist training programmes; safety procedures; and contractor safety management.

Occupational health

Our occupational health programmes are designed to eliminate risks to health, prevent occupational illness and diseases, and provide a healthy working environment. Key programmes include optimising ergonomics, regular health screening, reducing noise impact and occupational health hygiene surveys.

Certification and management systems

We use the internationally accredited safety management system OHSAS 18001 to ensure appropriate procedures and systems are applied. Our operations and equipment are subject to ongoing internal and external audits, designed to identify strengths and weaknesses in procedures and control systems and to guide necessary changes and improvement. Regular audits of our plant and equipment standards assure ongoing process controls and systems improvements.

Risk-based approach

Our risk-based approach is central to how we manage health and safety. Risk assessments are an important tool for identifying hazards and ensuring necessary control measures are in place. Every operation has identified their top risks and developed management plans to engineer them out of the business. Where the latter is not feasible or possible, robust controls and procedures are introduced to reduce the risks. Our Task Risk Management Methodology provides a practical, easy to understand approach to conducting pre-task risk assessments – assessing probability and severity and guiding action plans based on a hierarchy of controls to address the risks. This requires operations to consider the top three risk controls – elimination, substitution and engineering – before looking at administrative controls or issuing personal protective equipment. The approach aims to prevent incidents and, if they do occur, reduce their severity.

Working with contractors

We work very closely with our contractors on health and safety and other matters to manage our risks. Sometimes, contracting companies do not operate to the same rigorous safety standards as Mondi and we therefore appoint contract managers to facilitate liaison between contractors and the Mondi team. These contract managers work with Mondi SHE specialists and contracting companies to provide support and guidance, monitor contractor safety performance and work with contractors to help address gaps and improve practices. Our defined six-step process is summarised in a Safe Practice Note to help manage contractors prior to and during their time on site at Mondi, as well as post contract evaluation.

Managing maintenance shuts and projects

Our mills are subject to annual shuts when machinery and equipment is maintained, replaced or upgraded. Similarly complex large projects can involve non-routine work and many employees and contractors working on-site at the same time. Many of our highest risk activities occur during these maintenance shuts and larger projects at our mills. To manage the risks, 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 performance on site, we apply our top risks approach and continuously engage with contractor companies to align activities and agree common standards for work on Mondi premises.

Training

Our ongoing training programmes address all aspects of safety and health skills development including management, risk assessment, competency, policies and procedures, reporting and monitoring and auditing. Training is carried out at all levels of the organisation in various formats spanning formal training, on-the-job training and toolbox talks. We've improved engagement with employees and contractors around safety and health-related issues, coaching them to take personal responsibility for their own safety and that of others. In 2016, we also introduced training to give first line managers the tools to manage the safety and health of their respective teams (see). When we acquire new assets and operations, safety professionals form part of acquisition project teams to align the newly acquired businesses with Mondi systems, methodologies, culture and approach.

Training for SHE professionals at our Vienna office (Austria)

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Safety and health

Health and wellbeing

Mondi promotes awareness of diseases such as HIV/AIDS, diabetes and TB by encouraging testing, counselling and treatment, offering advice on avoiding onward infections and providing treatment to employees and contractors. At our South African operations, we facilitate access to free voluntary counselling and testing (VCT) and anti-retroviral treatment (ART) for all employees and contractors, and hold monthly meetings with safety and health professionals, employees and contractors, to raise awareness and address diseases such as HIV/AIDS. We have a peer programme to train employee and contractor representatives as peer educators, who in turn regularly engage with and train the workforce on health issues. Our South African forestry operations have a mobile clinic service provider to ensure all the contractor employees have access to medical services. Several of our operations also have on-site health and wellbeing facilities, such as our wellness centre at Syktyvkar (Russia), as well as health monitoring and services at some of our operations. We offer wellness programmes at many of our operations and offices across the Group, for example the Štětí (Czech Republic) "Mondi (for) Life" initiative, which promotes sports, health and recreation for employees.

Accountability and process

To meet our goal of zero harm, we encourage cooperation between our business units and individual operations. The main coordination body is the Safety and Health Network group which meets quarterly, is chaired by the Group's Head of safety and health, and draws its members from across business units. All key decisions and findings are shared across the Group through biannual meetings conducted by our business units, involving our safety specialists and other key personnel.

Commitments

In our Growing Responsibly model, for employee and contractor safety, we have committed to:

→ avoid work-related employee and contractor fatalities

→ prevent life-altering employee and contractor injuries

→ reduce TRCR by 5% compared to 2015 baseline, including new acquisitions.

78 Commitments to employee and contractor safety

Performance

Safety of our people

Overall, our safety performance has improved steadily in recent years and we're among the leaders in our industry.

We have experienced no fatalities or life-altering injuries during 2016, however, in February 2017 a contractor lost his life in our South African forestry operations following a timber vehicle accident. A detailed investigation is underway, and we will continue to focus on the top risks at each site and on ensuring continuous improvement in our controls and safety programmes.

In 2016, we had 237 recordable cases in our operations. This equates to a TRCR of 0.66, a 13% reduction compared to our 2015 baseline of 0.76 (which included acquisitions).

Certification and management systems

We implement the international safety, management system, OHSAS 18001, in our operations. To date, all our mills except Pine Bluff in the US[1], and 79% of our converting operations (67 of 85) have this system in place.

[1] Dynäs mill (Sweden) is certified to AFS 2001:01 (the Swedish Work Environment Authority's standard)

In 2017, we will start working towards ISO 45001 certification of our management system – a new standard consolidating the best practice knowledge on Occupational Health & Safety (OH&S) that is expected to replace OHSAS 18001. This will be phased in as part of audit schedules to re-certify operations.

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

Year	TRCR
2012	0.79
2013	0.78
2014	0.83
2015	0.70[2]
2016	0.66

Total recordable cases by injury classification 2016
cases

Classification	Cases
Working at heights	1
Contact with energy sources	1
Road traffic accident	1
Moving machinery (other body parts)	2
Attack by animal	4
Housekeeping	5
Slips, trips and falls (forestry)	6
Workplace transport	14
Falling objects	17
Exposure to chemicals etc.	19
Moving machinery (hands, arms, fingers)	22
Manual materials handling	28
Tool use	45
General personal awareness	72

[2] Excludes acquisitions. Our 2015 baseline including acquisitions is 0.76

In focus:

Eliminating the risk through engineering controls

To eliminate their top risks, our operations have been tasked to apply elimination, substitution and engineering risk controls which will eliminate or significantly reduce the risk levels in their activities. This has led to a wide range of risk controls being implemented, including:

Our **Świecie** (Poland) team identified the offloading of tank trucks as exposing personnel to fatal risks related to working at height. Frames were installed with self-retracting fall prevention equipment at 18 tank truck offloading bays to eliminate the hazard of falling. The equipment is attached to the off loader's safety harness and prevents them falling off the tank walkway during offloading.

The **Štětí** (Czech Republic) team identified the unplugging of clogged piping, that conveys hazardous substances, as a top risk. It is very important that the blockage can be removed without exposure to the hazardous substance and uncontrolled leakage to remove the risks. By reducing the length of the pipes, remote plug removal is now possible. New manometers to identify blocked pipes and blowing valves, aeration valves and flange covers have also been installed to prevent uncontrolled leakage from the flange joints.

At **Mondi Gronau** (Germany), there can be over 50 forklift trucks and other vehicles operating together on-site. Due to a shortage of space and a lack of adequate transportation planning, some roadways and demarcated driving areas were not well-structured or properly separated from pedestrian walkways or working areas. Following several incidents and near misses in recent years, new engineering controls have been introduced. They include newly designed driving and pedestrian areas with physical barriers between driving and pedestrian ways, flashing lights on fast-moving doors, upgraded forklift trucks with features such as people detection systems, mobile video systems, and defined 'no-go' areas. We will follow up with a training programme to further reduce the risk in 2017.

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Safety and health

Reducing the top risks across our operations

Building on the Top 5 Fatal Risk approach which was introduced throughout 2013 and 2014, we continue to focus on addressing the top risks in all our operations. The second phase of this work is currently under way, identifying and addressing the next set of top risks on each operations' priority list. To support our risk-based approach, we have implemented the new Task Risk Assessment Methodology across the Group and we are now finalising a Permit to Work methodology which will be rolled out in 2017. In addition, we'll be focusing on management of change methodology and safety controls related to process safety management.

Managing the high safety risks associated with maintenance shuts and major projects

During annual shuts and other major projects in 2016, our mills had between 200 and 3,700 contractors working on-site at any one time. We conducted meetings with some of our large suppliers to ensure alignment with the standards and performance we require during these projects. As a result, we've seen improved performance during the 2016 maintenance shuts, with an improved TRCR and no serious injuries occurred.

In focus:

Safe maintenance shuts in 2016

Richards Bay (South Africa) wood yard shut: 900,000 recordable injury-free hours

The Richards Bay mill's wood yard upgrade had a peak headcount of 500 contractors and Mondi employees on-site at any one time. At the start of the project, we set an ambitious safety target of 500,000 recordable case-free hours, with wide-ranging steps to ensure it was achieved.

→ The Mondi six step process for responsible contracting was applied to select contractors – ensuring safety and health documents were approved and providing ongoing support and training.

→ Two cardinal rules relating to working at heights and standing under a suspended load were identified, with strict disciplinary sanctions for anyone found breaking them.

→ The project team identified the top risks during each phase of the project and reported monthly. Daily focus audits were conducted by Mondi and contractors' safety advisers.

→ Close collaboration was maintained between Mondi and contractors through regular safety briefings.

→ Incentives were implemented to reach safety targets and reward outstanding safety behaviour, including prizes and safety recognition certificates.

Due to the high number of contractors and employees exposed to mobile plant and machinery during the project, solid barricading was used to lay out pedestrian walkways with flagmen guiding machinery and pedestrians in the specified construction areas. Site layout drawings were posted on safety information boards and all contractors were informed of the project permit issuing protocol.

The results were outstanding with zero total recordable cases reported to date and 900,000 total recordable injury-free hours. Post project reviews were conducted to identify positive lessons and areas for future improvement.

Managing the safe maintenance shut at Świecie (Poland)

The 2016 annual shut at our Świecie mill involved a wide scope of complex and non-routine tasks carried out over a period of 21 days. Many of the new contractors required training on Mondi's stringent safety standards and rules. Effective communication was key. We held detailed meetings with contractors before the project began. Daily maintenance shut meetings between the Mondi team and the contractors' managers and supervisors ensured ongoing collaboration. Inspections were held during all shifts, with 27 trained safety inspectors on-site throughout any given shift. Work was inspected daily by one or more of the 24 trained safety advisers and additional safety marshals were hired. Cardinal rules were agreed and communicated with violation resulting in instant dismissal. Systems such as the green and yellow card system were used and incentives were used to keep employees motivated. In total, 18 green cards were issued and 40 incentive gifts handed out. 413,370 hours were worked with zero total recordable cases, only one first aid case and one close call reported.

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Safety and health

In focus:

Safety training for first line managers and SHE professionals

Mondi's wide-ranging health and safety performance requirements and methodologies provide a robust framework to enable our operations to manage the safety and health of their employees and contractors. Our global network of SHE professionals provides support and guidance to line managers who are responsible for embedding safety culture within their operations. In 2016, we launched two tailor-made safety training programmes which aim to align all our line managers and safety and health professionals across the Group. A 'train-the-trainer' approach was rolled out in 2016 to enable business unit safety and health managers to provide training to first line managers across all business units.

Safety and health professionals training: Designed to provide a clear understanding of roles, responsibilities and Mondi requirements, this is designed to enable SHE professionals to provide the required professional support and guidance to line managers. The safety element consists of three-and-a-half days' training. This is followed by a five-day training session on some of the softer management skills required such as managing conflict, leading without hierarchy and trainer competencies. The training commenced in 2016 and will be attended by around 140 SHE professionals by 2018. Follow-up training modules will be developed to ensure continuous learning and improvement.

First line managers training: This is a team-based interactive course designed to enable line managers to build the safety culture of their teams and ensure everyone looks after their own safety and that of others. A coaching element will make certain the training remains ongoing, with line managers receiving quarterly feedback from their self-appointed coach on a quarterly basis. Approximately 1,200 first line managers will attend the training programme by 2019.

In focus:

Reducing road accident risks through vehicle simulator training in Russia

Transportation in our forestry and logging operations is a key risk area and one of the top fatal risks identified by our Russian logging operations. Log delivery vehicle drivers often travel long distances on poor-condition roads, at night, and in difficult weather conditions. In recent years, warmer winter day temperatures cause road conditions to become more slippery. A number of vehicles have overturned while transporting logs from the logging camps to our Syktyvkar mill. Mitigation measures introduced have included seat belts, speed tracking systems, regular alcohol tests and defensive driver training. In 2015, we also identified the need to provide practical training for the drivers of log delivery vehicles to reduce the risks. We approached a service provider to develop a vehicle training simulator which emulates driving conditions in Russian logging areas. The simulator was installed in the second quarter of 2016 and training was provided to the Mondi team to enable them to provide training to all the drivers. By the end of 2016, all 302 of our log delivery drivers had received training in the simulator. Ongoing refresher training will continue to be provided to all drivers who deliver logs to the Syktyvkar mill.

Embedding a safety culture through training and development

In the drive to improve our safety culture, we've placed a lot of emphasis on training and coaching. We have recently developed two Group-wide safety and health training programmes which will be rolled out over the next three years – one for first line managers and the other for safety and health professionals across the Group. To date, 68 people have attended the safety and health professionals training programme and 222 have attended the first line managers training programme.

Health and wellbeing

In 2016, 3,273 employees and contractors (2015: 938) participated in the HIV/AIDS voluntary programme in our South African operations with 2,047 opting for testing (2015: 702). In addition, 25 employees (2015: 36) and 435 contractors (2015: 130) benefited from the ART programme. The reason for the increase in numbers since last year is mainly due to Mondi's promotion of World AIDS Day through a campaign during December 2016 which encouraged testing, counselling and treatment, and the addition of a mobile clinic in 2016 which improved service to our forestry contractors.

To further support the health of our contractor workforce in the forests, these workers also benefit from our Food4Forests programme in South Africa. In 2016, approximately 780,000 nutritious meals were provided to all contractors in our South African forestry operations.

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Forests and ecosystems

Forests are home to as much as 80% of the world's land-based animal and plant life[1]. They benefit the environment and society by regulating climate and water cycles, absorbing carbon, providing clean air and preventing soil erosion. They also provide food, shelter, fuel and an income for over a billion people and improving livelihoods for the communities they serve. As the global population grows and demand for forest products intensifies, we have a critical responsibility to ensure the forests we own, lease and source wood from are managed in a way that secures their long-term biological integrity, social value and productivity.

South African plantation: river and wetland conservation in action

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

Discover how we are…

→ Managing our working forests and seeking a balance between productivity and conservation
→ Demonstrating land and ecosystem stewardship in our forests
→ Demonstrating freshwater stewardship through a landscape approach
→ Developing partnerships and sharing good practice

Growing Responsibly

Relevant action areas:

→ **Sustainable fibre**
→ **Biodiversity and ecosystems**

Our strongest links to the UN SDGs include:

6 CLEAN WATER AND SANITATION
→ **6.5** By 2030, implement integrated water resources management at all levels, including through transboundary cooperation as appropriate
→ **6.6** By 2020, protect and restore water-related ecosystems, including mountains, forests, wetlands, rivers, aquifers and lakes

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
→ **12.2** By 2030, achieve the sustainable management and efficient use of natural resources

15 LIFE ON LAND
→ **15.1** By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements
→ **15.2** By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally
→ **15.8** By 2020, introduce measures to prevent the introduction and significantly reduce the impact of invasive alien species on land and water ecosystems and control or eradicate the priority species

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Forests and ecosystems

Management approach

Deforestation, loss of protected and high conservation value (HCV) areas, degradation of ecosystems and loss of species are global concerns. Our aim is to optimise timber production while maintaining biodiversity and ecosystem services, ultimately contributing to more resilient production landscapes.

Sustainable forest management

Wood is one of our most important raw materials. As well as managing our own forests sustainably, we work with others to support and implement credible forest certification that will meet long-term demand for sustainable fibre. We manage around 2.04 million hectares of natural boreal forests in Russia and around 251,000 hectares of plantation forests in South Africa – working continuously to demonstrate and improve operational best practice to ensure we remain globally competitive.

In South Africa, our comprehensive tree improvement programme is based on a wide genetic base and aims to produce stronger, more robust species and hybrids. Improving cultivation methods and the management of invasive species, pests and disease is key. One of the greatest threats to ecosystems and biodiversity in monoculture plantations are alien invasive species. Our alien weed management system ensures cleared areas are maintained and improved over time. Our natural grasslands are fire-dependent ecosystems and we manage the natural areas among our plantations in accordance with national legislation and forestry sector best practice on fire protection and management.

In Russia, we place increasing emphasis on sound silviculture to improve yields from commercial forest areas within a landscape approach where intact forest landscape (IFLs) and HCV areas are protected.

Certification and compliance

Forest Stewardship Council® (FSC®) certification of our forests is an important part of our management approach – assuring stakeholders that we meet globally accepted standards for sustainable forest management and that HCV areas are identified and protected. We're not party to any form of deforestation or illegal logging and we don't 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 or grow GM crops.

Ecosystem stewardship and biodiversity

Our commitment to protecting and enhancing biodiversity is delivered through sustainable management of our forests. We also conserve HCV's and protect rare and endangered species and remnant ecosystems as parts of managed Ecological Networks (ENs) – a critically important component of the Natural Capital in our production landscapes.

25% of all our owned and leased land is set aside for conservation purposes and we focus on protecting water resources and freshwater ecosystems on and next to our forests and mills. All of our forestry operations have Ecosystem Management Plans (EMPs) in place and harvesting plans provide protection for rivers, wetlands and other HCV areas. For our Russian and South African forestry operations, biodiversity data is mapped and fully integrated into our planning and operational procedures.

We continue to work with WWF to expand the reach and influence of the WWF-Mondi Wetlands Programme in South Africa and globally. The programme promotes freshwater stewardship through a landscape approach, where collaboration and shared learning is used to create shared value. Our focus on freshwater stewardship continues to bring together all stakeholders, including land users, in three multi-functional landscapes that are important to Mondi and WWF (see).

Pioneering a landscape approach

Our aim is to promote a landscape approach to forest and freshwater stewardship that incorporates the wider bio-physical and social landscape and its different land uses. By bringing together those stakeholders that share an interest in maintaining the freshwater ecosystem across whole landscapes, we aim to develop and implement shared action to secure the integrity and resilience of natural ecosystem services.

Transparency and collaboration

We share knowledge and learning with other stakeholders, seek joint solutions and participate in developing good practices across sectors and value chains. Some of the organisations we engage with and support include WWF, FSC, PEFC™, World Business Council for Sustainable Development (WBCSD), Cambridge CISL[1], The Forests Dialogue (TFD), High Conservation Value Resource Network (HCVRN), Silver Taiga, Confederation of European Paper Industries (CEPI), Forestry South Africa (FSA) and various research and academic institutions. See for more information on how we engage with these key stakeholders.

We've participated in the CDP Forests global disclosure system since its inception and we were included in the Leadership A list for timber products of the Global CDP Forest report 2016, which positions us among the highest scoring companies that disclosed information.

Supporting science

Science plays an essential role in informing our management practices and establishing the value of our work on the ground. We support wide-ranging partnerships and research collaborations with academic and research institutions, NGOs and other stakeholders – working to provide robust evidence to support our approach and actions (see).

Accountability and process

Globally, all our operations are guided by Group policies and standards on sustainable forestry which we monitor and evaluate. On the ground, the management of our forests is driven locally by our forest operations and local experts in South Africa and Russia.

Commitments

In our Growing Responsibly model for the Sustainable fibre and Biodiversity and ecosystems action areas, we have committed to:

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

→ maintain 100% FSC certification of all of our owned and leased forestry operations and promote sustainable forest management.

78 Commitments to biodiversity and ecosystems

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1 Cambridge Institute for Sustainability Leadership (cisl.cam.ac.uk)

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Forests and ecosystems

Performance

Certification and compliance

All of our 2.3 million hectares of owned and leased forests in Russia and South Africa maintained their FSC and ISO 14001 certification standards in 2016. Our forests in Russia also maintained their PEFC™ certification[1].

We continued to work with other stakeholders and FSC to improve the FSC system as they implement their new strategy. We contributed to a constructive meeting on 'forest-type' at the FSC Plantations meeting in Brazil, emphasising that the standard 'FSC one size fits all approach' must urgently evolve. Mondi also stated the importance of Controlled Wood as a minimum standard in wood and fibre supply chains, and the need to assess high yielding plantations differently to other forest types (see page 67).

Mondi also played an active role in the Bonn FSC meetings on Motion 65 IFLs, proposing the Komi Intact Forest model as a solution for north-west Russia. The WWF Boreal Forest Platform (BFP) is proving a useful platform for exploring IFL solutions and intensification of commercial forestry.

In focus:

Forestry management practices in the Russian logging operations

Silviculture

Syktyvkar took its first step towards intensive forestry management in 2008, when it first established its own modern nursery, comprising two greenhouses, for growing containerised spruce and pine seedlings. The nursery's maximum capacity was one million seedlings in one rotation. Since 2011, an additional four greenhouses have been established, all producing two rotations and increasing the total nursery capacity to eight million seedlings per year by 2016 with infrastructure designed for capacity of up to 12 million seedlings.

The advantages of the nurseries include:

→ Extended planting season (May to September);

→ Possibility of making two rotations (May and July);

→ High mechanisation of the planting process;

→ Reduced density of planting (2,000 seedlings per hectare); and

→ A seedling survival rate of up to 98%, with high-growth energy.

The Syktyvkar logging operation now not only meets all its own seedling requirements but it also supplies other forest users in the region and neighbouring regions.

Intensive forestry

In mostly the southern commercial forest areas that have been identified for intensive forestry on highly productive sites, Mondi has in recent years been using the modern Scandinavian method of high-intensity pre-commercial thinnings rather than the traditional low-intensity corridor method. Our increased focus on and investment in silviculture has resulted in a steady progression of practical measures being implemented, improving the quantity, quality and intensity of our silviculture operations.

The sustainable working forest

During our engagement with stakeholders in 2016, it became apparent that there is not always a common understanding of the positive contribution sustainably managed commercial forests make to society and the environment. We have responded by using the working forest concept to clearly illustrate the benefits from a wide range of working forests. The working forest takes on many forms – from intensively managed forestry plantations and protected/conservation areas to natural forests, where commercial areas have naturally regenerated or been planted with natural species. Together they form a mosaic in a natural landscape where HCV areas and IFLs are conserved.

In general, the following are characteristics of sustainable working forests:

→ Certified and sustainably managed to provide social, environmental and economic benefits;

→ Annual harvests don't exceed annual growth – providing a continuous supply of annual forest products;

→ Disturbance from management and harvesting are minimised and seldom long-lasting;

→ Protected and HCV areas are maintained or enhanced in production landscapes;

→ Contribute to a better climate – absorbing carbon dioxide and providing clean air, regulating water and protecting healthy soils (especially carbon rich soils); and

→ Provide employment, livelihoods, food, recreation and wellbeing.

Read more about our approach to:

Ecosystem stewardship and biodiversity

We continue to set aside at least 25% of our forest land for conservation. This includes HCV areas, corridors and patches of natural ecosystems, and any rare and endangered species that together form viable ecological networks. Of this 25%, around 511,000 hectares have been identified as HCV areas. We've also continued to help map out and support efforts to secure official protection for some of the last IFLs in the Komi Republic, Russia.

Pioneering a landscape approach

In 2016, the WWF-MWP celebrated 25 years of successful wetland conservation in South Africa (for which Mondi has been the principle funder since 2001). The programme has received national and global acclaim. In recent years, it has led the way in applying social learning for expanding awareness and best practice within the global WWF New Generation Plantations (NGP) platform. We're currently piloting the landscape approach in the Upper uMngeni, the adjacent Upper Umvoti and the uMhlathuze catchments, all in KwaZulu-Natal. This is bringing key stakeholders together who have a shared interest in maintaining the ecosystem services and values at a landscape scale. Including farmers, local government, corporate land users and insurance and banking partners, stakeholders are sharing ideas on the effective management of freshwater ecosystems. A new focus for Mondi and the WWF-MWP in 2017 is promoting water stewardship of the uMhlathuze catchment in South Africa where Mondi's Richards Bay mill and our large forest holdings are prominent features.

1 2016 lease exchange in Russia resulted in a new lease of around 39,000 hectares which will be FSC certified during 2017 after completion of state inventory and state forest management plan

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Forests and ecosystems

The sustainable working forest

A continuous cycle of forest products and services

Sustainable annual supply of mature trees

Growing and protecting

Harvesting

Planting and natural regeneration

Climate

Cleans air
→ Absorbs CO_2
→ Stores carbon
→ Releases oxygen

Regulates water
→ Slows run-off
→ Releases water vapour
→ Cools the environment

Benefits

Food
Medicine
Pulp and paper
Fuel
Habitat
Employment and wellbeing
Recreation
Biodiversity

Forest products and services

More expansive

Boreal forests
(1 to 4m³/ha/year)

Temperate forests
(5 to 10m³/ha/year)

More intensive

Mosaic plantations forests
(11 to 55m³/ha/year)

Typical annual yield

The working forest[1] where protected areas are conserved and HCV areas are maintained

1 Tropical forests are most sensitive to disturbance and any commercial use of forest products requires a more sensitive and selective working forest approach

In focus:

Applying the working forest concept

South Africa
The industry has come a very long way from the historic wall-to-wall monoculture plantings which gave plantation forestry its bad name. Today, plantation forestry is the most intensive and productive type of forestry operation, with yields up to 10 times that of natural forests. Supported by the WWF-MWP, improved wetland management and restoration has reversed most of the damage of the past, and now this water stewardship practice is being promoted by WWF and Mondi through the NGP platform. We believe well-managed plantations hold the key to meeting the world's growing demand for wood.

Russia
The boreal forests of Russia are vitally important nationally and to local people – providing food, hunting, recreation and supporting many important species, along with all the other forest products and services. We've worked with our partners for many years to develop a best practice approach that provides increasing wood and fibre yield from commercial areas while mimicking natural forest dynamics, thereby maintaining ecosystem services now and into the future. Science-based management plans result in a mosaic of managed areas, areas where the forest regenerates naturally, areas of HCV that are not harvested at all, and protective buffer zones along rivers and other sensitive areas. The working forest will play an important role in meeting the growing demand for wood and fibre while protecting important pristine forests and HCV areas of Russia.

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Forests and ecosystems

We've also continued to support the Two Streams catchment project in South Africa. Research teams from the Council for Scientific and Industrial Research (CSIR) and the University of KwaZulu-Natal have conducted experiments in one of our forests in the Two Streams catchment. The project, which has received funding from Working for Water and the Department of Environment, studies the impact of plantation trees on soil hydrological processes. We're committed to the next phase of the Two Streams research, which will compare water use of Eucalyptus with previous results on acacia and will continue to progress in 2017.

In 2015, we embarked on a new project with soil and water specialists at the University of KwaZulu-Natal – which used 50 years of rainfall-runoff data to simulate soil loss (value) at a coarse land-type scale on Mondi's landholdings in South Africa. Close cooperation between this research and the new soil organisms component of the Mondi Ecological Network Programme (MENP) will provide our forest operations with more information on how we can better manage soil biota and soil productivity.

Looking ahead

We have a great opportunity to apply our learning to wider efforts to integrate timber and sugar production together across highly resilient landscape mosaics. What we're learning can also be translated into practical recommendations in the context of the NGP platform and the South African National Biodiversity and Strategic Action Plan.

In focus:

25 years of wetland conservation and delivering international biodiversity targets at scale

Freshwater resources in South Africa remain critically stressed, posing a major risk for any land use. There is an urgent need for wise stewardship of wetlands and freshwater ecosystems to reduce the risks. As one of South Africa's longest running privately funded conservation programmes, WWF-Mondi Wetlands Programme (WWF-MWP) is making a significant contribution to help address the UN SDGs and international Aichi Biodiversity Targets in South Africa.

The partnership's wide ranging positive outcomes include:

→ greater national wetland awareness which has helped catalyse the South African government-led wetland rehabilitation programme – Working for Wetlands;

→ a deeper understanding of the socio-ecological issues and technical skills critical to wetland and freshwater stewardship – now converted into applied tools to support learning, application and best practice;

→ changes to the way wetlands are identified, delineated, restored and protected across sectors in South Africa, and beyond;

→ improvements to how plantation forestry stakeholders protect and restore wetlands and riparian areas, supported by the global NGP platform for sharing lessons and experience;

→ catalysing a new, landscape-scale approach to water stewardship;

→ supporting young wetland and environmental professionals and building capacity at local authority level; and building an internal culture of wetland and freshwater conservation at Mondi that has resulted in our global partnership with WWF.

In focus:

Tackling the impacts of overharvesting on the Mezen River in Russia

Before the 1990s, the Mezen River and its tributaries in the Komi Republic suffered extensive, uncontrolled and concentrated clear-cut harvesting for wood. The impacts included ground water levels decreasing and small streams drying up. The people of Udora district speak about "river swallowing and reducing of fish resources" but, up until 2014, there was no real scientific evidence of how the harvesting had impacted on river condition, hydrology or fish resources.

Supported by Mondi, the Model Mezen River project is a proactive partnership with NGO Silver Taiga and the local community. It is providing valuable information to guide decision-making and improve freshwater resources in Komi and other regions in north-west Russia.

Phase 1 of the project focused on identifying the causes of dwindling fish populations on the upper Mezen River catchment and exploring what was needed to restore these numbers. Illegal and unsustainable fishing had depleted the fish resource. The second phase of the project then looked at the potential impacts of long-term clear-cutting on water and fish resources. The results show a noticeable negative impact on the Mezen River and its tributaries where the most extensive cutting has historically taken place.

Now, the Silver Taiga Foundation is using the evidence to provide recommendations on landscape-scale ecological planning of forest use. The aim is to avoid future negative impacts on local watersheds and forest rivers and help improve general harvesting practices and forest planning in north-west Russia for the long-term.

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Forests and ecosystems

Industry and stakeholder collaboration

We remain a co-chair of the High Conservation Value Resource Network (HCVRN), a global network that promotes consistent HCV methodology. The growing importance and reach of the HCV Assessor Licensing Scheme is bringing about more consistent HCV assessments. The HCVRN and the High Carbon Stock Approach Steering Group have agreed to deepen collaboration, and this has important implications for forestry and agriculture in protecting high carbon stock forests. The network continues to be pivotal to the ongoing development and implementation of the standardised global approach to securing HCVs in forests and agriculture.

We remain committed to the NGP platform which brings companies from different sectors together with local communities and government agencies to share knowledge and improve plantation management. We've worked with WWF and other partners to develop and champion the NGP concept since it was established in 2007. The concept is now being extended to other forest types seeking a balance between commercial use and conservation, for example, supporting the BFP, launched in 2015.

The BFP is bringing stakeholders together across the boreal landscape, especially in north-west Russia, to develop a shared understanding of responsible forest management. One of its aims is to optimise yields from commercial forest while conserving IFLs and HCV areas in a landscape mosaic that benefits local people and nature. Increased yields from these well-managed commercial areas will alleviate the continuing pressure to harvest intact forest. The BFP already has 13 participants, including the forestry and nature authorities, and is making a useful contribution to address the FSC Motion 65 issue for IFLs.

Supporting science

Science plays an essential role in informing our management practices and establishing the value of our work on the ground. The wide-ranging scientific research and collaborative projects that contribute to our management practices include:

→ The University of Stellenbosch's Mondi Ecological Network Programme (MENP) research involving extensive assessment of Ecological Networks (ENs) on Mondi's land and associated protected areas reveals the important role of ENs in delivering the Aichi Biodiversity Targets. The research has produced practical recommendations on the design and management of ecological networks. Its recommendations have been globally peer-reviewed and promoted through the NGP platform. It also recently introduced a new research component to focus on freshwater soil biodiversity. This will complement the work of the WWF-MWP.

→ Partnering with the University of Pretoria's world-renowned Forestry and Agricultural Biotechnology Institute (FABI) to protect our forests from pests and disease and to enhance our tree improvement programme in South Africa.

→ Supporting the University of KwaZulu-Natal's work on the Two Streams catchment project to provide us with more information on Eucalyptus and water use (see page 41).

→ Working with a specialist pedologist and a water specialist at the University of KwaZulu-Natal using 50 years of rainfall-runoff data on Mondi's landholdings in South Africa to assess soil loss/value.

→ Mondi Syktyvkar is working with the Institute of Biology of Komi Science Centre to evaluate impacts of some Mondi forest operations on soils and the revegetation of haulage roads after harvesting. This project will also have links to the ongoing Mondi-Silver Taiga partnership project analysing logging impacts on soil and water.

NATURAL CAPITAL COALITION

The Natural Capital Protocol

Launched in July 2016, the Natural Capital Protocol (NCP) is a framework designed to help generate trusted, credible, and actionable information to enable business managers to make informed decisions. The Protocol aims to support better decisions by considering how we interact with nature or, more specifically, natural capital.

In the development and testing stage of the protocol, Mondi participated in the International Union for Conservation of Nature (IUCN)/Cambridge Consortium as a pilot tester and presented its findings to the WBCSD consortium via a Forest Solutions Group. The NCP draws on existing work such as the WBCSD Ecosystem Services Review (ESR) which greatly facilitated Mondi's participation and cooperation. Mondi will continue to participate in the CISL Natural Capital Leadership Platform and to support WBCSD in developing the practical implementation of a NCP forests and forest products guide.

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Energy and climate change

The central purpose of the COP21 Paris Agreement is to strengthen the global response to climate change and aim to limit temperature rise this century to well below 2°C above pre-industrial levels[1]. We believe business has an important part to play in reducing greenhouse gases (GHGs) and that science-based targets and GHG reduction strategies must play a central role. As an energy-intensive business, it's critical we manage our GHGs by optimising energy and process efficiencies and increasing our use of renewable energy, supported by ongoing investment in low-carbon energy technologies.

Mondi Świecie (Poland)

Discover how we are…

→ Using science-based targets initiative to better understand our impacts and opportunities
→ Improving energy efficiency including increasing use of biomass-based energy
→ Responding to science-based target initiative
→ Supporting advocacy to address climate change through the 'We Mean Business Coalition'

Growing Responsibly

Relevant action areas:

→ **Climate change**
→ **Constrained resources and environmental impacts**

Our strongest links to the UN SDGs include:

7 AFFORDABLE AND CLEAN ENERGY
→ **7.2** By 2030, increase substantially the share of renewable energy in the global energy mix
→ **7.3** By 2030, double the global rate of improvement in energy efficiency

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
→ **12.2** By 2030, achieve the sustainable management and efficient use of natural resources

1 http://unfccc.int/paris_agreement/items/9485.php

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Management approach

The production of pulp, paper and packaging material is energy-intensive, and energy generation is the major source of Mondi's overall GHG emissions. We therefore focus on energy management and energy efficiency investments, looking for opportunities to increase our use of biomass-based fuels and to reduce our reliance on carbon intensive fossil fuels.

Climate change risks and opportunities

We recognise the risks posed by increasing fuel costs and uncertainties over future CO_2 regulation and taxation – all of which influence our climate approach. Eight of our pulp and paper mills are located in the EU and are covered by the EU Emissions Trading Scheme (EU ETS). The South African government also released a GHG reduction plan in 2015, which could result in the introduction of a carbon tax. Mondi's climate approach addresses risks as well as the opportunities for selling energy, green fuels and CO_2 allowances not used by our mills' EU ETS permissible GHG emissions. We also expect water regulation to become stricter due to the impacts of climate change on rainfall patterns and related regulatory changes. We focus on reducing freshwater consumption where we operate, especially in water stressed regions.

Our key focus areas include energy optimisation programmes, increasing the ratio of renewable energy and biomass-based fuels, and moving towards electricity self-sufficiency. We support international carbon trading, and look for opportunities to implement projects that deliver carbon credits under accepted flexible mechanisms. Our reported CO_2e figures do not include any off-setting.

Evidence suggests climate change will impact the world's forests through longer growing seasons, expansion of insect species ranges, and increased frequency of forest fires. In South Africa, our comprehensive tree breeding programme is expected to adapt to and benefit from any increased variability in climate. In the Komi Republic (Russia), climate change is expected to increase yields.

Increasing energy efficiency and reducing carbon emissions

Our approach to reducing carbon emissions involves targeted energy-related investments across our pulp and paper mills. Combined with good management and sharing of best practice through our specialist network, we aim to improve energy efficiency, reduce emissions and replace fossil fuels with renewable biomass-based energy where practical and economically possible.

Sustainable forestry

Wood is one of our primary raw materials. A proportion of the timber we use comes from our natural boreal forests in Russia and our plantations in South Africa. Sustainably managed forests can help mitigate climate change through carbon sequestration, which involves the storing of carbon and conserving forest ecosystem services. We contribute to this through credibly certifying and responsibly managing our forests and by procuring wood exclusively from certified and controlled sources.

Science-based approach

The Science Based Targets[1] initiative is a partnership between CDP, the UNGC, the World Resources Institute (WRI) and WWF. It aims to enable companies to set GHG reduction targets that are developed in line with climate science for the period up to 2050. These targets are aligned with the level of decarbonisation needed to limit global temperature increase to below 2°C, compared to pre-industrial levels, which will likely prevent the worst effects of climate change.

We have a role to play in the transition to a low-carbon economy and we believe using a science-based methodology will help us better understand and communicate our carbon footprint. In 2016, we introduced a new methodology to calculate the GHG emissions of our pulp and paper production and the GHG emissions of our energy sales separately, enabling us to set a science-based target for our pulp and paper production. This methodology has been confirmed by external consultants.

Working with WWF and Ecofys, we have calculated a 2°C decarbonisation pathway for our pulp and paper production's GHG emissions, using the Sectoral Decarbonization Approach (SDA), and found our specific production-related GHG emissions are below the average of the pulp and paper industry. The SDA uses 2°C sector-scenarios from the International Energy Agency (IEA) and divides the global carbon budget between different sectors, taking into account inherent differences among sectors such as mitigation potential and projected economic activity.

Transparency

To promote transparency, we participate in a wide range of benchmarking and transparency initiatives including CDP, Paper Profile, WWF's Check Your Paper initiative and WWF's Environmental Paper Company Index (EPCI[2]) last conducted in 2015.

We can provide our customers with detailed product carbon footprints for all our fibre-based products on request, based on the principles of CEPI's 10 Toes Framework for the development of carbon footprints for paper and board products. We disclose our energy and climate performance in our annual reports.

Our Scope 1 and Scope 2 emissions are calculated according to the GHG Protocol published by the WBCSD and WRI, EU ETS monitoring and reporting regulations and ISO 14064-1. Scope 3 emissions are reported at Group level based on the GHG protocol's "Corporate Value Chain (Scope 3) accounting and reporting standard" (Oct 2011).

Accountability and process

All our operations are guided by Group policies and standards. Responsibility for energy and climate performance is with line management at each entity. Our global networks of energy specialists share knowledge and best practice across the business.

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1   http://www.sciencebasedtargets.org

2   http://epci.panda.org/

3   The measurement of emissions or consumption, normalised for tonnes of saleable production

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Commitments

In our Growing Responsibly model for our climate impact, we have committed to:

→ reduce specific[3] CO_2e emissions from our pulp and paper mills by 15% by 2030, against a 2014 baseline.

78   Commitment on climate change

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Performance

Energy use and generation

In 2016, total energy use by our mills was 153.1 million GJ (2015: 152.7 million GJ). 93.2 million GJ was consumed for pulp and paper core processes in the form of heat and electricity at our operations (2015: 92.2 million GJ), 10.0 million GJ was sold to the local grids (2015: 11.4 million GJ), and we purchased 6.3 million GJ energy from external sources (2015: 7.0 million GJ).

Energy balance for our pulp and paper mills 2016

Electricity purchased: 6,277 TJ
Internal Bio Fuels: 87,194 TJ
External Bio Fuels: 12,614 TJ
Fossil Fuels: 58,616 TJ
Heat purchased: 16 TJ

Power plant

Own consumption[2]
Heat: 78,222 TJ
Electricity: 24,804 TJ

Sales[3]
Heat: 4,217 TJ
Electricity: 5,763 TJ

GHG emissions from our pulp and paper mills
million tonnes

● Scope 1 (million tonnes)   ● Scope 2 (million tonnes)

Year	Scope 2	Scope 1
2012	1.16	4.26
2013	1.13	3.91
2014	1.00	4.31
2015	0.78	4.48
2016	0.67	4.07

Fuel consumption of our pulp and paper mills 2016
million GJ

● Produced from our own biomass   **87.2**
● Purchased fuel   **71.2**
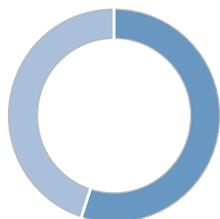
Our total electricity requirements for producing pulp and paper amounted to 20.0 million GJ in 2016 (2015: 19.9 million GJ). Our total heat requirements for producing pulp and paper core processes was 73.3 million GJ (2015: 72.3)[1].

The contribution of biomass-based renewable energy to the total fuel consumption of our mills increased from 59% in 2014 to 63% in 2016 mainly due to the new biomass boiler at our mill in Świecie (Poland).
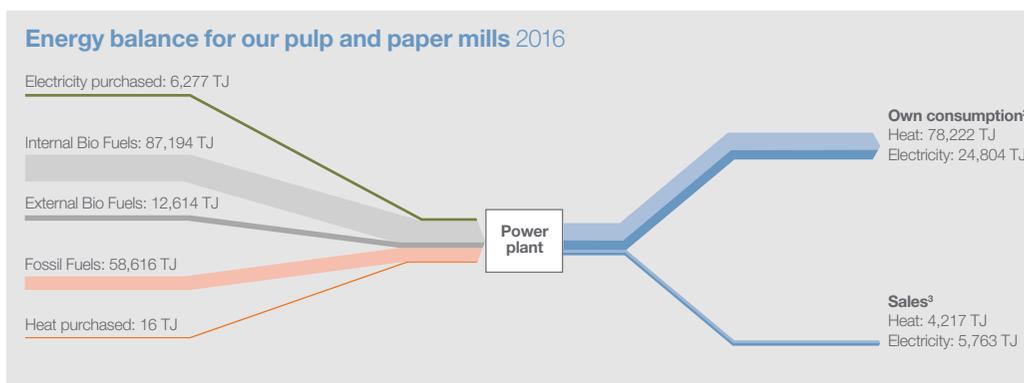
Fuel sources for our pulp and paper mills 2016
renewable vs non-renewable (%)
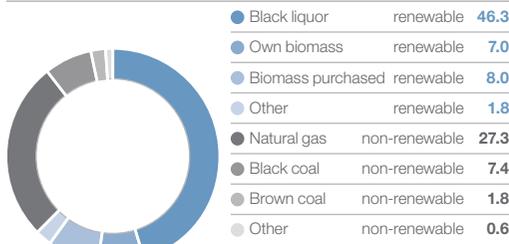
Source		%
● Black liquor	renewable	46.3
● Own biomass	renewable	7.0
● Biomass purchased	renewable	8.0
● Other	renewable	1.8
● Natural gas	non-renewable	27.3
● Black coal	non-renewable	7.4
● Brown coal	non-renewable	1.8
● Other	non-renewable	0.6

In our past reports, we have disclosed our overall electricity self-sufficiency, including all energy sales. This was 98% in 2016 compared to 101% in 2015. In 2016, we have additionally calculated a more representative electricity self-sufficiency by capping each mill's electricity self-sufficiency at 100% and excluding its energy sales beyond that limit. This equated to 83% in 2016 compared to 80% in 2015 and 76% in 2014. This was mainly due to our investment in the new biomass boiler at Świecie mill (Poland).

GHG emissions

Pulp and paper mills

In 2016, the Scope 1 emissions of our mills[4] totalled 4.1 million tonnes CO_2e (2015: 4.5 million tonnes). This equated to 0.65 tonnes CO_2e per tonne of saleable production (2015: 0.70 tonnes).

We reduced our mills' Scope 2 emissions from 0.78 million tonnes CO_2e in 2015 to 0.67 million tonnes CO_2e in 2016, equating to 0.11 tonnes per tonne of saleable production (2015: 0.12). This was mainly due to increased electricity self-sufficiency (excluding energy sales that exceed the limit at which the mills are fully self-sufficient in electricity). All our mills use market-based grid factors for reporting Scope 2 emissions.

1 In 2016 we revised the methodology to calculate electricity consumption and heat consumption of our pulp and paper mills for a more consistent approach that may be applied to all our mills. 2015 data has been accordingly restated

2 Own consumption includes pulp and paper production (core processes) and non-core energy requirements

3 Excludes 1.6 TJ green fuels sold

4 Includes energy sales-related Scope 1

5 This reduction excludes the emissions of our Raubling mill (Germany) which was sold in 2015. By including Raubling in the baseline, the reduction would be 7.6%
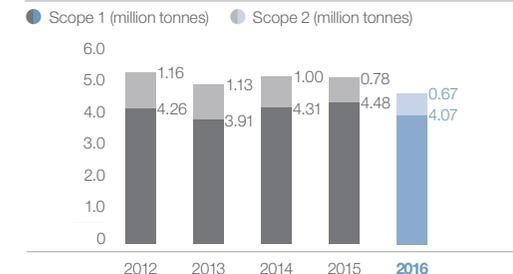
GHG emissions by country 2016
%

Country	%
● Finland	0.0
● Bulgaria	1.4
● US	1.6
● Sweden	1.7
● Turkey	1.7
● Slovakia	2.9
● Austria	4.1
● Czech Republic	8.7
● Poland	10.2
● South Africa Division	28.7
● Russia	39.0

Our commitment is to reduce specific GHG emissions from our pulp and paper mills by 15% by 2030, against a 2014 baseline. In 2016, our specific GHG emissions were 0.76 tonnes CO_2e per tonne of saleable production, representing a 8.9% reduction[5] against the 2014 baseline of 0.83 tonnes CO_2e per tonne of saleable production. This reduction was mainly achieved through our newly installed biomass boiler and new recovery boiler at our Świecie mill (Poland).

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

● Specific Scope 1   ● Specific Total CO_2e
● Specific Scope 2
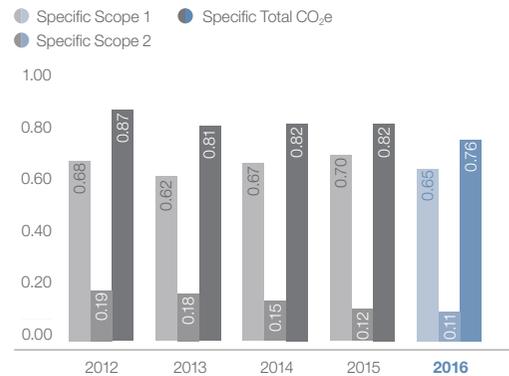
Converting operations

The Scope 1 emissions of our converting operations totalled 0.14 million tonnes CO_2e in 2016 (2015: 0.13 million tonnes). Their Scope 2 emissions totalled 0.25 million tonnes CO_2e (2015: 0.23 million tonnes). Our converting operations contribute 27% of the Group's total Scope 2 emissions. Two of these converting operations, which contribute 22% of total converting operations' Scope 2 emissions, use market-based factors[1]. The rest of the converting operations use location-based[2] (country-specific) average grid factors.

Energy-related investments

To achieve our climate goals, we make targeted energy-related investments across our pulp and paper mills, mainly through recovery boilers that utilise the biomass residues of our pulp making process.

These investments, totalling over €400 million since 2012, have helped us improve energy efficiency, increase the proportion of biomass-based renewable energy, contributed to our electricity self-sufficiency, and reduced carbon emissions (see page 13) or visit our Integrated report and financial statements 2016).

Energy sales-related GHG emissions

Our energy sales-related GHG emissions totalled 1.1 million tonnes CO_2e in 2016 (2015: 1.4 million tonnes). This accounts for 22% of the Group's total CO_2e emissions (2015: 25%). The decrease in energy sales-related CO_2e emissions is mainly due to significant reduction in energy sales at our Syktyvkar mill (Russia).

Scope 1 GHG emissions related to production (for pulp and paper mills) and energy sales

	Production-related emissions out of fuel combustion (t)	Energy-sales related CO_2e (t)	Total emissions out of fuel combustion (t)
2014	2,807,250	1,396,321	4,203,570
2015	2,966,879	1,399,185	4,366,065
2016	2,806,949	1,121,871	3,928,820

Scope 3 emissions

Our indirect emissions (Scope 3) arise from transportation of products and raw materials, employee commuting, business travel, fuel, and raw materials production. All other Scope 3 categories referred to in the GHG Protocol are not relevant for Mondi (see our CDP response 2016[3] for more details).

In 2016, our Scope 3 emissions were estimated to amount to 2.98 million tonnes CO_2e (2015: 2.89 million tonnes CO_2e)[4]. See details below.

Over the last few years, we have increased the number of categories reported as part of our Scope 3 emissions for a more complete reporting of our indirect emissions. We will continue to review our methodology to ensure we use the most appropriate conversion factors from databases that provide average estimated factors, as well as sources that provide actual factors for specific sources of emissions.

Scope 3 emissions 2016
tonnes CO_2e

● Fuel and energy-related activities (not included in Scope 1 or 2) **399,966**
● Purchased goods and services **1,826,793**
● Employee commuting **48,514**
● Upstream transportation and distribution **435,692**
● Downstream transportation and distribution **260,035**
● Business travel **4,303**
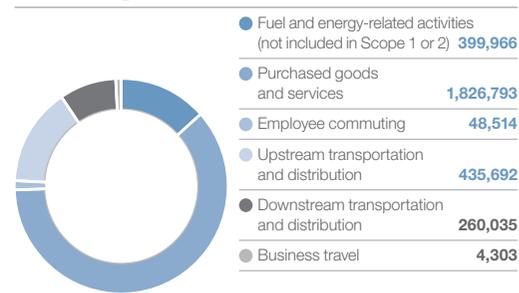
Avoided emissions

We sell the excess energy we generate from our pulp and paper processes – usually to the public grid for district heating and electricity in the vicinity of our mills. In 2016, we avoided emissions of some 0.12 million tonnes of CO_2e through the sale of roughly 1.63 million GJ green fuels (including pitch fuel, sulphate soap, tall oil and turpentine).

We also avoided emissions by substituting natural gas with the biogas generated in anaerobic waste water treatment plants at our mills. In 2016, we used about 0.15 million GJ of biogas as fuel to replace natural gas, avoiding around 0.01 million tonnes of CO_2e. Using waste streams with high biomass content for energy generation, and reusing and recycling waste, are other ways we avoid emissions. By sending about 36,000 tonnes annually of foil waste from the recycled pulp process to a company generating energy out of waste close to our Świecie mill, we avoided about 0.04 million tonnes of CO_2e in 2016.

1 Market-based method: A method to quantify Scope 2 GHG emissions, based on GHG emissions emitted by the generators from which the reporter contractually purchases electricity bundled with instruments, or unbundled instruments on their own (CDP, 'Accounting of Scope 2 emissions', V3, 2016)

2 Location-based method: A method to quantify Scope 2 GHG emissions based on average energy generation emission factors for defined locations, including local, sub-national, or national boundaries (CDP, 'Accounting of Scope 2 emissions', V3, 2016)

3 www.cdp.net

4 2015 figure restated to include Pine Bluff mill

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In focus:

Avoiding emissions and taking another step towards zero waste at our Świecie mill (Poland)

Our manufacturing processes can generate large quantities of waste. We reuse and recycle where we can, and treat the remaining waste; however, some waste still ends up in landfill.

In 2015, we found an alternative for a waste stream, which is comprised of mechanically separated reject from waste paper and board converting. After overcoming several technical barriers, mainly related to its heterogeneous composition, we were able to use this former waste stream for energy generation by the recipient company. In 2016, we identified a further suitable recipient and, through extensive cooperation, investment and joint work, we created a new foil recycling stream that uses the material as fuel. This helped us to avoid the landfilling of a further 7,500 tonnes, increasing the total amount to 36,000 tonnes annually, now used for energy generation. This additional 7,500 tonnes substituted 0.1 million GJ of fossil fuels, equivalent to a GHG reduction of 9,000 tonnes CO_2e. We're making good progress towards our zero waste to landfill ambition and our partner companies are benefiting by lowering their reliance on fossil fuel based energy.

Science Based Targets initiative

In cooperation with WWF and Ecofys, we have calculated science-based targets for our production-related CO_2e emissions using the SDA methodology. Mondi's combined Scope 1 and 2 carbon intensity is currently below that of the pulp and paper sector SDA as a whole. This has helped us understand how we compare against the pulp and paper sector in the pathway to the 2050 SDA target of 0.25 tonnes CO_2e per tonne of saleable production. The SDA pathway is based on 2°C sector-scenarios from the International Energy Agency (IEA) (see page 44 for our management approach). In 2016, our specific CO_2e emissions per tonne of saleable production directly related to our pulp and paper production (excluding energy sales) was 0.56 tonnes (2015: 0.59 tonnes).

We are well on our pathway to the 2050 SDA target due to our significant focus on reducing GHG emissions by increasing energy efficiency at our mills and the use of renewable biomass-based energy over the past 10 years.

Transparency

Mondi has been included in the Leadership A list of the UK and South African CDP Climate Change reports 2016, which positions us among the highest scoring companies that participated. This reflects our transparent communication of comprehensive information about the measurement and management of our carbon footprint, climate change approach and risk management processes and outcomes. Our response can be viewed here.

In 2015, we also received special acknowledgment as a leader in transparency in WWF's Environmental Paper Company Index (EPCI). Detailed results can be viewed here[1].

In 2016, we joined the We Mean Business Coalition and signed up to its Responsible Corporate Engagement in Climate Policy initiative. Launched in September 2014, the Coalition highlights those companies that are committed to leadership on climate action and recognise that the transition to a low carbon economy is the only way to secure sustainable economic growth and prosperity for all.

WE MEAN BUSINESS

In focus:

Saving energy at Syktyvkar (Russia)

The production of pulp and paper is water intensive, so we manage water wisely and responsibly. Wherever possible and economically feasible, we recycle water to conserve this important resource and support our energy approach. At our Syktyvkar mill, we use warm water from the bleaching process as filtrate to de-ice conveyors at the wood yard during the cold winters, when temperatures can reach −30°C. In the past, we heated up fresh water from the nearby river. Using the waste water from the pulp process has enabled us to save 0.7 million m³ of fresh water a year and 61.5 TJ of energy, equivalent to saving 3,350 tonnes of CO_2e.

In focus:

Switching fuels at our Świecie mill (Poland)

The largest source of our GHG emissions is energy generation. Over several years, we've invested hundreds of millions of Euros in Combined Heat and Power (CHP) technology at our mills, allowing more efficient use of fuel to reduce our carbon emissions and our costs. Where possible, we've also replaced fossil fuels with biomass or other fuels with a lower CO_2 factor. At our Świecie mill, a fuel-mix change from heavy fuel oil (HFO) to natural gas in the lime kiln, and from HFO to light fuel oil (LFO) in the energy boilers, has cut previous GHG emission levels by around 26% (from the lime kilns and boilers) compared to 2015. This is an annual reduction of 10,000 tonnes of CO_2e.

1 http://epci.panda.org/

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Operational excellence

We operate in a world of increasingly constrained resources. Using natural resources wisely and managing our impacts is vital for securing sustainable growth. We strive for operational excellence – driving efficiency improvements and investing in the Best Available Technique (BAT) together with good management practice to ensure responsible use of water, to reduce waste and emissions, and to address our biodiversity impact.

A Mondi employee at our ECO7 paper machine in Świecie (Poland)

Discover how we are…

→ Reducing our fresh water consumption and improving discharged water quality
→ Using a circular economy approach to improve resource efficiency
→ Using community waste water to optimise the operation of our Syktyvkar waste water treatment plant
→ Living up to the CEO Water Mandate

Growing Responsibly

Relevant action area:

→ **Constrained resources and environmental impacts**

Our strongest links to the UN SDGs include:

6 CLEAN WATER AND SANITATION

→ **6.3** By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally

→ **6.4** By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

→ **9.4** By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

→ **12.2** By 2030, achieve the sustainable management and efficient use of natural resources

→ **12.4** By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment

→ **12.5** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

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Operational excellence

Management approach

We define operational excellence as doing more with less. We achieve this by optimising our processes and products and by promoting the recycling, reuse and substitution of resources to reduce our waste and emissions to air and water. Operational excellence is one of our strengths and helps us reduce environmental risks while increasing our competitiveness and securing our licence to operate.

Management systems and certification

Management systems and certification are key tools for improving environmental performance in our operations. 58% of our converting operations, as well as all our pulp and paper mills and forestry operations, are certified to the international environmental management system standard, ISO 14001 (with the exception of Pine Bluff mill (US) which Mondi acquired in 2015).

Precautionary approach

We apply a precautionary approach[1] to our decision-making by investigating potential negative impacts on people or the environment resulting from our emissions, discharges and waste before potential harm can occur. Once identified, we set appropriate measures to avoid them.

Resource efficiency

We adhere to the principle of Resource Efficiency as defined by the United Nations Environment Programme (UNEP)[2]. We consider solid waste and emissions to air and water as wasted resources, so we work to minimise them across our operations. One way we've achieved this is through ongoing investments in Best Available Techniques (BAT). We optimise our processes and products where feasible and encourage the recycling, reuse and the substitution of resources. In using energy, we increase efficiency and reduce the energy intensity of our processes where we can. Where possible, we either use the by-products of the pulping process for internal energy generation or sell them for use in biofuels and chemicals (see pages 45–46). We also carry out actions to use water efficiently and responsibly (see pages 51–52).

Circular economy

We contribute to the development of policies that can help us and other companies in our sector to contribute to a circular economy by promoting greater resource productivity through reduced waste and emissions. We work with organisations such as WBCSD, WWF and the Confederation of European Paper Industries (CEPI) to achieve this. For example, while we aim to maximise the use of recycled fibre content in our paper and board products, at times the product application requires virgin fibre input and we are sometimes limited by the availability and quality of recycled fibre. This is being investigated by CEPI with a focus on securing a recycled fibre supply chain. We also support CEPI's call for the EU to place the 'cascading use of wood' principle at the core of its climate and energy policy (see page 69). This would support the most efficient use of available biomass.

In line with the circular economy approach, we investigate our processes to avoid waste streams where possible. Where this is not feasible, we focus either on the recycling and reuse of materials – mainly as a secondary fuel for energy – or on diverting waste to other manufacturing companies for use as secondary raw material in their production processes (see page 47).

Other ways we support the circular economy include our innovative packaging solutions that can extend the shelf-life of packed goods, our use of renewable biomass-based energy in production, by reducing the water and energy intensity of our products, and by recycling water where possible, and through the reuse and recycling of waste as an alternative to landfilling, where feasible.

Water reduction and recycling

Water is vital to our business, from growing trees and producing paper and packaging to non-contact purposes such as cooling in our production facilities. The cost of the water we use and the treatment of effluent from our production processes can be significant, and uncertainties over the availability of water in some of the countries where we operate can be a risk factor. Given its importance to our business and the communities in which we operate, we use water wisely and efficiently and we treat it responsibly at all times.

Since 2011, our water risk management approach has particularly focused on conducting water impact assessments of all our forest operations and pulp and paper mills. These assessments help mitigate water risks, understand shared challenges in the catchment, and put in place measures to manage future risks. We reduce specific contact water consumption mainly by implementing closed loops and recycling water streams.

Our waste water treatment plant at Świecie (Poland)

Effluent and waste water quality

The water we use in production is treated in waste water treatment plants before being released back into the natural environment. We monitor and manage a number of key indicators of water discharge quality from our pulp and paper mills. The most important ones are: chemical oxygen demand (COD), reflecting the organic load being discharged by the operations in the form of waste water after treatment; and adsorbable organic halogens (AOX), reflecting adsorbable halogen compounds present in water released from the pulp bleaching process.

Over the past years, we've achieved significant reductions in AOX by having discontinued our use of elemental chlorine for bleaching. We've reduced COD by closing loops in production processes and investing in waste water treatment plants. We aim to keep our COD and AOX emission levels within the BAT range as described in the EU Industrial Emissions Directive (IED)[3] and we look for opportunities to make further improvements.

1 www.precautionaryprinciple.eu/
2 www.unep.org/resourceefficiency/
3 eippcb.jrc.ec.europa.eu/reference

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Operational excellence

Waste

We monitor our process waste – our key waste streams include green liquor dregs, boiler ash, lime mud, waste paper rejects and fibre sludge. Our zero waste to landfill approach involves developing more efficient products and processes and minimising waste where possible. Our waste to landfill commitment drives further improvement as we aim to reduce waste to landfill by avoiding waste where possible and by finding reuse or recycling solutions for our remaining waste streams. Where recycling or reuse is not possible, our options include: treatment for change of physical status (such as drying and filtration) as well as chemical composition; treatment to change hazardous into non-hazardous waste; combustion in incineration facilities, preferably in combination with energy recovery; and disposal to landfill.

Air emissions

We aim to reduce emissions to air from our production processes. Reducing emissions of total reduced sulphur (TRS) compounds from Kraft pulp mills is a particular focus as they can create an odour nuisance for local communities and give rise to public complaints. Our approach includes the capture of TRS-containing off-gases in our recovery boilers. We detect diffuse emissions due to leakages using mobile equipment and TRS monitoring stations inside and outside our boundaries.

Reducing SO_2 and NOx emissions from the combustion of fossil fuels and biomass at our on-site energy generation plants is another priority. We do this by increasing the efficiency of our boilers and systems used in the purification of exhaust gases.

Reducing fine dust emissions is an increasing priority for the pulp and paper industry and is receiving greater public and industry attention. Stricter legislation is underway and will increase the need for investments in emissions reduction. We reduce particulate emissions by modernising our energy boilers, which also reduces NOx and SO_2 emissions.

Biodiversity

We actively protect biodiversity and HCV areas in our forestry operations through Ecosystem Management Plans (EMPs), and harvesting plans provide protection for rivers, wetlands and other HCV areas (see page 38). Biodiversity is also a potential issue for some of our manufacturing operations as some of them are located next to rivers or lakes, or located in or around a protected biodiversity area[1]. To improve understanding at Group level, we've started to investigate biodiversity risks and opportunities at and around our production facility sites using the Integrated Biodiversity Assessment Tool (IBAT) to identify those locations in or in the vicinity of a protected biodiversity area.

Environmental incidents

Environmental incidents related to our operations mainly arise from the unexpected release of chemicals, or loss of primary containment (LOPC). We have well established management systems and procedures in place to prevent such incidents from happening. Where they do occur due to unforeseen circumstances or gaps in our internal systems, we thoroughly investigate every incident to prevent a future reoccurrence. In 2015, we introduced a new procedure to categorise LOPC occurrences based on the nature and amount of the chemicals released. In 2016, we formalised and automated our incident reporting tool for safety and environmental incidents. The new tool will be launched in 2017.

Compliance

Our environmental performance and management is based on local and regional environmental laws, regulations, standards (such as BAT) and other requirements such as site permits to operate, as well as our Sustainable Development Management System (SDMS). Legal compliance not only ensures we retain our local licence to operate, but also reduces potential financial risks – either directly through fines or indirectly through damage to our reputation. In some circumstances, non-compliance can lead to clean-up obligations and other costly environmental liabilities. We monitor all non-compliance incidents and potential resulting fines and take corrective action to prevent future reoccurrence.

Accountability and process

All our operations are guided by Mondi Group policies and standards. Responsibility for environmental performance lies with line management at each entity. Our global networks of energy and environmental specialists share knowledge and best practice across the business. Our operational excellence team also supports all our operations with benchmarking, advice and best practice to improve profitability and operational efficiency.

Grievance mechanisms

Our production processes have the potential to give rise to concerns or grievances from local communities, NGOs and other stakeholders. These relate to issues such as odour caused by TRS or noise. Complaints can also relate to environmental incidents (see page 54).

We respond to each complaint by monitoring, investigating and reporting it and by setting corrective actions. Some operations provide the community with dedicated telephone lines which connect the complainant directly to the relevant responsible person at our operation. Emission monitoring stations are also provided at a number of our pulp and paper mills.

When we conduct a Socioeconomic Assessment Toolbox (SEAT) process at our mills and forest operations, it provides a further mechanism to address environmental grievances by local stakeholders (see page 56).

Commitments

In our Growing Responsibly model, for constrained resources and environmental impacts, we have committed to:

→ reduce specific[2] contact water consumption of our pulp and paper mills by 5% compared to a 2015 baseline

→ reduce specific waste to landfill by 7.5% compared to a 2015 baseline

→ reduce specific NOx emissions from our pulp and paper mills by 7.5% compared to a 2015 baseline

→ reduce specific effluent load to the environment (measure COD) by 5% compared to a 2015 baseline.

78 Commitments to constrained resources and environmental impacts

1 As defined by www.ibatforbusiness.org

2 Specific is the measurement of emissions or consumption, normalised for tonnes of saleable production

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Operational excellence

Performance

Resource efficiency

We made good progress in 2016 in the more efficient use of natural resources and in reducing our emissions and waste. In addition to the topics covered in this section, please refer to page 45 for energy efficiency and use of renewable energy; on this page for our use of recovered fibre; and page 71 for how we are developing sustainable products.

Circular economy

In 2016, we used 1.3 million tonnes of paper for recycling (2015: 1.4 million tonnes) (recovered paper) to produce recycled paper and containerboard. In 2016, 22% of our pulp was produced from secondary (recovered) fibre.

We worked with CEPI to lobby for European waste policies that promote paper recovery. Progress requires improvements to the quality of paper for recycling, reduced bureaucracy and the removal of cost barriers to recycling. We oppose the use of recovered paper for energy generation and we engage with certification systems to align standards for wood and recovered paper.

See page 52 for progress made on recycling, reusing and reducing waste; page 45 on the use of biomass residues from our pulp processes for energy generation; on this page on recycling, reusing and reducing water consumption; and pages 74–76 on products that save packaging material and reduce waste.

Water reduction and recycling

We've committed to reduce the specific contact water consumption of our pulp and paper mills by 5% by 2020 against a 2015 baseline. In 2016, we reduced our specific contact water consumption to 33.0m³ per tonne of saleable production (2015: 33.5) in our pulp and paper mills. This represents a reduction of 1.3% against the 2015 baseline in our pulp and paper mills[1].

In 2016, our total Group freshwater use was around 298 million m³ (2015: around 298 million m³), of which 207 million m³ was directly used as contact water and around 92 million m³ indirectly for cooling purposes which doesn't bring the water into contact with our production processes.

Total water input of our manufacturing operations 2016
%

● Potable water	7.5
● Non-potable water	92.5
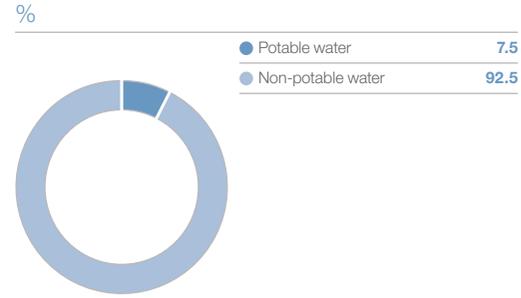
The water footprint chart alongside shows our freshwater use for production and our indirect water use. According to the Water Footprint Network (WFN)[2], the blue water footprint represents surface and ground water use, green water relates to rainwater necessary for growing our fibre, and grey water is the volume of fresh water required to assimilate the load of pollutants based on existing ambient quality standards.

Water footprint by type 2016[3]
%

● Green water (from purchased wood)	58.3
● Green water (from own wood)	18.3
● Green water (from purchased pulp)	1.7
● Green water (from recovered paper)	15.3
● Blue water (ground water)	0.3
● Blue water (surface water)	2.6
● Blue water (potable water)	0.2
● Blue water (second class water)	0.1
● Grey water	3.1
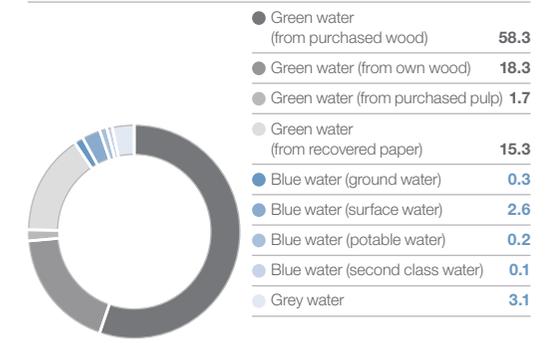
In 2016, as part of our global partnership with WWF, we continued to further support the development of The Water Risk Filter[4] (including the testing of the high-resolution Water Risk Filter for South Africa). Our own water impact assessment tool is based on WWF's Water Risk Filter and WBCSD's Global Water Tool, but includes more detailed and operation-specific data as well as a forecasting element.

Our water footprint

Precipitation

Evapo-transpiration

Surface water run-off and groundwater recharge

Forests → Water in wood

Surface water
Third party waste water
Ground water
Potable water
Second class water

Water resource cycle

Non-fibre raw material — Other water input →

Products ← Water in products —

Cooling water

Contact water

Waste water treatment

Manufacturing
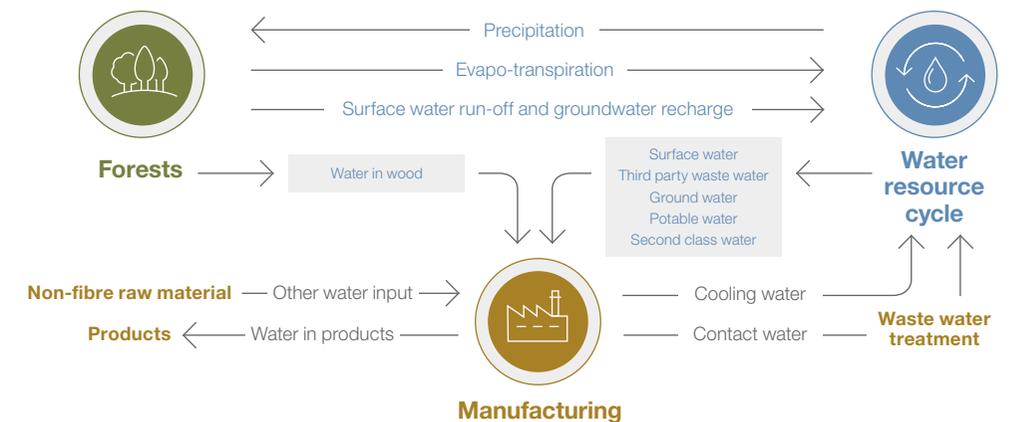
1 This reduction excludes the specific contact water consumption of our Raubling mill (Germany) which was sold in 2015. By including Raubling in the baseline, there would be a 0.9% increase in specific contact water consumption in 2016 compared to 2015

2 Water footprint assessment manual, 2011

3 Representing a total of approximately 9.4 billion m³

4 http://waterriskfilter.panda.org

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Operational excellence

During the 2011-2015 commitment period, we conducted water impact assessments for all our pulp and paper mills and forestry operations, and in 2016 updated the water impact assessments of our Richards Bay and Merebank mills (South Africa). We used a common Group framework and questionnaire for the assessments across the operations, covering issues such as availability, price and quality of local water resources; risks and opportunities for Mondi; needs of local stakeholders and industries; possible shift of demographic trends; legal permits; potential biodiversity impact; medium-term outlook for water; waste water treatment; and other issues.

Our local management teams used findings of the assessments to enable them to take action. The assessments have notably resulted in securing investments such as improving waste water treatment plants. Other examples include:

→ utilising the energy recovered from waste water treatment process for use in manufacturing processes

→ optimised use of nitrogen and phosphorous from the community waste water that we treat, for a more effective treatment process, and resource efficient use of these substances (see the Syktyvkar 'In focus' example on this page).

Looking ahead, we plan to review these assessments together with local teams, follow up on actions and outcomes, and identify potential new findings and trends.

We seek to increase the recycling rate of water where feasible, particularly in water stressed areas such as South Africa. The extended drought in South Africa remains a significant challenge. We are working with government and other industries in the region to find potential solutions. Plans include reducing total water consumption, piping water from a larger supply river and increasing recycling of water. In Merebank (South Africa) we use treated waste water from the community to replace potable water for certain processes. In doing so, we've replaced approximately 7 million m^3 of potable water annually with treated waste water in Merebank alone. In South Africa, our total freshwater consumption has been reduced by 12% compared to 2015.

Effluent and waste water quality

In 2016, we released a total of 236 million m^3 of treated waste water back to the aquatic environment (2015: 238 million m^3). This includes around 38 million m^3 of waste water from third parties annually.

Our commitment is to reduce the specific effluent load (COD) of this waste water by 5% by 2020, against a 2015 baseline. In 2016, specific COD after waste water treatment was 7.0kg per tonne of saleable production (2015: 7.4), a 5.0% reduction against 2015[1]. This was mainly achieved through the start up of our new waste water treatment plant at Świecie mill (Poland). Our Syktyvkar mill (Russia) also started up its newly modernised waste water treatment plant in 2016. It mixes the mill's waste water with that of the community to better manage carbon, nitrogen and phosphorous content. Total AOX emissions after waste water treatment amounted to 173 tonnes in 2016 (2015: 166 tonnes). This increase was due to process instabilities in our waste water treatment plant at Richards Bay mill (South Africa).

Waste

We've committed to reduce the specific total waste we send to landfill by 7.5% by 2020, against a 2015 baseline. In 2016, we sent 33.1kg of waste to landfill per tonne of saleable production (2015: 37.3kg per tonne). This 11% reduction was mainly achieved through progress at our Świecie mill (Poland) in enabling an additional 7,500 tonnes per annum of foil waste from the recycled pulp process to be converted to energy (see page 47).

In focus:

Investing in further waste water treatment improvements at Syktyvkar

The waste water treatment plant at our Syktyvkar mill treats our own industrial waste water and also the waste water from the local community. In 2016, we embarked on a new project to modernise the waste water treatment works which will allow municipal and industrial waste water to be mixed before entering the treatment plant. Community waste water supplies the micro-organisms required for the aerobic waste water treatment plant with the required phosphorous- and nitrogen-containing nutrients. In the past, these nutrients reached the waste water treatment plant in an unbalanced way due to the daily patterns of community use. Through our investment in new storage tanks and the mixing chamber, these highly valuable nutrients can now be introduced evenly throughout the day – improving the operation of our waste water treatment plant and saving on nutrient costs.

Our waste reduction hierarchy

Prevent
If you can't prevent, then…

Prepare for reuse
If you can't prepare for reuse, then…

Recycle
If you can't recycle, then…

Recover other value (e.g. energy)
If you can't recover value, then…

Dispose
Landfill if no alternative available

1 This reduction excludes the specific COD emission of our Raubling mill (Germany) which was sold in 2015. By including Raubling in the baseline, the reduction would be 2.5%

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Operational excellence

In focus:

Living up to the CEO Water Mandate

The CEO Water Mandate is a unique public-private initiative that mobilises business leaders for water stewardship. Established by the UN Global Compact in 2007, the Mandate is rooted in the belief that cross-sectoral collaboration on shared water goals is the most effective path to more sustainable water management and that the private sector can be a critical partner in this effort. Its structure covers six key areas and is designed to assist companies in developing a comprehensive approach to water management: direct operations; supply chain and watershed management; collective action; public policy; community engagement; and transparency.

Mondi became a signatory of the CEO Water Mandate[1] in 2015 and regularly discloses its water use and waste water management. We also participate in CDP's water programme where we detail our water strategy, policy and community engagement.

THE GLOBAL COMPACT
WE SUPPORT

The CEO Water Mandate

Waste to landfill
thousand tonnes

● Total waste to landfill ● Non-hazardous waste to landfill

	2012	2013	2014	2015	**2016**
Total	266.6	272.8	262.4	230.1	206.5
Non-hazardous	264.9	270.7	260.7	229.3	205.3
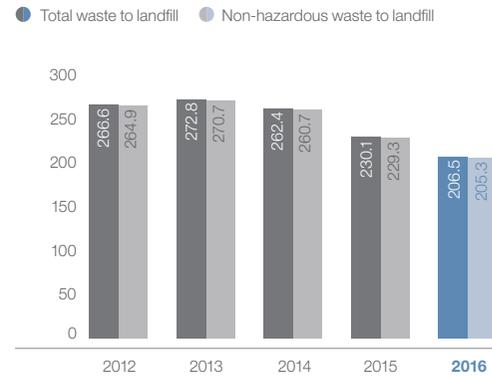
Hazardous waste
thousand tonnes

	2012	2013	2014	2015	**2016**
Hazardous waste for treatment	7.09	9.65	8.39	8.06	9.27
Hazardous waste sent for recycling/re-use	1.27	2.49	3.10	2.54	2.83
Hazardous waste incinerated	1.85	2.27	2.47	2.67	3.47
Hazardous waste to landfill	1.70	2.11	1.67	0.81	1.23

● Hazardous waste for treatment
● Hazardous waste sent for recycling/re-use
● Hazardous waste incinerated
● Hazardous waste to landfill
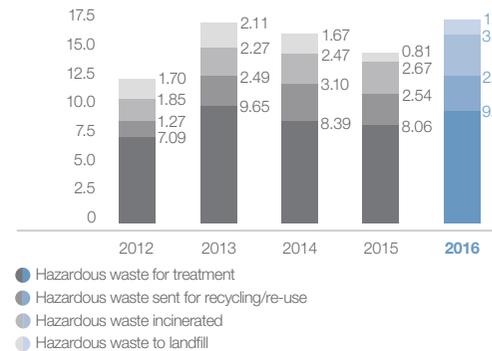
Air emissions

In the last 10 years we've reduced emissions of malodourous gases, reported as total reduced sulphur (TRS), from our operations by more than 69%. All our operations are operating within the TRS BAT limit. While we have not set a new TRS commitment to 2020, we continue to drive further reductions through investments in new boilers (the main source for TRS emissions).

In 2016, we emitted 52 tonnes of TRS (2015: 71 tonnes), a 27% reduction compared with 2015. The biggest reduction was in Świecie (Poland), due to new boiler investment in 2015. Additionally, we introduced TRS containing off-gases in the combustion zone of the recovery boiler at our Stambolijski mill (Bulgaria).

SO_2 is emitted mostly as a result of the combustion of coal for energy generation. In 2016, our SO_2 emissions were 1,985 tonnes (2015: 5,604 tonnes). This represents a 65% reduction against 2015 levels, mainly due to the new flue gas desulphurisation plant in our Richards Bay mill (South Africa).

1 http://ceowatermandate.org/join-us/endorsing-companies/

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Operational excellence

NOx emissions arise from the combustion of fossil fuels and biomass in our on-site energy generation plants. As NOx is increasingly a key issue, we set a new commitment in 2015 to reduce our specific NOx emissions by 7.5% by 2020 against a 2015 baseline. We've already implemented programmes to increase efficiency in our boilers and introduced de-NOx systems in the purification of exhaust gases. In 2016, our specific NOx emissions amounted to 1.9kg per tonne of saleable production (2015: 2.0), a reduction of 8% against 2015 levels. Around half was due to process optimisation of our energy boilers at our mill in Syktyvkar (Russia).

We emitted 963 tonnes of particulates in 2016 (2015: 1,500 tonnes). This is a 36% reduction compared with 2015, mainly as a result of our investment in the new recovery boiler at Świecie (Poland).

Air emissions
thousand tonnes

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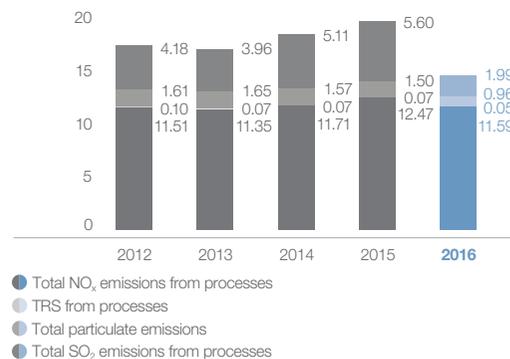
Biodiversity

In 2015, we started to investigate the biodiversity on and around our production facility sites using the Integrated Biodiversity Assessment Tool (IBAT). This exercise continued in 2016. We also continued to collaborate with WBCSD, CISL, WWF and others to explore opportunities to develop agreed, measurable, appropriate and practical biodiversity metrics.

Environmental incidents

In 2015, we revised our environmental incident reporting and aligned the categorisation of incidents with our Major Incident Cause Evaluation procedure (MICE). Implementation of these changes continued throughout 2016.

In 2016, we had seven Level II[1] environmental incidents:

→ Tire (Turkey): poly-aluminium chloride (PAC) leaked from a storage tank into secondary containment and flowed into the waste water treatment plant, mixing with waste water in a buffer tank.

→ Richards Bay (South Africa): a subsurface effluent pipe from the demineralisation plant ruptured, spilling acidic effluent to the ground.

→ Tire: an oil leakage from the hydraulic distribution pipeline caused hydraulic oil to flow through a freshwater pipeline and reach a freshwater tank.

→ Richards Bay: during the repair of a green liquor pump, green liquor sprayed out between the volute and rotating assembly of the pump. The green liquor which was spilt was contained in the existing spill containment system and returned to the process.

→ Frantschach (Austria): mixed thin liquor leaked from a vessel on the site of the pulp mill due to a blocked filter in the liquor cooler.

→ Richards Bay: after the annual shut down, instabilities in the mill led to loss of primary containment of black liquor.

→ Pine Bluff (US): the scum box attached to the side of the clarifier broke off and caused the rake to stop turning and as a consequence the total suspended solids waste water discharged increased.

Complaints

In 2016, we received 187 complaints (see table below) (2015: 263). All complaints were managed locally, especially at those mills which are located either within or in the close vicinity of villages and towns.

	2016	2015
Total complaints	**187**	**263**
Odour complaints	152	241
Noise complaints	24	10
Other complaints	11	12

1 A Level II environmental incident is any occurrence that has actually resulted in the loss of primary containment of at least 1kg GHS hazard category 1 substance or > 10kg of all other GHS classified substances. GHS is the 'Globally Harmonized System of Classification and Labelling of Chemicals' used to categorise chemicals by their hazardous characteristics. GHS is an internationally agreed upon system, created by the United Nations. For further information visit: www.unece.org/trans/danger/publi/ghs/ghs_welcome_e.html

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Communities

We understand how much the social, economic and environmental health of local communities underpins our business strategy. To our local communities, we can be an industrial neighbour, employer, purchaser, energy generator, land user and manager of local resources. We aim to enhance our social value through effective stakeholder engagement and meaningful investments, applying global frameworks to address local priorities. In the last five years, we've invested approximately €46 million in community projects that support health, education, infrastructure and enterprise in the communities where we operate.

School children from our Jabulani agri-village (South Africa)

Discover how we are…

→ Targeting effective engagement and strategic investments to add value to communities
→ Enabling development through education, health, enterprise and infrastructure support
→ Making use of measurement and impact assessment for targeted, sustainable, successful development projects
→ Networking inside and outside our organisation to develop partnerships, share good practice and improve performance

Growing Responsibly

Relevant action area:

→ **Relationships with communities**

Our strongest links to the UN SDGs include:

4 QUALITY EDUCATION

→ **4.4** By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
→ **4.b** By 2020, substantially expand globally the number of scholarships available to developing countries, in particular least developed countries, small island developing States and African countries, for enrolment in higher education, including vocational training and information and communications technology, technical, engineering and scientific programmes, in developed countries and other developing countries

6 CLEAN WATER AND SANITATION

→ **6.4** By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

→ **9.3** Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets

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Communities

Management approach

Indirect economic impact

We can have a significant socioeconomic impact on the communities where we operate. For example, where we have forestry operations and pulp and paper mills, we are usually a key employer. Our mills and forestry operations are located in Russia, South Africa, Poland, Czech Republic, Slovakia, Bulgaria, Turkey, US, Sweden and Austria. These operations tend to be larger and employ more people than our converting operations (with some exceptions) and can be in remote areas, sometimes with high levels of poverty and unemployment. We support livelihoods by creating wealth, employment and business, by directly or indirectly contributing to infrastructure improvement, and by paying local and regional taxes. We also make voluntary social investments that support health, education, infrastructure and enterprise.

Local communities

A thriving local community is essential for us to continue to prosper. Our community engagement, initiatives and investments are directed at local communities that live adjacent to our operations, on or around our landholdings, or within our area of socioeconomic and/or environmental impact.

Community engagement

We aim to be an active member of the communities where we operate and we work hard to maintain positive and open relationships with local stakeholders. Ongoing, transparent dialogue helps us to address challenges, understand and manage our risks, generate opportunities and improve our business performance. Our work with local communities is based on our SEAT process. This process helps ensure open and transparent dialogue and is facilitated by an independent third party. Our stakeholders include employees, contractors and suppliers, customers, neighbours, community members, trade unions, NGOs and government authorities (see page 90). Community engagement is delivered through Community Engagement Plans (CEPs) – annual plans of engagement with local stakeholders of our pulp and paper mills and forestry operations. Our operations discuss CEPs with local stakeholders and we make all SEAT reports publicly available on our website.

Impact assessment

To understand where our impacts lie and what our stakeholders expect, we use several different approaches, notably our formal SEAT process (see above). Introduced in 2016, we also carry out impact assessments of our voluntary community investments and programmes to determine the effectiveness, value and success of our interventions. In some cases, assessments highlight the need to support the improvement of local infrastructure. Examples of where we have acted on this information include the infrastructure projects and investments in our Russian and South African forestry operations (see relevant SEAT reports here).

Engineering students visiting Mondi Dynäs (Sweden)

Investments

When investing in communities, we consider the principles of sustainable development, the needs of the community, our own business objectives, and the potential effectiveness of projects. The majority of our initiatives and investments are targeted at education, health, employment and enterprise support, and infrastructure and community development. These are the areas where we believe we can make the greatest difference. Our voluntary investments go beyond monetary contributions, with Mondi employees giving their time and expertise to support local projects. This enables us to create additional social value by sharing our core skills such as management, networks and influence.

Collaboration

We believe in working with others to maximise the value we deliver. Our community investments and initiatives are almost always delivered in partnership with local stakeholders, charitable institutions, NGOs, government institutes and municipalities, universities and others. This helps scale our response to development challenges, contributes to transparency, gives more credibility to projects, leverages know-how and funds, and strengthens our relationships with local stakeholders.

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Communities

Indigenous rights

The cultural heritage of indigenous communities is an important consideration, particularly in our forestry areas. We're sensitive to local concerns and endeavour to resolve issues in a spirit of respect, trust and dialogue. We respect the rights of indigenous people and, where necessary, cooperate with stakeholders to address historical injustices that pre-date our involvement in an area. Portions of our landholdings in South Africa are subject to community land claims under the Restitution of Land Rights Act. We cooperate with government around the settlement of all legitimate land claims affecting our land. Following a successful land claim process, communities gain ownership of the land and derive a sustainable income from it, while at the same time progressively developing their own businesses to operate within the forestry value chain. We ensure that land claim beneficiaries receive post-settlement support, gain meaningful and sustainable benefits, and that sources of fibre are both assured and sustainably managed into the future to retain FSC certification.

Grievance mechanisms

All our operations make formal grievance mechanisms available to the public. These include local hotlines and our Group-wide anonymous whistle-blowing system, Speakout (see page 24). When a SEAT is done at our mills and forestry operations, it provides further opportunity for local stakeholders to inform us of potential grievances. Impact assessments and measurements provide a platform for communities and beneficiaries to give feedback, along with community open-door days, community liaison forums and other meetings. These initiatives allow us to gain feedback, understand community and environmental concerns, and initiate a formal and appropriate response.

Accountability and process

All our operations are guided by Group policies and standards (see page 22 for more information). Community activities are managed locally by our pulp and paper mills and forestry operations who work within a global framework to respond to local context and priorities. We work together across our operations and use internal networks to share our learnings and best practices. This includes developing a strategic approach to community engagement and investments, focusing more on impact and value measurement, and using global frameworks to deliver local priorities.

Commitments

In our Growing Responsibly model, for communities, we committed to:

→ enhance social value through effective stakeholder engagement and meaningful social investments.

📖 **78** Commitments to relationships with communities

Performance

Impact assessment

SEAT

Our most recent SEAT reviews (see management approach page 56) were completed in 2015 at our Merebank mill (South Africa) and our Syktyvkar logging operations (Russia). The reports were published on our website and distributed to our stakeholders in 2016.

Impact assessment pilots

In our 2015 report, we referred to work that aims to deliver a more strategic approach to Mondi's community engagement and investment. Our goal is to move away from looking at inputs and outputs of projects to assess the holistic outcomes, impacts and the value our initiatives and projects create, for both us and for communities. We call this 'Impact Pathway' thinking. Understanding and measuring our real footprint can improve decision making and demonstrate the effectiveness of our investments to external stakeholders.

In 2016, we applied Impact Pathway thinking to two of our operations to assess the value of their community investments. Our objective was to pilot-test our Impact Pathway framework to develop an indicator-based methodology to measure the social and business value created by our community investments.

The scope of the pilots included selected projects at two sites: our Świecie mill (Poland) and our forestry operation in South Africa. Our approach involved direct and indirect data collection by accessing existing data from our partners and performing new surveys of partners, beneficiaries and communities.

Some of our high-level learnings include:

→ Partnership models are successful, and we will continue to collaborate with governments, NGOs and communities;

→ Monitoring, reporting, measurement and setting targets are key to success and in optimising benefits for communities and the business;

→ Increased focus on business impacts and dependencies and the broader global development agenda (such as the UN SDGs) is key in selecting and running strategic projects;

→ Enhanced ongoing communication and exchange with partners is necessary to deliver optimum results; and

→ Learnings, metrics and targets from these pilots are applicable elsewhere at Mondi.

Looking ahead, we aim to better define more meaningful practical metrics to monitor and evaluate projects, and explore how these metrics can be consolidated at Group-level to ultimately reflect our total community footprint. We will report on progress in our 2017 report.

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Communities

A timeline of SEAT studies at Mondi's operations

2005 to date

Russia
1 Syktyvkar
2005
2012

1 Syktyvkar
2006
2009
2015

Poland
2 Świecie
2005

Czech Republic
3 Štětí
2006

Austria
4 Neusiedler
2007
2010

Slovakia
5 Ružomberok
2005

Bulgaria
6 Stambolijksi
2013

Key
● Mill
● Forestry/Logging
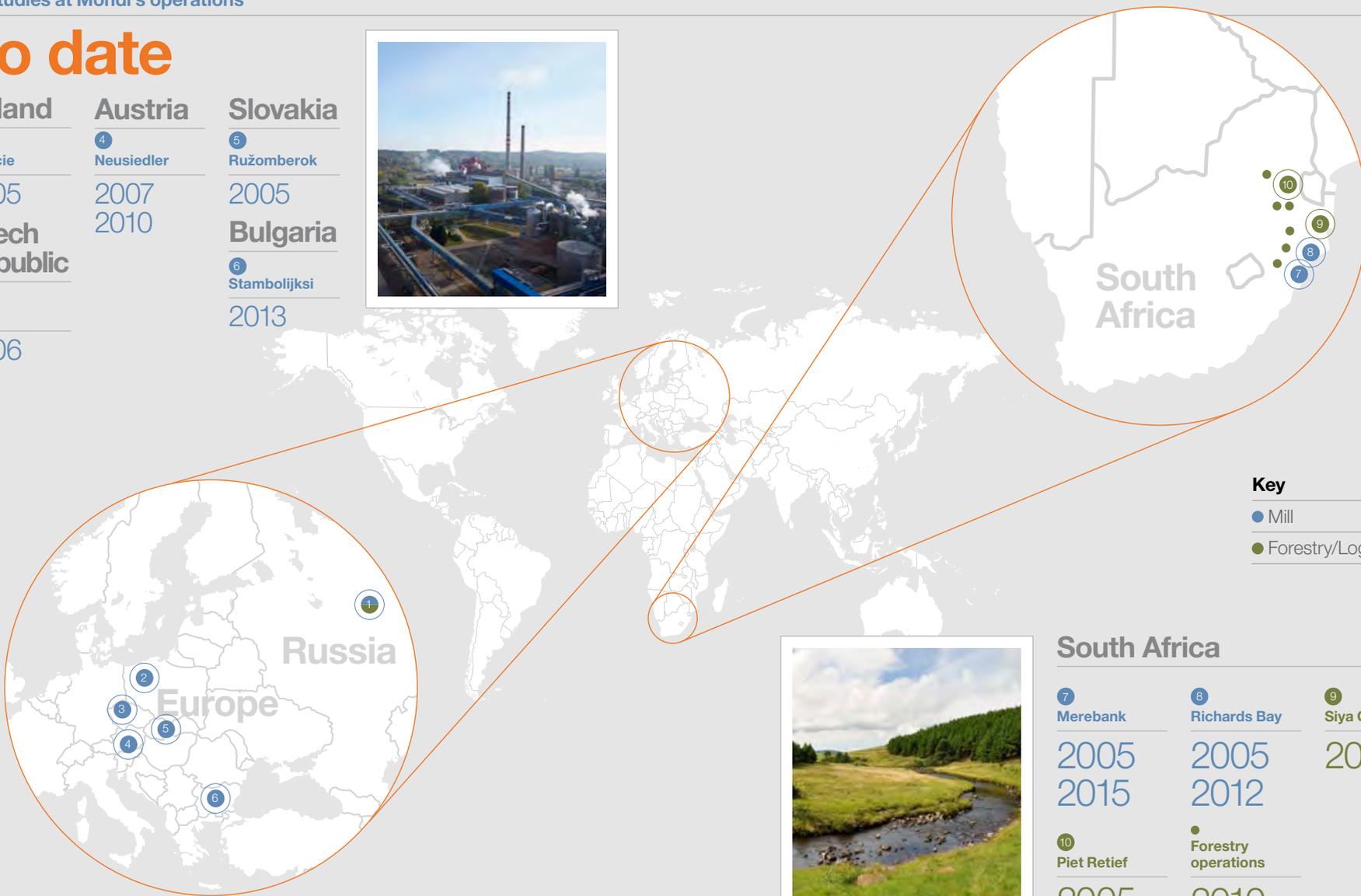
South Africa

7 Merebank
2005
2015

8 Richards Bay
2005
2012

9 Siya Qhubeka
2005

10 Piet Retief
2005

● Forestry operations
2010

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Communities

Collaboration on social capital

In 2016, we participated in WBCSD's pilot testing of the Social Capital Protocol for its Forest Solutions Group (FSG), of which we are a member. The Protocol is being designed to help companies understand their relationship with society and how to measure, value and manage it to enhance social capital for the benefit of society and business. It seeks to shape credible tools and techniques for companies to work towards a standardised approach to measuring and valuing social capital. We piloted the Protocol for our community investments and initiatives, looking at how our engagement and investment in local communities help drive social value.

We selected the two sites used in our impact assessment pilots – our mill in Świecie (Poland) and our forestry operations in South Africa. Pilot results from the FSG member companies will help improve FSG's Social Impact indicators and draft a sector guide on social impact valuation. The guide is due to be published in April 2017.

Investments

In the last five years, we've invested around €46 million in local community initiatives, as well as contributing employee time and gifts in kind. Our investments in 2016 totalled €7.9 million. We believe these investments have achieved a wide range of outcomes, including: contributing to healthier communities and improving their future prospects; securing our supply chain in some areas; strengthening our local relationships; engaging our employees; and strengthening the Mondi brand.

€7.9 million

invested in local community initiatives in 2016

Community and social investments[1] ('000 €)

	2012	2013	2014	2015	2016
Health and wellbeing	219	211	85	172	653
Education	835	574	2,078	1,775	565
Infrastructure and development	13,236	9,213	4,996	5,044	6,425
Enterprise and employment support					254
Total[2]	14,290	9,998	7,159	6,991	7,896

Community engagement

All our forestry operations and many of our pulp and paper mills have a CEP in place, with the remaining CEPs to be finalised during 2017. Our mills in the Czech Republic and Sweden, in collaboration with our partner Business in the Community (BITC)[3], started to formalise their community engagement approach in 2016.

Indigenous rights

We are not aware of any violation by our operations of the rights of indigenous people during 2016. All complaints by community members were directly addressed.

Land reform in South Africa

Portions of our landholdings in South Africa are subject to community land claims under the Restitution of Land Rights Act. Our baseline for reporting progress in settling these claims is 63 claims on 114,361 hectares of our managed land. This baseline relates to the first window of opportunity opened by the government in 1998 to lodge claims. By the end of 2016, we had settled 21 claims, covering around 37,000 hectares. We continue to work with stakeholders to settle the remaining claims.

Our performance involves:

→ 33% of land settled to date (based on settled land (in hectares) out of a total of gazetted, pre-gazette and settled land)

→ Number of claims moved from pre-gazette to gazette during 2016: one claim involving 607 hectares

→ 43% of our owned land under claims to date (based on the total of pre-gazette and gazetted land out of current owned land holdings)

The land claim process that was re-opened by Government in 2014, allowing claimants a further five years to lodge claims, has been put on hold by the Constitutional Court who found Parliament did not properly consult with the public before deciding to re-open the window for claims. Mondi's remaining 42 claims (pre-gazette and gazetted) were all lodged during the Government's first window of opportunity to submit land claims. However, this number may increase, should further claims be lodged during the second window of opportunity opened by the government.

School children from our Jabulani agri-village (South Africa)

1 In 2016, we restructured and revised our investment categories. Our new 'Health and wellbeing' and 'Education' categories correspond to equivalent previous categories and therefore their historic data were not restated. Our new 'Infrastructure and development' combines the previous categories 'Environment', 'Community development', 'Arts, culture and heritage', 'Housing' and 'Other', and will be a wider, more comprehensive category going forward. Our new 'Enterprise and employment support' category will not include any historic data, but investments in support of employment and enterprise have effectively been part of the scope in past years, even if it is not formally reflected as an individual category

2 Changes in investment levels over the years do not necessarily represent a change in investment strategy. They are sometimes reflective of the commencement or closure of projects. Most initiatives run over several years and require different levels of investment for each development phase

3 BITC is a UK-based member-led charity focused on promoting responsible business practices

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Communities

Development focus areas

Our commitment to empower local communities is brought to life through practical support and assistance that focuses on development enablers including education, health and wellbeing, employment and enterprise, and infrastructure and development.

Education

Offering education programmes can help secure talent and skills for our future business and address the potential challenge of limited technical knowledge in the communities where we operate.

The programmes we support help to 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.
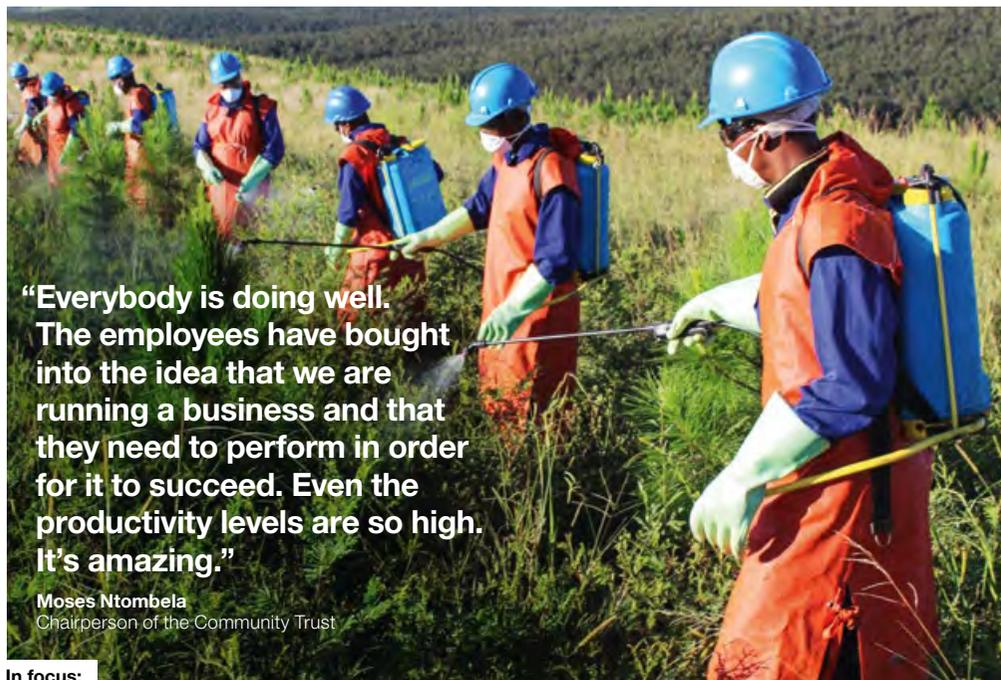
"Everybody is doing well. The employees have bought into the idea that we are running a business and that they need to perform in order for it to succeed. Even the productivity levels are so high. It's amazing."

Moses Ntombela
Chairperson of the Community Trust

In focus:

Empowering communities in South Africa through independence and land ownership: the kwaZiqongwana Community Trust

A key principle of the land reform programme in South Africa is that the land transferred should continue to be productive and that the new owners should be empowered to run their own business and get the full benefits of land ownership.

One of the first land reform settlements achieved in the forestry sector was a farm that was formerly part of a Mondi-owned forestry estate. The forestry business is now run by the kwaZiqongwana Community Trust. At the time of the transfer, the kwaZiqongwana community had no previous experience of running a forestry operation.

Mondi agreed to manage the forestry operations for a period of 10 years and to pay an annual rental and a stumpage fee, while providing a range of support services to enable the community to develop the skills it needs to eventually take over the estate management.

We're now half way through the 10-year handover. The business employs 34 people – all from local communities – and is playing an increasingly active role in planning and managing the forestry operations.

In focus:

Inspiring young foresters in Syktyvkar (Russia)

As the number of young people entering the global forestry profession in rural areas dwindles, we're supporting environmental and forestry groups in rural schools in Russia to promote the profession and help develop the skills our business requires.

Mondi has been working with NGO 'Union of Foresters' to revive the youth movement and re-establish a permanent network of Young Forestry Schools all over the Komi region. In 2013, we launched a network of eight rural clubs. Today there are 38 active clubs involving nearly 700 young people.

Children develop an interest in and a passion for forests through a range of educational activities. As the project develops, we will train children to be able to identify and monitor environmental value in our forest areas and to increase their awareness of the importance of sustainable forest management.

Our vision for the future is to scale the project up in the region and attract more partners to join it.

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Communities

Employment and enterprise support

Mondi supports local enterprise – creating wealth and employment, strengthening the local supply chain, enabling independence and building community resilience.

Health

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

"I did not know much about Mondi before, but now I see it as an attractive employer. It also has a global perspective, which is important to me."

Teddy Johansson
Engineering student

In focus:

Promoting engineering excellence in Sweden

The main technology hubs of Sweden are mostly located in or around major cities and it can be difficult to attract young employees to more rural areas. Mondi has been working with other leading technology companies to attract young engineering expertise to the High Coast[1] region of northern Sweden. In 2016, to showcase the career opportunities, Mondi invited 20 civil engineering students from the University of Uppsala to attend a three-day programme including company visits and a dinner where students got to meet other engineers from the cooperating companies. Feedback was very positive with students expressing motivation to explore engineering jobs and career opportunities at Mondi and in the region.

Mondi's vision for the region is to become an engineering hub for young graduates and to attract skilled employees to build their careers and remain in the region. We contribute to this vision by creating awareness of the career opportunities Mondi offers and working in collaboration and partnership with other companies in the area and with academic institutions. Availability of infrastructure, recreational activities and workplace appeal also contribute to employee retention, and Mondi is committed to actively contributing to these aspects.

1 The High Coast is a part of the Gulf of Bothnia, in north-eastern Sweden

In focus:

Passports to better health in Frantschach (Austria)

We launched 'Health Corners' in Frantschach in 2013 to raise awareness of health issues and improve employee health. Since then, regular meetings and workshops to inform and educate employees on issues including nutrition, exercise and mental fitness have become the norm. Employees are encouraged to participate in a 10 to 15-minute personal counselling session and to take advantage of regular health monitoring which looks at weight, metabolic age, body mass index, body water friction, visceral fat, muscle mass.

In 2016, each employee received a personal Health Passport containing all their data and reference data. Around 25% of Frantschach employees participated with a notable increase in engagement among blue-collar workers. During the first year:

→ 84% of participants lost weight,

→ 93% reduced their body fat, and

→ 81% improved their muscle mass.

Since early results were communicated and individual health passports were issued to employees, health awareness has increased with many employees actively improving lifestyles and levels of productivity at work. The programme continues to monitor and provide health benefits to employees.

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Communities

Infrastructure and community development

We invest in improving infrastructure and development in some of the communities where we operate. High-quality infrastructure promotes access and opportunities, empowers enterprise, facilitates health and education, and supports efficient business operations.

Sharing good practice internally

We depend on strong internal networks to support the management and delivery of best practice across our operations. Our Social Sustainability Network brings together human resources and community specialists across our mills and forestry operations to manage and coordinate social investments and activities. Engagement with strategic partners – such as BITC – is critical to its success.

Now in its second year, the network is helping us develop and communicate best practice and measure the effectiveness of our community investments. Key actions have included: developing internal collaboration tools; working with BITC on community engagement and investment best practice; aiming for a more consistent approach to CEPs; developing our 'Impact Pathway' thinking through impact assessment pilots; developing an appropriate Group community commitment metric to 2020; and cascading the refreshed sustainable development policy on communities throughout the business. Looking ahead, the network will continue to scale up our positive impact and will help local teams implement their ideas within a global framework, while sharing best practice knowledge and tools.

In focus:

Agri-villages: creating thriving communities in South Africa

Agri-villages are sustainable rural developments in which residents benefit from agriculture-based livelihoods.
They give populations living in temporary accommodation in remote villages the opportunity to move to new, permanent accommodation with secure tenure, basic services, land for vegetable gardens and access to economic opportunities. Our pilot Agri-village is Jubulani in Mkhondo, around 25km from Piet Retief (South Africa). As well as 100 permanent residences, there is a community centre, an extended and refurbished school, street lights, improved roads, an early childhood development centre, sanitation facilities and electricity supply.

With Jabulani proving a great success and providing a platform for learning about and development of the agri-village concept, work for eight further villages is now underway. In 2016, we started the second phase of the project: clearing the sites, installing basic services, site demarcation, interim tenure and relocation support. The final phase of the project will see the completion of land purchases, ownership transfers, and creation of social and agricultural infrastructure, with completion due by 2018.

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Supply chain

In an increasingly globalised and connected economy, the business benefits of a transparent supply chain are clear – from reducing risks and realising efficiencies, to driving performance and collaboration. We believe all those involved need to work together to develop practical, risk-based solutions for a responsible and inclusive supply chain.

Timber transportation at our Syktyvkar operation (Russia)

Discover how we are…

→ Improving the transparency of our global supply chain
→ Promoting the importance and value of Controlled Wood as a minimum standard
→ Working with our partners to increase the long-term supply of sustainable fibre
→ Addressing human rights risks in our supply chain

Growing Responsibly

Relevant action areas:

→ **Sustainable fibre**
→ **Supplier conduct and responsible procurement**

Our strongest links to the UN SDGs include:

8 DECENT WORK AND ECONOMIC GROWTH
→ **8.7** Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
→ **12.2** By 2030, achieve the sustainable management and efficient use of natural resources

15 LIFE ON LAND
→ **15.2** By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally

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Supply chain

Management approach

In managing our supply chain, we focus on three main procurement areas: wood and fibre; resins, films and other raw materials; and transport and logistics.

Wood and fibre

Fibre is one of our primary raw materials. We use forest certification as the best assurance for our stakeholders that the fibre we source comes from sustainably managed forests. Our long-term aim is to increase the proportion of our products that are made using certified fibre. Supporting efforts to increase its long-term availability in the supply chain is a strategic priority.

We champion the cascading use of wood principle, believing global demand for fibre-based products can only be sustainably met through a combination of certified virgin fibre and recycled fibre. We aim to optimise our own use of virgin and recycled fibres by carefully assessing their balance in our products on a case-by-case basis, using the optimum solution to create a high-quality, resource-efficient product for our customers.

Certification and management systems

One of our 2020 commitments is to procure a minimum of 70% of our wood from FSC or PEFC™ certified sources, with the balance meeting our company minimum wood standard that complies with the standard for Controlled Wood (FSC-STD-40-005). With most of the world's forests uncertified, current certification schemes are not yet able to meet demand. PEFC™ is the main certification system in central and eastern Europe where we operate while FSC is the main certification system in South Africa and Russia.

We maintain FSC and ISO 14001 certification of all our owned and leased forests. For all wood that is not procured from our own forests, we prefer to source from credibly certified fibre and, where it's not possible, we ensure all non-certified wood and fibre products we procure comply with the standard for Controlled Wood (FSC-STD-40-005) as a minimum. This means that no wood or virgin fibre that we source, or that is contained in our products, comes from controversial sources, is harvested illegally or in violation of civil rights, or comes from forests with threatened HCV areas or that are being converted to non-forest areas. In the countries we consider high-risk[1], we look to source wood from FSC certified forests.

Additionally, all our mills – with the exception of our latest acquisition Pine Bluff (US) – are certified to FSC and/or PEFC™ Chain-of-Custody standards. We plan to certify Pine Bluff in 2017. This provides assurance that all wood and virgin fibre used in our manufacturing processes can be traced back to a sustainably managed forest. Our due diligence system addresses the requirements of the European Union Timber Regulation (EUTR) and US Lacey Act. None of our sourcing contributes to illegal logging or deforestation.

Resins, films and other raw materials

Other raw materials in our production processes include polymers and resins, aluminium and other metals. Starch, fillers and other auxiliary chemicals are used mainly as additives in the paper-making process or as coating, and in other input materials for creating high performance, speciality packaging products. Chemicals and polymers are sourced through a number of larger companies as well as some local suppliers close to our operations, with the majority of suppliers based in Europe with subsidiaries in Asia, Middle East and the US. We will assess the sustainability aspects of our resins, films and other raw materials through our central Supplier Relationship Management (SRM) system.

Transport and logistics

Transport of our products and raw materials is a key procurement focus area, and the sustainability performance of our transport companies and suppliers will be monitored in SRM. We continue to monitor and report indirect CO_2e emissions from our supply chain (Scope 3 emissions), of which our transport emissions (from upstream and downstream activities) are a significant part.

1 High-risk countries are identified using various filters, including: Global Forest Registry, Corruption Perception Index, and other relevant indices where necessary, as part of the Mondi due diligence system.

Loading timber at our Syktyvkar wood yard (Russia)

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Supply chain

Assessing supplier performance

Our Group-wide SRM system will provide a globally consistent framework and approach for selecting, monitoring, assessing, managing and developing our supplier base. It will enable us to identify risks and opportunities, develop strategic partners, build long-term relationships, drive collaboration and improvements in the supply chain, and help manage the impacts of our supply chain and products. We will assess companies based on criteria including compliance, environmental performance, labour issues, human rights and safety performance. Every company in our supply chain must adhere to our Code of Conduct for Suppliers, which covers social, environmental, governance, legal and ethical aspects. The SRM is currently being rolled out to all our businesses as part of a phased approach.

The SRM system will also enable the assessment of supplier risk profiles and performance using a supplier risk management tool and on-site audits. When assessing supplier risk, we consider company size, the scale of business transactions, legal requirements, quality of products, sustainability of supply and our ability to source alternative suppliers. Where deemed necessary, we carry out on-site audits of key suppliers alongside informal and formal meetings and day-to-day interactions.

We also conduct regular assessments of key wood and fibre and other raw materials and services suppliers, working with local procurement teams including the wood procurement network. This allows us to evaluate the reliability of supply and the quality of service, as well as environmental and social practices of suppliers.

Our risk-based due diligence system covers all the wood-based products that we source. It provides a framework for gathering and recording information, conducting risk assessments and mitigating risk where appropriate. For non-certified wood, information on the type, source and origin of the wood and evidence of its legality is required before it can be purchased. Tools such as the Global Forest Registry, the Corruption Perception Index, the IUCN Red List of Threatened Species and the Global Witness are used to identify local, country and/or regional risks.

Collaboration and partnership

While we set high standards, we also want our supplier relationships to be supportive and collaborative to improve the performance of products and services. This flexible approach helps when facing greater volatility in raw materials markets. It also extends to formal joint projects with large companies which help to drive sustainability principles and reduce risks throughout the supply chain.

If a supplier is not able to meet our minimum requirements, we will work with them to implement appropriate corrective actions. We reserve the right to suspend sourcing from the supplier until we are satisfied with their performance.

Accountability and process

Our experience shows it makes good business sense to continually reassess our global supply chain approach, and execute it locally to optimise local opportunities. All our businesses are guided by our Group-wide supply chain and procurement policies and standards. Our global procurement team works with our businesses and local operations to conduct research, assess quality, monitor adherence to Mondi standards, and help with supplier recruitment and selection.

The procurement of pulp and polyethylene (PE), energy, transport, chemicals and services is managed centrally for both the E&I and South Africa divisions and wood is sourced and coordinated by the Group wood procurement team. Paper for recycling (recovered paper) is purchased locally at four mills (Świecie in Poland, Štětí in Czech Republic, Tire in Turkey and Pine Bluff in the US) and coordinated at E&I divisional level.

> **Commitments**
>
> In our Growing Responsibly model, for sustainable fibre, supplier conduct and responsible procurement we have committed to:
>
> → procure a minimum of 70% of our wood from FSC or PEFC™ certified sources, with the balance meeting the standard for Controlled Wood (FSC-STD-40-005)
>
> → encourage supply chain transparency and promote fair working conditions together with our key suppliers
>
> **78** Commitments to sustainable fibre, supplier conduct and responsible procurement

Loading timber at our Syktyvkar wood yard (Russia)

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Supply chain

Performance

Sourcing fibre, certification and management systems

In 2016, 67% of our total procured wood was certified to FSC or PEFC™ (2015: 66%), with 81% of our externally procured pulp from FSC or PEFC™ certified sources (2015: 77%). The remaining balance met our Supply Chain and Responsible Sourcing Policy which stipulates compliance with the standard for Controlled Wood (FSC-STD-40-005).

We maintained 100% FSC and ISO 14001 certification of our owned and leased forests as well as PEFC™ certification in our Russian forests[1]. All of our mills – with the exception of our latest acquisition Pine Bluff (US) – maintained their FSC and/or PEFC™ Chain-of-Custody certifications. Pine Bluff is planned for certification in 2017.

We continue to review our due diligence system, which addresses the EUTR and US Lacey Act requirements. During the year, our E&I wood and pulp procurement teams participated in update training provided by an external consultant. We have now extended this training to our converting operations and plan to provide further training for our US teams in 2017.

[1] 2016 lease exchange in Russia resulted in a new lease of around 39,000 hectares which will be FSC certified during 2017 after completion of state inventory and state forest management plan

[2] Auxiliary chemicals, process chemicals, filler and starch

Energy and materials flow 2016

Key inputs

Energy
157.3 million GJ

Water
309 million m^3

Chemicals[2]
1.1 million tonnes

Aluminium
9,344 tonnes

Polymers and films
0.4 million tonnes

Wood
16.6 million m^3

Pulp
0.4 million tonnes

Recovered paper
1.3 million tonnes

Virgin finished paper
0.4 million tonnes

Recycled finished paper
0.4 million tonnes

Pulp and paper mills

Converting operations

Key outputs

Products

Containerboard
2.25 million tonnes

Kraftpaper
1.20 million tonnes

Market pulp
547,000 tonnes

Corrugated board and boxes
1,448 million m^2

Industrial bags
4,881 million units

Extrusion coatings
1,249 million m^2

Consumer packaging
7,156 million m^2

Uncoated fine paper
1.67 million tonnes

Newsprint
313,000 tonnes

Waste
Incinerated
64,819 tonnes

Recycled/reused
834,675 tonnes

Sent for treatment
12,222 tonnes

Landfilled
206,481 tonnes

Energy sold
11.6 million GJ

Total water output
320 million m^3

Emissions to water
43,879 tonnes COD
173 tonnes AOX

Emissions to air
5.1 million tonnes CO_2e
52 tonnes TRS
11,591 tonnes NOx
1,985 tonnes SO_2

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Supply chain

In focus:

Reducing the burden of certification

Transparent Forests (TF) – a consortium sponsored by European Space Agency (ESA) – has developed an integrated platform and carried out a number of large-scale trials using open-source Earth Observation (EO) data to provide Land Cover Maps (LCMs). These maps depict changes in forest conditions including natural forest, plantations, settlements, rivers, roads etc. Using time-series imagery, TF is able to show changes to the forest over time. The platform also provides a digital surface model that shows elevation. The latest EO sensors have the potential to monitor changes to forest cover every 12 days and, if required, to estimate timber volume.

Designed to support and simplify FSC field audits, the TF technology shows promise for assisting certification bodies in preparing and executing audits with potential cost and administrative savings. It offers the potential to build up a substantial database on changes to forest cover including roads, rail etc, to provide greater transparency and support a risk-based approach to certification and supply chains.

In association with FSC Russia and FSC South Africa, Mondi was a pilot tester of TF for the boreal forest in Komi, Russia, and in the Zimele plantation forests in South Africa. The Komi test allowed stakeholders to download maps prepared from EO satellite information in the field through the TFMobile app.

In South Africa, Mondi purchased EO data for TF to include the independent Ozwathini community smallholder plantations in the pilot trials to demonstrate the potential value of EO technology in reducing costs and the burden of certification for small growers.

"This (TF) can become a mapping and management tool of incalculable value to smaller and group growers, reduce the volume of paper work and provide total transparency. This could be revolutionary."

ESA TP Report, 2016

Download a project summary report here.

Certification: one size does not fit all

We support the 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. Certification systems should reflect this by accommodating the major forest types and applying a risk-based approach to simplify certification. Without practical change, the risk is that many communities and small and medium forest owners will continue to be excluded by the complexity and resource demands of certification, and most forests will remain uncertified.

Mondi participated in the first plantation-specific FSC meeting in Brazil in 2016. The success of this meeting spurred FSC to arrange a Boreal Forest scoping meeting in late 2016. We also supported FSC and Transparent Forests (TF) in the testing and further development of Earth Observation (EO) technology that maps changes to forests, making certification simpler and more efficient for communities and small and medium enterprises.

Use of recycled fibre

Recycled fibre is an important raw material for our paper and packaging products. In 2016, we used around 1.3 million tonnes of recovered paper (paper for recycling) (2015: 1.4 million tonnes). In 2016, 22% of our pulp was produced from secondary (recovered) fibre.

We're currently limited by the availability and quality of recovered material for recycling and we actively oppose the burning of recovered paper as an energy source, which is often prioritised and subsidised. In parallel, we are engaging with certification systems to align their standards for wood and recovered paper.

Use of biomass

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, 63% of the total fuel consumption of our mills is from biomass-based renewable sources, mainly derived from residues of the pulping process.

However, with almost half of Europe's renewable energy consumption now coming from wood, heat and power producers who, supported by subsidies, operate heating and/or combined heat and power plants are significantly increasing demand, leading to increasing prices of raw material. 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're seeing a shift away from the principle of the cascading use of wood.

Reducing indirect GHG emissions from transport

We estimate that our 2016 Scope 3 emissions amounted to 2.98 million tonnes CO_2e (2015: 2.89 million[1]) (see page 46), of which close to 25% arose from the upstream and downstream transport and distribution of raw materials and products. To further reduce these emissions, we continue to look for opportunities to collaborate with our suppliers.

In focus:

Improving transparency and efficiency through track and trace in the wood supply chain

Our Ružomberok mill (Slovakia) has introduced a state-of-the-art Track and Trace GPS logistics system which takes transparency to a new level. Created in partnership with Slowwood[2], the mill's wood procurement company, the system uses real-time data at different stages of the wood supply chain to provide wood storage coordinates via the internet. By making the flow of goods between business partners more transparent, we can identify win-win opportunities along the whole logistics chain such as reducing costs in machines and personnel, improving the use of fuel and, consequently, reducing CO_2 emissions. Following positive results, other Mondi mills are now exploring implementation of the online Track and Trace GPS logistics system.

1 2015 figure restated to include Pine Bluff mill (US)

2 Slovwood Ružomberok a.s. is a wood trading company in Slovakia that exclusively purchases wood for Mondi Ružomberok and other Mondi mills sourcing from Slovakia

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Supply chain

Assessing supplier performance

We continued to develop our SRM system in 2016, including introducing a common approach to auditing and classifying non-wood suppliers and rolling out training across the business. The SRM will be introduced to all our remaining businesses in 2017 through a phased approach and will provide consistent supply chain management across all our businesses.

In focus:

Collaborating with our peers to realise wood procurement efficiencies

Due to significant investments in the wood processing industry – especially in Scandinavia – wood flows in Europe will continue to evolve. Significant increases in imports are expected, especially from the Baltic Sea region. We and our wood procurement companies have been exploring how to share skills and resources to create opportunities and efficiencies in procurement and logistics. From July 2016, Mercer and Mondi decided to channel their demand for imported wood through a joint venture. We established a limited liability procurement company, called wood2M GmbH, to optimise logistics streams and improve international competitiveness by combining truck, trail and vessel logistics. The joint organisation will help to reduce transport costs and optimise transport distances, with associated reduced emissions. It will also improve wood streams and help build sustainable partnerships with wood suppliers.

Our SRM approach covers on-boarding, evaluation and audit stages in mapping our suppliers' performance. It incorporates several dimensions of risk to allow for a targeted approach and priority setting, for example: geography-based risk; product-based risk; the significance of a raw material or service to Mondi; and the involved spend. In determining risk, we use credible third-party risk ranking data such as the Corruption Perception Index, Global Slavery Index, the World Bank's Worldwide Governance Indicators and others. Social and environmental criteria will focus on assessing our suppliers' performance via SRM on-boarding questionnaires or through internal and external audits. These criteria will cover: management systems and certification; carbon emissions; waste generation; raw materials origin; labour and human rights; safe working conditions; and corruption. Our procurement teams will receive additional training in 2017 and 2018 on our policies, approach, risk areas and audit protocol. We will carry out further audits of our suppliers based on an assessment of need and risk, and will put in place measures to address any gaps and shortcomings while working together with our suppliers on joint risks and opportunities.

Managing human rights risks and opportunities

Human rights risks and opportunities are not limited to our own operations but occur everywhere along the value chain. Our impact on human rights – for example child labour or forced labour, poor safety or security practices, and environmental pollution causing harm to people's health – can occur through our own activities or through our business relationships and suppliers.

To create lasting value for all stakeholders and prevent negative impact on people and ecosystems, we believe everyone involved must work together to develop a joint approach to managing risks and opportunities. Transparency will be key to achieving this and to improving performance across the value chain.

We recognise increased stakeholder expectation and awareness regarding supply chain challenges, especially around labour and human rights issues. The Modern Slavery Act introduced by the UK government in 2015 is the most recent example of the need for businesses and supply chain stakeholders to work together to develop a joint approach to risk.

We support the Act that addresses the crimes of holding another person in slavery, servitude, forced or compulsory labour, or trafficking a person. It requires commercial organisations to prepare a slavery and human trafficking statement each year, outlining the steps taken to ensure that slavery and human trafficking are not present in their supply chain or their own business activities.

We updated our sustainability policies in 2016, including our Supply Chain and Responsible Sourcing Policy and our Labour and Human Rights Policy. We also engaged with our businesses and central functions and mapped our supply chain to better understand potential areas of risk. Next, we will develop measures to address and respond to these risks appropriately. Our statement will be published by the end of June 2017.

In focus:

Balancing energy: sustainable growth of renewable electricity

In Austria and Germany, the drive for low-carbon energy and the incentivising of renewable energy providers have led to an increase in the proportion of solar and wind energy in the public electricity grid. While this has obvious benefits in lowering the use of fossil fuels, it has also presented a challenge in the supply and demand of electricity. As solar and wind energy rely on weather conditions, and electricity from these sources cannot be stored, all the supplied electricity needs to be consumed at a given time regardless of demand. This can create supply surpluses and shortages and ultimately lead to fluctuations in the grid.

We have contributed to a solution by providing 'balancing energy': energy which can be applied to or removed from the grid as needed. As a consumer and producer of electricity, we are able to offer this flexibility by managing our own internal electricity production on-site. The steam produced by the production process is fed to a turbine generating electricity. When grid demand is high, our excess electricity is sold to the market. When demand is low, we bypass the turbine and feed the steam via pressure reduction which stops or reduces the electricity supply to the grid outside of the production facility.

Mondi now has two installations at Frantschach and Neusiedler in Austria that are qualified providers of ancillary services to the electricity grid. This balancing support ensures further growth of sustainably produced electricity in these locations. In Frantschach, we're seen as one of the rare renewable suppliers supporting this service, which means that with our self-produced electricity we enable the development of further renewable energy sources.

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Supply chain

The importance of Controlled Wood as a minimum standard

We consider Controlled Wood (CW) to be integral to our ongoing commitment to increase the proportion of certified fibre we use. It is our minimum requirement for procuring fibre-based products that are not certified. With most of the world's forests still uncertified, CW material from acceptable sources is an important tool for managing the supply-demand dynamics of available sustainable fibre. It can be mixed with certified material to help address limited availability of certified material and support the mass balance system. It also provides adequate assurance of responsible procurement practices to customers and investors and facilitates the cascading use of wood, including credible use of sawmill residues in certified pulp production.

We believe that FSC must use the new CW Strategy to clarify the value of CW to all stakeholders and address the long-term need for an efficient and effective CW system. The current Centralized National Risk Assessment (CNRA) process must appropriately address the requirements of Controlled Wood, clearly differentiating and reflecting the risks for different broad forest types and removing issues which are not relevant.

Cascading use of wood

We believe using wood more efficiently to meet projected demand for wood-based products in Europe should be at the heart of the European Commission's bioenergy strategy and circular economy. The cascading use of wood principle sets out to maximise the value society gains from the world's forests through the complementary use of virgin and recycled fibre and through prioritising value-adding non-fuel uses and that wood is burned for energy only after it has been used, reused and recycled as a material first wherever possible. It contributes to responsible forest management by realising the potential wealth and supporting livelihoods associated with the sustainable use of forest products.

By following the cascading principle, the paper-making process has been shown to be 2.38 times more resource-efficient.

We support CEPI's 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.

Using the principles of the European waste hierarchy is also crucial for the establishment of multi-stage cascades of high-quality virgin wood products, together with reliable classification and sorting systems of post-consumer wood.

Published in March 2016, the Mapping Study on Cascading Use of Wood Products was commissioned by Mondi and WWF to assess how regulation either hinders or promotes the cascading use of wood wherever possible. The report's findings suggest the need for a broadly accepted definition of cascading use among policymakers, researchers and industry; EU policy guidance that incentivises effective cascading use; and better integration and implementation of existing bioenergy and waste policies. We believe the EU Commission needs to provide guidance to Member States on how best to integrate cascading use of wood into relevant national policies.

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.

Forests → **Debarking and chipping** → **Wood chips**

For recycling → **Pulping and cleaning**

Burnt for energy generation · **Products** · **Paper making**

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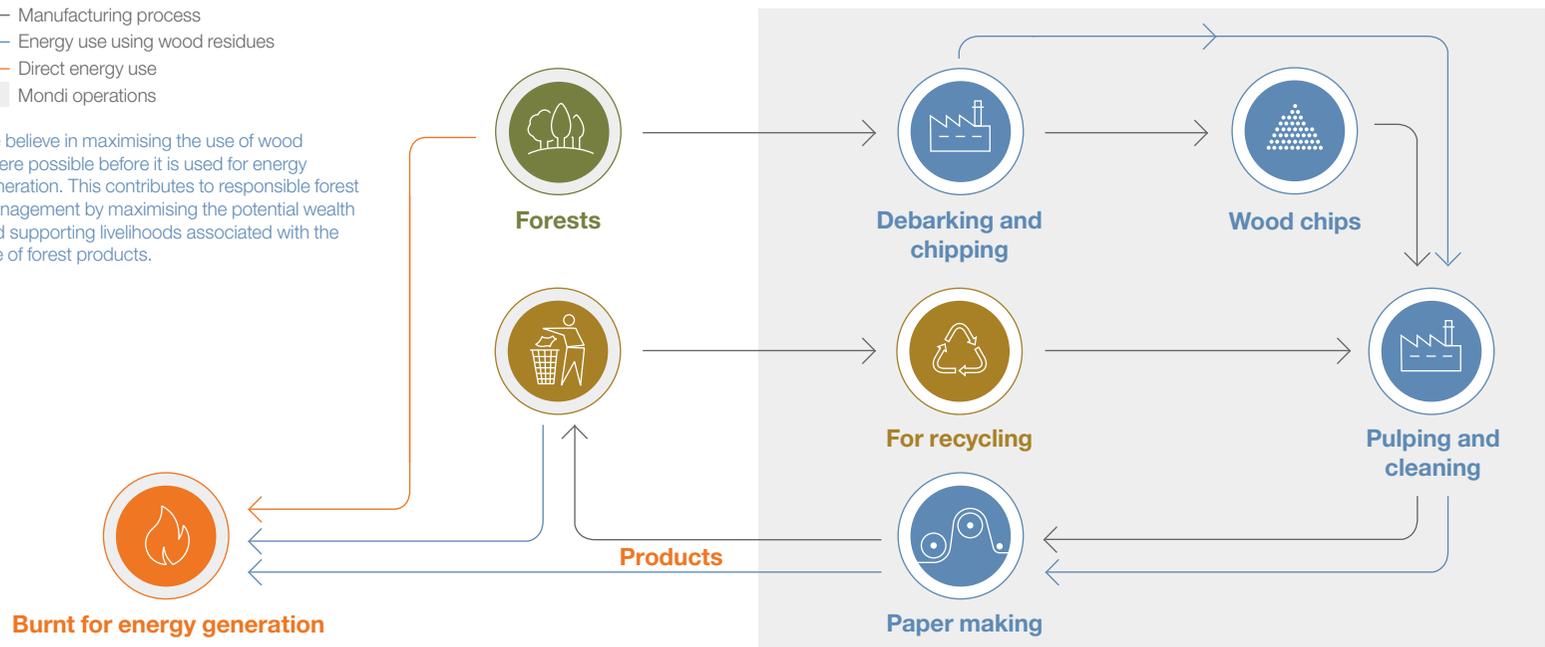
Supply chain

Virgin and recycled fibre

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. As the diagram shows, both are key elements of an integrated wood fibre system which is only sustainable with the systematic introduction of virgin fibre for quality and strength, because recycled fibre degrades over time. By sourcing our wood only from responsibly managed forests and by 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, resource-efficient product for our customers.

> **"When asked whether virgin or recycled fibre is more sustainable, the answer is not straightforward as they are both part of the same fibre cycle. Virgin fibre input is absolutely necessary to sustain the cycle, so we need both – and product decisions must be made on a case-by-case basis."**
>
> **Neil Burns**
> Group head of sustainable development

The integrated wood fibre system[1]

Virgin fibre

Reprocessed

Lost fibre
- Fibre age
- Contamination

Post-consumer fibre

Other beneficial uses
- Compost
- Fibre products
  (e.g. moulded pulp, insulation, animal bedding)
- Energy

Production

Use

Sorting by users

Not collectable
- Archive papers
- Sanitary papers

Discard

Recycling collection

Sort

Landfill/incineration
- Litter
- Unsorted
- Sanitary papers
- Combined with refuse
- Contaminated (organics, glues, plastics, etc.)

1 Read more about this process in WBCSD's Forest Solutions paper on Fresh & Recycled Fibre Complementarity

Source of diagram:
Christine Burrow Consulting and Boxfish Group (2011). Options for Increasing the Recovery of Paper Products in Canada. Environment. Canada.

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Products and solutions

With more people wanting to make the right choices, customer and consumer interest in responsible products is greater than ever before. Developing solutions that are manufactured within the limits of the planet and enable society to address its challenges makes clear social, environmental and business sense. From design, sourcing of raw materials, manufacturing and packaging through to distribution, our goal is to collaborate with others to develop and deliver innovative products and solutions of the future.

Innovative product development at Mondi Steinfeld (Germany)

Discover how we are…

→ Collaborating with external partners to enhance innovation
→ Expanding Uncoated Fine Paper's Green Range product portfolio
→ Working with our customers to improve our products' environmental performance
→ Focusing on optimising our food contact packaging solutions together with our customers

Growing Responsibly

Relevant action area:

→ **Solutions that create value for our customers**

Our strongest links to the UN SDGs include:

→ **12.2** By 2030, achieve the sustainable management and efficient use of natural resources
→ **12.5** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

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Products and solutions

Management approach

Compliance

We seek to ensure our products and operations meet all applicable safety, health and hygiene standards, and other regulations. We offer our customers high-quality sustainable packaging and paper solutions and maintain relevant certification at our operations, based on requirements for different sectors and applications. Where applicable, we communicate sourcing standards, production and product certification through our own and external product labelling schemes.

Customer engagement and collaboration

We engage closely with our customers to better understand their needs and to communicate the sustainability value of our products. Regular surveys enable us to measure customer satisfaction and inform our design, production, labelling, distribution and management processes.

Our businesses conduct their own customer surveys to measure overall customer satisfaction as well as looking to sustainability challenges and opportunities. We also host customer events and participate in exhibitions.

Customer collaboration is key to designing and innovating products that reduce environmental impacts and meet the sustainability needs of our customers and consumers – including recycling, low-carbon economy, resource efficiency, minimising pollution and reducing/eliminating food waste. We identify and drive improvement through credible certification and efficient life cycle use of materials in our packaging and paper products. Our global partnership with WWF focuses on ecosystem, manufacturing and product stewardship to further enhance the sustainability of our products and processes.

Innovation

For us, product innovation is about solving problems and developing solutions that create value for our customers, our business and for society. Because the manufacturing footprint of our packaging products is a fraction of their total environmental footprint, we use a life cycle approach to understand and reduce their overall carbon footprint across the value chain. We partner with our customers and leading research institutes, carrying out research and development (R&D) in our own laboratories to test new raw materials and design high-quality products that can create sustainable value and deliver efficiencies in our production processes.

Responsible products

To support more sustainable consumption patterns and encourage more responsible purchasing decisions with our customers and partners, we continue to improve, communicate and promote the sustainability credentials of our products. Our Green Range criteria include: promoting sustainable forestry; renewable materials; recycled materials; material optimisation; enhanced packaging performance; next life; and reduced emissions. To increase transparency, we measure our performance and participate in a wide range of benchmarking initiatives, such as WWF's biennial Check Your Paper and EPCI (2015)[1] or Paper Profile.

Roughly one-third of global food production – approximately 1.3 billion tonnes – is lost or wasted each year[2]. Effective packaging can protect food on its journey from field to market, reducing wastage on route and extending shelf life. We respond by creating packaging solutions such as 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). Member companies seek to tackle global food losses by developing solutions across the entire food value chain.

Accountability and process

Product stewardship principles are incorporated globally across our business functions and managed locally by each entity, supervised by business units and business segments. Responsibility for product manufacturing, design and compliance remains with line management and its governance is guided by the Group's policy and standards. Our global network of product stewardship specialists includes marketing and communication managers, innovation, technical support and operational excellence functions, procurement and supply chain experts. They work together to shape the innovation agenda, share good practice across our businesses and improve performance.

Commitments

In our Growing Responsibly model, for solutions that create value for our customers we have committed to:

→ encourage sustainable, responsibly produced products.

📖 **78** Commitments to solutions that create value for our customers

1 http://epci.panda.org/
2 Food and Agriculture Organization of the United Nations (FAO), 2011

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Products and solutions

Performance

Compliance

During 2016, we were not made aware of any:

→ Complaints about breaches of customer privacy and losses of customer data;

→ Non-compliance with marketing, advertising, promotion and sponsorship regulations and voluntary codes;

→ Fines for non-compliance in the provision and use of our products;

→ Incidents of non-compliance with the product information and labelling regulations and voluntary codes to which we subscribe; or

→ Incidents of non-compliance with regulations and voluntary codes on customer safety and health.

Food hygiene standards

Our products are subject to voluntary and compulsory testing that helps to maintain a high level of safety and quality. They ensure production processes and product characteristics are communicated clearly to customers and other stakeholders along the value chain. Of the 70 Mondi sites producing food contact packaging in 2016, 51 (73%) were certified to a recognised food hygiene standard (2015: 67%)[1].

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

2 The Christian Doppler Research Association promotes the cooperation between science and business in Austria. Highly qualified scientists and researchers work together with commercial partners on innovative responses to business-related research issues and provide application-orientated basic research

Our Food Safety Laboratory based in Frantschach (Austria), supports the business in developing smart and customised packaging solutions that are optimised for food contact, following increasingly stringent regulatory requirements. Our experts' know-how of the composition of raw materials and finished products, and their suitability for packaging food products, creates great value for our customers.

One focus area is on the interaction of packaging and the packaged goods, depending on the intended application such as dry, wet, fatty, alcoholic, frozen or microwave heating. The lab offers four service pillars: Chemical Investigations, the Mondi E&I Food Safety Database, Customer Request Management and Good Manufacturing Practice (GMP) Consultation. For chemical investigations, we use state-of-the-art equipment to assess more than 10,000 chemical parameters every year. Fast and high-quality test results are key.

The Mondi E&I Food Safety Database contains information on products and raw materials, suppliers, internal and external data, and current regulatory requirements that our food contact packaging products must comply with. It also provides insight on the possible interaction of packaging and packaged goods. This service pillar helps underline our leading position in the food packaging market. The laboratory supports our operations to build up and maintain an efficient GMP system by using central databases and knowledge sharing. Second-party hygiene audits are organised Group-wide. Most recently, we developed an internal 'sensory panel', made up of individuals with a high taste and smell sensitivity. The panel is used primarily for food contact packaging – for example for kraft paper, kraft liner, cups and other products based on virgin fibre. This is already proving more effective than relying on tools and equipment alone.

Customer engagement and collaboration

Our attendance at FachPack, an international trade fair held in September 2016 in Nuremberg, Germany, showed just how important trade fairs are for engaging with customers and enhancing customer relationships. Nearly 900 visitors visited the Mondi booth over three days, an increase of about 30% compared to last year. This year's theme of 'fresh ideas for packaging and paper' highlighted our consistent customer focus, ongoing product innovation and focus on sustainability. We presented the newly-launched Growing Responsibly model and selected projects from our global partnership with WWF, such as the WWF-MWP, the BFP in Russia, and the mapping study on Cascading Use of Wood Products.

In the interests of ongoing product improvement, our Uncoated Fine Paper business unit conducted over 150 in-depth interviews with end-users of their Color Copy product across 10 countries in Europe in 2016. Our aim was to understand why some customers continue to choose Color Copy, while others have switched to another brand. Working packages are being developed in response to what we've learned with regards to packaging improvements, product developments and a more targeted marketing approach.

In 2016, our Industrial Bags business segment, part of our Fibre Packaging business unit, ran a customer survey of 800 customers in North America. The survey achieved a response rate of more than 50% and we received over 300 individual comments. Customers acknowledged the standard of our account managers as a key strength and we identified some challenges in product and service quality. We've now defined concrete action to work on areas for improvements while building on perceived strengths, and will repeat the survey in 2017 to measure progress.

Innovative. Every Day.

In 2016, we invested €19 million in R&D (2015: €18 million). This included a number of projects to promote innovation in collaboration with external partners, such as a Christian Doppler (CD)[2] Laboratory for Fibre Swelling and Paper Performance which was launched in January 2016. The laboratory was set up in cooperation with the Graz University of Technology (TU Graz) and industry partner Océ Holding B.V. in the Netherlands, a leading producer of digital printing machinery. The CD Laboratory team is investigating swelling and de-swelling processes during paper production, printing and converting. The results are leading us to process improvements such as energy reduction and product developments such as high-speed inkjet papers.

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Products and solutions

Responsible products

The Mondi Group was recognised in WWF's Environmental Paper Awards in 2016. In the 'Transparency' category, Mondi was recognised for publishing the forest, climate and water footprint of 92% of our uncoated fine paper brands. In the 'Best Environmental Performance Paper Brands' category, 32 of our uncoated fine paper brands received this award and all brands achieved a score over 80%. Our packaging business was also recognised in the 'striving for continual improvement' category.

Green Range

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 UFP business and then extended to other businesses within the Group. The seven Green Range criteria are important to consider in providing clear benefits for our customers, partners and businesses:

→ Promoting sustainable forestry – our forestry management practices focus on optimising wood production while maintaining important ecosystem services. The wood we procure is certified according to the standards of FSC or 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 materials.

→ Recycled materials – our products are made with recycled materials 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 and degradability.

→ Reduced emissions – emissions to air, water, or land are minimised during production and through supply chain optimisation.

Our UFP business launched five new products in 2016 under the umbrella of Green Range, among them NAUTILUS® ProCycle. This new premium 100% recycled paper combines a high whiteness with Blue Angel environmental criteria. It offers excellent runnability as well as more vivid colours and faster drying, due to ColorLok® Technology for inkjet print. Along with NAUTILUS® ProCycle, our high-speed inkjet brands NEUJET® matte, NEUJET® matte premium, NEUJET® silk and NEUJET® silk premium have the Green Range logo, the EU Ecolabel and are FSC certified.

Mondi's Green Range FSC certified PERGRAPHICA® paper

Recognised certification of our raw materials and paper is of great importance to our customers. For example, the annual FSC Germany magazine was printed on PERGRAPHICA® Natural Smooth, which also carries the EU Ecolabel and is ISO 9706 (age-resistant paper) certified.

Also in 2016, to strengthen its bid to work with the Hungarian Government, Hungarian company Euro Irodaszergyártó approached us to provide a paper that would give them the edge. Our solution was to offer DNS® premium reels, our premium digital printing paper which offers professional printers a single product for any application on digital and offset printing presses. The source material we use is FSC certified, and the paper provides improved envelope quality. Together, these factors enabled the company to secure entry into the governmental sector in Hungary.
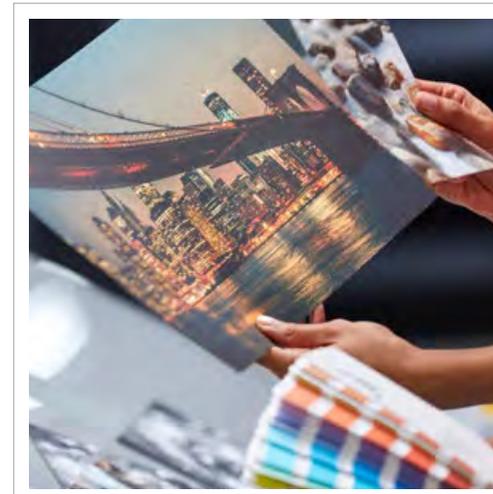
Water-soluble films reduce packaging and improve safety

Individual wrappers for household cleaning products like dishwasher tablets and laundry detergent generate waste, can be fiddly to use and increase health risks posed by users handling raw products. Premiered at FachPack in September 2016, Mondi's water-soluble film offers a smart, convenient and biodegradable solution for packing and dosing household products and industrial chemicals. The water-soluble film is easy to use and offers excellent sealing and deep drawing properties while being completely soluble, even in cold water. The environment also benefits as Mondi's water-soluble films help to reduce packaging waste and are biodegradable, non-toxic and non-inhibitory.

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Products and solutions

Heavy duty corrugated car part shipping solutions reduce transport emissions

Mondi Ansbach (Germany) has developed a new packaging idea for automotive hoods together with one of its well-known automotive customers. The clever construction, produced by Mondi's corrugated heavy-duty plant, replaces heavy wooden crates with purpose-made cardboard packaging. In contrast to wooden crates which have to be shipped back empty after product delivery, corrugated cardboard is recycled after being shipped one way.

This makes the transport shorter and more efficient and lowers the product's carbon footprint. Corrugated cardboard is also easier to use, safer to handle and lighter to transport, making it an ideal solution for sea and air freight. Delivered prefabricated to the automotive manufacturer, the cardboard kit also simplifies procurement, warehousing and logistics – enabling the packer to effortlessly adjust the kit to allow for shipment of different product combinations. The customer has reported less product damage as paper-based packaging provides an additional cushioning effect during transport.

New paper-based packaging provides mineral oil barrier

Miprotex, our paper-based barrier material, has performed exceptionally well in external laboratory tests for preventing migration of mineral oil and has been certified for food contact. It complies with direct food contact regulations and offers good protection against aroma, grease, oxygen and water vapour migration. Miprotex is a cost-effective lighter-weight alternative compared with other products.

It can be used in fibre-based primary packaging for food with a long shelf life such as rice, pasta, salt, baking mixture and sugar sticks, and also in secondary and transport packaging. Because it can be exposed to higher temperatures, it is also ideal for pizza boxes, packaging for burgers and other convenience foods.

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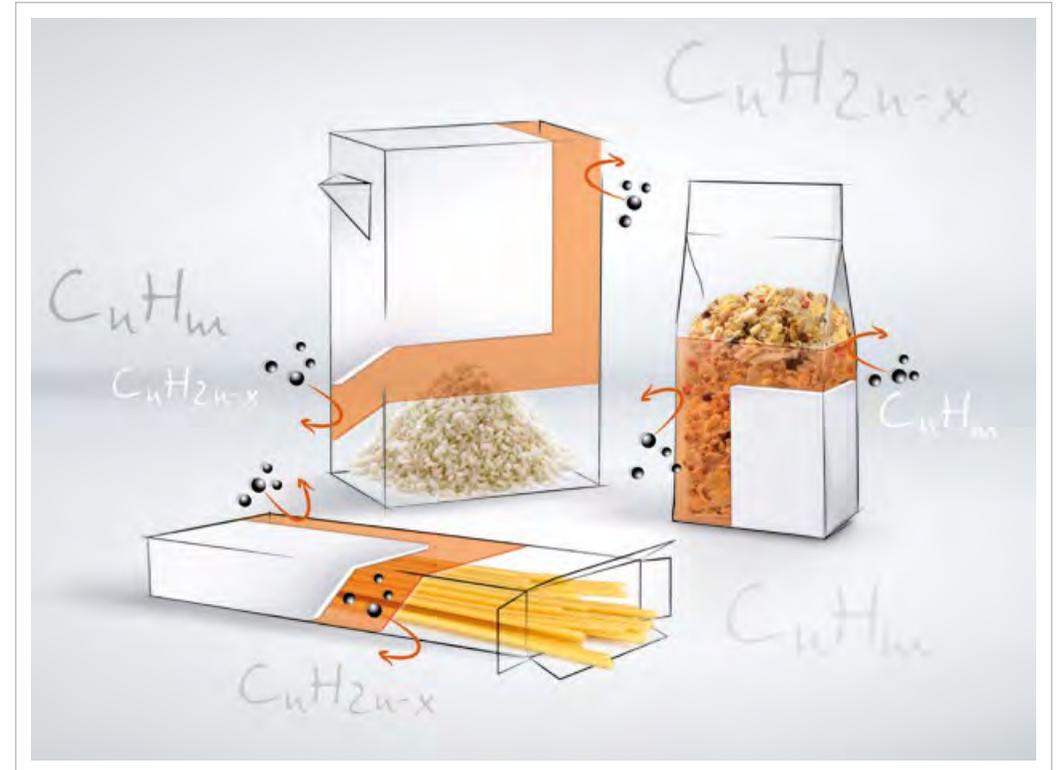
Products and solutions

Customer collaborations

SPLASHBAG protects powdered products from rain and humidity

In response to customer needs, we are jointly developing the next generation of industrial bags. One example is our SPLASHBAG, a water-resistant paper bag developed in collaboration with the cement producer, LafargeHolcim. SPLASHBAG is particularly suitable for moisture-sensitive filling goods. Wet-strengthened, machine-finished Mondi Advantage Protect Sack Kraft paper is formulated to maintain high tensile strength, even in a wet environment.

As a result, the SPLASHBAG absorbs less moisture than conventional paper bags, maintaining product quality while matching the filling speed of standard paper bags. After up to two hours of direct exposure to rain, SPLASHBAGS can still be moved, handled and emptied without difficulties. Bag breakage rates are significantly reduced, leading to genuine cost savings through reduced waste, lower vehicle and site clean-up costs, fewer trips from warehouse to site, and time savings for logistics and site managers.

Speciality kraft paper Advantage MF SpringPack Plus as an alternative to plastic spring core mattress packaging

Working with Nantongpack in China, Mondi identified an opportunity to grow in the spring core mattress market in Asia[1] which will increase the demand for packaging designed specifically for these products. In Asia, non-woven and plastic materials are currently used for spring mattress packaging. With Advantage MF SpringPack Plus, we offer a suitable alternative using our speciality kraft paper which provides the same strength with less material, providing both economic and environmental benefits.

Introducing roomskin® – the next generation self-healing floor overlay

Developed by our team at Mondi Gronau, roomskin® is an innovative elastic, high-transparency and robust overlay which can be combined with a great variety of flooring and decorative elements. Because it is free from PVC and plasticiser, it offers improved sustainability and its reduced thickness of 0.5mm (compared with 2 to 3 mm in standard flooring overlay) means less resources and waste. It is also self-healing, providing a unique surface layer which provides high scratch and abrasion resistance combined with high transparency, potentially increasing the final product's total lifespan.

www.roomskin.net

1 Global Mattress Market Size, Share, Development, Growth and Demand Forecast to 2022 – Industry Insights by Product (Innerspring, Memory Foam, Latex, Others), P&S Market Research: https://www.psmarketresearch.com/market-analysis/mattress-market

Performance
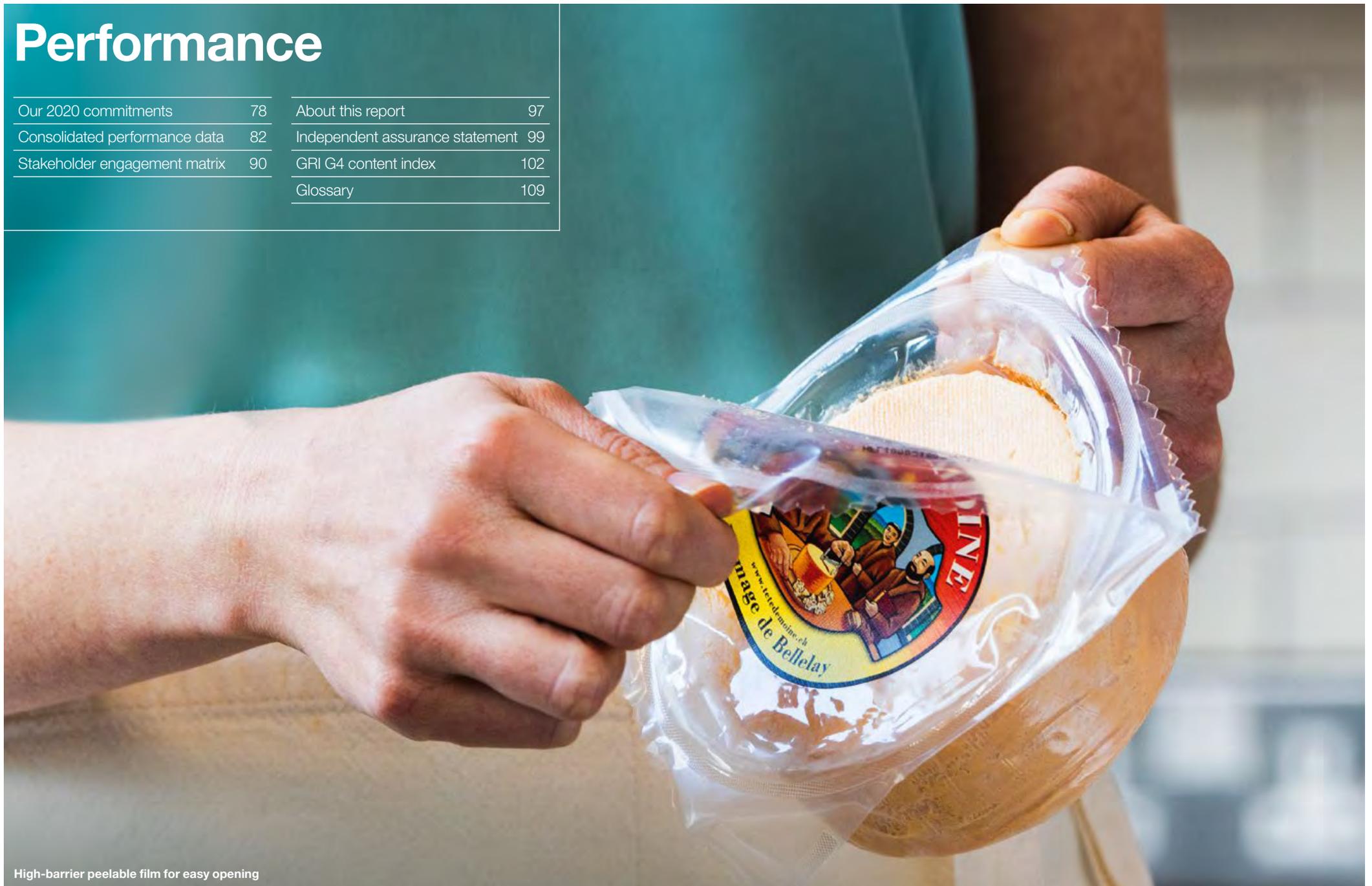
High-barrier peelable film for easy opening

Our 2020 commitments

Figures reported in 'specific' terms are normalised to saleable production. Specific CO_2e emissions are reported in tonnes per tonne of saleable production; specific contact water in m^3 per tonne; and specific waste to landfill, specific COD and specific NOx all in kg per tonne.

Progress percentages are calculated based on excluding the performance of our Raubling mill (Germany) which was closed in 2015, from baseline data. Progress percentages including Raubling are provided as a separate scenario in footnotes.

Action area	What we said	What we did	Performance highlights
Employee and contractor safety 📖 32	**Avoid work-related employee and contractor fatalities**	In 2016, we continued to focus on the top risks at all our operations by developing and implementing management plans to engineer out the risks, and, where the latter was not practicable, implementing robust controls and procedures to reduce the risks. This has helped us achieve zero fatalities in the year. We will continue to focus on top risks going forward.	ZERO fatalities[1]
	Prevent life-altering employee and contractor injuries	We continued to focus on the top risks at all our operations to prevent life-altering incidents. We will continue to focus on our top risks in the future.	ZERO life-altering injuries
	Reduce TRCR by 5% compared to 2015 baseline, including new acquisitions	We exceeded our commitment – achieving a TRCR of 0.66, a 13% reduction compared to 2015 baseline of 0.76 (which included acquisitions). We focused on our top risks and the integration of our new acquisitions and will continue to focus on top risks going forward to keep our TRCR below the 2020 commitment level.	0.66 TRCR exceeding our commitment
A skilled and committed workforce 📖 26	**Engage with our people to create a better workplace**	We had a 90% response to our latest Group employee survey, which showed a higher level of engagement with our culture overall compared with the previous survey. The survey once again provided valuable, open, anonymous and comprehensive feedback on our culture across the Group. We will continue to work on this feedback going forward, and use it to improve our understanding of how our employees perceive and experience our culture and working conditions. We will regularly evaluate our approach to make sure it delivers on our engagement commitment.	90% employee response rate worked on prioritising findings and implementing responses

1 Regrettably in February 2017 we suffered a fatality in our South African forestry operations

Our 2020 commitments

Action area	What we said	What we did	Performance highlights
Fairness and diversity in the workplace 26	**Promote fair working conditions in the workplace**	In 2016, we updated our sustainable development policies, including a new Labour and Human Rights Policy which replaced our Global Employment Policy. This has strengthened the human rights elements in our policies alongside our good safety and health performance. These include stronger links to international standards such as International Labour Organization (ILO) and UN Guiding Principles on Business and Human Rights as well as our own Forestry and Supply Chain Policies. We plan to improve central reporting and monitoring systems Group-wide for people-related issues in the next couple of years and standardise the process for our operations to assess their performance against our policies. This will help us put measures in place to promote fair working conditions across the Group.	**Refreshed and strengthened Labour and Human Rights Policy**
Sustainable fibre 63	**Maintain 100% Forest Stewardship Council® (FSC®) certification of our owned and leased forestry operations and promote sustainable forest management**	In 2016, we continued to maintain 100% FSC certification of our owned and leased forests. Leased and certified numbers reported in 2016 exclude a new lease of around 39,000 hectares resulting from a lease exchange in Russia in 2016, which will be FSC certified during 2017 after completion of state inventory and state forest management plan.	**100%** of owned and leased forests certified
	Procure a minimum of 70% of our wood from FSC or PEFC™ certified sources with the balance meeting our company minimum wood standard that complies with the standard for Controlled Wood (FSC-STD-40-005)	67% of our total procured wood in 2016 was certified to FSC or PEFC™ standards (an increase of 1% compared with our 2015 baseline of 66%) with the balance meeting our company minimum wood standard that complies with the standard for Controlled Wood (FSC-STD-40-005). Looking to 2020, we recognise that meeting our commitment of 70% certified wood is not just about our purchasing decisions, but also related to the amount of certified wood available. This is why we are committed to continue to work together with the certification bodies and stakeholders along the entire fibre value chain to support the development of certification systems that reflects the different needs of the major forest types, apply a risk-based approach and simplify the process.	**67%** of wood certified
Climate change 43	**Reduce specific CO_2e emissions from our pulp and paper mills by 15% by 2030 against a 2014 baseline[1]**	In 2016, we achieved 0.76, an 8.9 % reduction of our specific CO_2e emissions against a 2014 baseline of 0.83. Our Świecie mill (Poland) delivered over half of this improvement.	**8.9% reduction** in specific CO_2e emissions against 2014 baseline

1 Progress including Raubling in the commitment's base year: 7.6% reduction; 2014 figure: 0.82

Our 2020 commitments

Action area	What we said	What we did	Performance highlights
Constrained resources and environmental impacts 📖 48	**Reduce specific contact water consumption of our pulp and paper mills by 5% compared to a 2015 baseline[1]**	In 2016, we reduced the specific contact water consumption of our pulp and paper mills by 1.3% to 33.04 compared to 2015 baseline of 33.49. The biggest reductions were achieved by our mills in Syktyvkar (Russia) and Richards Bay (South Africa).	**1.3% reduction** in specific contact water consumption against 2015 baseline
	Reduce specific waste to landfill by 7.5% compared to a 2015 baseline[2]	In 2016, we reduced our specific waste to landfill by 11.1% to 33.11 compared to 2015 baseline of 37.26. This was mainly due to a further switch from landfilling to reuse of foil waste from recycled pulp production at our Świecie mill (Poland).	**11.1% reduction** of specific waste to landfill against 2015 baseline
	Reduce specific NOx emissions from our pulp and paper mills by 7.5% compared to a 2015 baseline[3]	In 2016, we reduced our specific NOx emissions by 8.0% to 1.86 compared to 2015 baseline of 2.02. Around half of this reduction was due to process optimisation at our energy boilers at our mill in Syktyvkar (Russia).	**8.0% reduction** of specific NOx emissions against 2015 baseline
	Reduce specific effluent load to the environment (measure COD) by 5% compared to a 2015 baseline[4]	We reduced our specific effluent load by 5.0% to 7.04 compared to 2015 baseline of 7.40 due to improvements mainly as a result of the modernisation of our waste water treatment plant in Świecie (Poland).	**5.0% reduction** of specific effluent load against 2015 baseline
Biodiversity and ecosystems 📖 37	**Promote ecosystem stewardship in the landscapes where we operate through continued multi-stakeholder collaboration**	We are working with Cambridge Institute for Sustainability Leadership (CISL) Natural Capital Leadership Platform to develop appropriate biodiversity metrics. WWF global partnership including: → Supported WWF in WWF Boreal Forest Platform (BFP) – currently 11 members sharing and learning sustainable forestry practice and intensification in boreal forests – including field trip to Komi and contribution to FSC boreal meeting → Main sponsor of the WWF-Mondi Wetlands Programme (WWF-MWP), promoting water stewardship in SA and 25 years publication celebrating achievements Main sponsor of Silver Taiga Mezen River project, assessing impact of large clear-cuts on fish resources and river flow in Komi – interviewed over 100 locals to assess changes – good correlation between evidence collected and aerial maps.	**Supported WWF in BFP** Main sponsor of WWF-MWP and Silver Taiga Mezen River project

1 Progress including Raubling in the commitment's base year: 0.9% increase; 2015 figure: 32.75.

2 Progress including Raubling in the commitment's base year: 8.2% reduction; 2015 figure: 36.07.

3 Progress including Raubling in the commitment's base year: 4.9% reduction; 2015 figure: 1.95.

4 Progress including Raubling in the commitment's base year: 2.5% reduction; 2015 figure: 7.22.

Our 2020 commitments

Action area	What we said	What we did	Performance highlights
Supplier conduct and responsible procurement 📖 63	**Encourage supply chain transparency and promote fair working conditions together with our key suppliers**	We updated our SD policies in 2016, including our new Supply Chain and Responsible Sourcing Policy and Labour and Human Rights Policy. We provided training to our wood procurement and converting procurement teams on our fibre due diligence system. We continued to develop our SRM system in 2016, including introducing a common approach to auditing and classifying non-wood suppliers and rolling out training across the business. The SRM will be introduced to all our remaining businesses in 2017 through a phased approach.	**Updated Supply Chain and Responsible Sourcing and Labour and Human Rights Policies** Provided training on fibre due diligence system Continued to develop SRM system
Relationships with communities 📖 55	**Enhance social value to our communities through effective stakeholder engagement and meaningful social investments**	We are developing impact-pathway thinking into our investment and engagement practices to help develop an appropriate metric to measure our impact. This is supported by our Group-wide social sustainability network. In 2016, our two pilot impact assessments in South Africa and Poland set the foundation for a methodology that will enable us to measure and evaluate the impact of our work going forward. We will keep our community engagement plans updated to reflect our most current understanding of stakeholder groups and their expectations, local and business priorities, and sustainable development principles to ensure effective ongoing engagement.	**Developing impact-pathway thinking** into our investment and engagement practices Undertook two pilot impact assessments in South Africa and Poland
Solutions that create value for our customers 📖 71	**Encourage sustainable, responsibly produced products**	We continued to promote sustainable products: focusing on light-weighting; product safety and reduced waste, among other criteria. We will do this through our seven Green Range criteria and other mechanisms that help us communicate the sustainability of our products. Mondi was recognised in all three categories of WWF's Environmental Paper Awards in 2016 – including "Best Environmental Performance Paper Brands" category for 32 of our uncoated fine paper brands – all achieving a score over 80%.	**Recognised in all three categories of WWF's Environmental Paper Awards 2016**

Consolidated performance data

Financial performance

€ millions unless otherwise stated	2012	2013	2014	2015	2016
Group revenue	5,790	6,476	6,402	6,819	6,662
Underlying operating profit	574	699	767	957	981
Operating profit	483	612	715	900	943
Basic underlying earnings per share (EPS) (euro cents)	69.2	95.0	107.3	133.7	137.8
Basic EPS (euro cents)	50.1	79.8	97.4	124.0	131.8
Capital expenditure cash outflows	(294)	(405)	(562)	(595)	(465)
Net debt	1,875	1,619	1,613	1,498	1,383
ROCE (%)	13.6	15.3	17.2	20.5	20.3

People and communities

Gender diversity 2016	Male	%	Female	%
Directors	7	78	2	22
Senior managers	280	91	27	9
Employees	20,200	78	5,800	22

Management by origin 2016	%
Austria	68
UK	5
South Africa	50
Russian Federation	16
Czech Republic	5
Slovakia	6
Poland	30
France	1
Italy	15
Hungary	1
Turkey	10
Other nationalities	136

	2012	2013	2014	2015	2016
Employee training hours	811,000	854,000	871,000	827,000	790,000

Consolidated performance data

Safety

Number of work-related fatalities	2012	2013	2014	2015	2016
Employees	1	0	0	1	0
Contractors	1	4	0	0	0[1]

TRCR (per 200,000 hours worked)	2012	2013	2014	2015	2016
	0.79	0.78	0.83	0.70	0.66

Community and social investments[2] ('000 €)	2012	2013	2014	2015	2016
Health and wellbeing	219	211	85	172	653
Education	835	574	2,078	1,775	565
Infrastructure and development	13,236	9,213	4,996	5,044	6,425
Enterprise and employment support					254
Total[3]	14,290	9,998	7,159	6,991	7,896

Forests and fibre procurement

Forestry data 2016	Russia	South Africa	Total
Total area of land (ha)	2,035,411	251,435	2,286,846
Proportion of land set aside for conservation (%)	25	27	25
Number of seedlings planted	2,742,950	29,400,000	32,142,950
Wood self-sufficiency potential (%)			48

1 Regrettably in February 2017 we suffered a fatality in our South African forestry operations

2 In 2016, we restructured and revised our investment categories. Our new 'Health and wellbeing' and 'Education' categories correspond to equivalent previous categories and therefore their historic data were not restated. Our new 'Infrastructure and development' combines the previous categories 'Environment', 'Community development', 'Arts, culture and heritage', 'Housing' and 'Other', and will be a wider, more comprehensive category going forward. Our new 'Enterprise and employment support'

category will not include any historic data, but investments in support of employment and enterprise have effectively been part of the scope in past years, even if it is not formally reflected as an individual category

3 Changes in investment levels over the years do not necessarily represent a change in investment strategy. They are sometimes reflective of the commencement or closure of projects. Most initiatives run over several years and require different levels of investment for each development phase

Consolidated performance data

Fibre use	2012	2013	2014	2015	2016
Wood (internal and external) (million m³)	16.2	16.4	16.3	16.4	16.6
Pulp (externally procured) (million tonnes)	0.5	0.4	0.4	0.3	0.4
Paper for recycling (million tonnes)	1.5	1.4	1.5	1.4	1.3

Fibre procured from FSC or PEFC™ certified sources 2016 (%)	FSC	PEFC™	Total
Wood	46	21	67
Pulp (procured externally)	67	14	81

Certified wood procured (%)	2012	2013	2014	2015	2016
FSC	46	47	46	45	46
PEFC™	19	19	20	21	21
Total	65	66	66	66	67

Energy and climate[1]

CO_2e emissions from our pulp and paper mills (tonnes)	Scope 1	Scope 2	Total CO_2e
2012	4,261,792	1,162,898	5,424,690
2013	3,914,452	1,129,899	5,044,351
2014	4,308,655	998,807	5,307,462
2015	4,477,666	777,329	5,254,995
2016	4,067,788	671,247	4,739,035

Specific CO_2e emissions from our pulp and paper mills (tonnes per tonne of saleable production)	Specific scope 1	Specific Scope 2	Specific total (Scope 1 and 2) CO_2e
2012	0.68	0.19	0.87
2013	0.62	0.18	0.81
2014	0.67	0.15	0.82
2015	0.70	0.12	0.82
2016	0.65	0.11	0.76

1 Energy and climate data restated for 2014 and 2015 to include Pine Bluff mill (2014 is our climate commitment baseline)

Consolidated performance data

CO₂e emissions from our pulp and paper mills by country 2016 (tonnes)	Scope 1	Scope 2	Total scope 1 and 2 emissions
Austria	194,538	0	194,538
	349,830	61,424	411,255
US	51,574	26,523	78,097
Poland	390,934	90,418	481,352
Russia	1,847,408	566	1,847,974
Bulgaria	24,175	41,788	65,963
Sweden	20,405	58,660	79,064
Turkey	57,119	25,376	82,495
Finland	2	0	2
Slovakia	126,106	10,761	136,866
South Africa	1,005,697	355,732	1,361,429
Mondi Group total	4,067,788	671,247	4,739,035

Electricity self-sufficiency of our pulp and paper mills (%)	2012	2013	2014	2015	2016
Own electricity produced	93.0	89.5	95.4	100.9	97.9
Electricity purchased	25.7	25.6	30.1	27.9	25.2
Electricity sold	18.7	15.2	25.5	28.7	23.1

Fuel consumption for our pulp and paper mills (million GJ)	2012	2013	2014	2015	2016
Produced from our own biomass	79.8	82.5	81.7	83.3	87.2
Purchased fuel	72.6	65.4	71.5	75.6	71.2

Consolidated performance data

Energy use, pulp and paper mills (GJ)	2012	2013	2014	2015	2016
Electricity purchased	6,655,930	6,292,282	7,580,154	6,930,935	6,277,050
Own biomass	79,820,452	82,471,187	81,697,138	83,286,981	87,193,849
Purchased biomass	8,781,214	7,604,285	7,947,595	10,204,981	12,613,917
Fossil fuels consumed	63,852,690	57,826,324	63,535,990	65,348,140	58,616,253
Heat purchased	40,380	64,181	84,752	63,558	16,206
Energy sales	11,268,382	9,916,875	12,842,350	13,143,550	11,609,519
Total energy use	147,882,284	144,341,384	148,003,278	152,691,044	153,107,757

Energy use, converting operations (GJ)	2012	2013	2014	2015	2016
Electricity purchased	975,818	1,664,432	1,657,052	1,786,181	1,881,472
Fossil fuels consumed	1,526,357	1,750,070	1,916,421	2,037,447	2,168,157
Heat purchased	129,337	209,856	170,687	183,093	187,220
Total energy use	2,631,512	3,624,358	3,744,160	4,006,722	4,236,850

Scope 3 emissions (tonnes)	2015	2016
Fuel and energy-related activities (not included in Scope 1 or 2)	439,291	399,966
Purchased goods and services	1,663,253	1,826,793
Employee commuting	47,177	48,514
Upstream transportation and distribution	471,914	435,692
Downstream transportation and distribution	260,980	260,035
Business travel	4,134	4,303
Total	2,886,749	2,975,303

Consolidated performance data

Water, air and waste[1]

Water

Water input (m³)	2012	2013	2014	2015	2016
Total water input (potable and non-potable)	**306,744,602**	**308,225,924**	**323,647,294**	**308,530,242**	**309,031,879**
Potable water input	**29,762,268**	**28,791,667**	**29,451,135**	**25,997,450**	**23,315,191**
Non-potable water	**276,982,334**	**279,434,256**	**294,196,159**	**282,532,792**	**285,716,688**
Second-class water	11,757,353	10,361,089	10,065,008	10,534,946	11,217,052
Surface water	246,247,103	249,992,902	263,893,523	246,398,245	249,275,693
Ground water	18,977,878	19,080,265	20,237,628	25,599,600	25,223,943
Waste water from third parties	**39,606,995**	**39,212,851**	**39,919,055**	**38,249,896**	**38,229,853**

Emissions to water (tonnes)	2012	2013	2014	2015	2016
Emissions to water, COD (tonnes)	47,049	45,552	44,901	46,043	43,879
Emissions to water, AOX (tonnes)	155	151	150	166	173

Effluent (water discharges) (m³)	2012	2013	2014	2015	2016
Water discharge via on-site or off-site treatment	238,274,102	229,832,212	230,690,929	238,401,299	235,945,906
Effluent direct to surface water without treatment	89,297,491	88,936,025	97,652,438	77,880,033	83,381,085
Effluent to irrigate land	51,267	24,338	6,637	52,236	51,367
Effluent sent to third parties for recycling or reuse of water	0	0	0	0	738,358
Total water output	**327,622,860**	**318,792,575**	**328,350,004**	**316,333,567**	**320,116,716**
Waste water from third parties and other Mondi operations	39,606,995	39,212,851	39,919,055	38,249,896	38,229,853
Total water output (excluding third parties)	**288,015,865**	**279,579,724**	**288,430,949**	**278,083,672**	**281,886,862**

Contact and non-contact water use (m³)	2012	2013	2014	2015	2016
Non-contact water	87,923,755	90,478,291	105,153,432	85,388,509	91,897,722
Contact water	211,492,160	207,783,963	205,733,272	209,551,234	206,763,090

1 2015 data restated to include Pine Bluff mill

Consolidated performance data

Air

Air emissions (tonnes)	2012	2013	2014	2015[1]	2016
Total NOx emissions from processes	11,514	11,348	11,705	12,468	11,591
Total reduced sulphur (TRS) from processes	99	65	67	71	52
Total particulate emissions	1,614	1,646	1,570	1,500	963
Total SO$_2$ emissions from processes	4,185	3,955	5,107	5,604	1,985

Emission of ozone-depleting substances (kg)	2012	2013	2014	2015	2016
HFC	2,865	4,826	4,146	6,383	6,262
HCFC	2,712	1,301	999	995	628
CFC	0	3	2	2	0
Halons	6	0	0	0	0
Total loss of ozone-depleting substances	**5,583**	**6,130**	**5,147**	**7,379**	**6,890**

Waste

Waste to landfill (tonnes)	2012	2013	2014	2015	2016
Non-hazardous waste to landfill	264,938	270,676	260,697	229,253	205,251
Hazardous waste to landfill	1,704	2,107	1,671	814	1,230
Total waste to landfill	**266,642**	**272,783**	**262,368**	**230,068**	**206,481**

Hazardous waste (tonnes)	2012	2013	2014	2015	2016
Hazardous waste to landfill	1,704	2,107	1,671	814	1,230
Hazardous waste incinerated	1,845	2,265	2,467	2,668	3,473
Hazardous waste sent for recycling/reuse	1,273	2,485	3,102	2,539	2,829
Hazardous waste for treatment	7,089	9,652	8,387	8,059	9,273
Total hazardous waste	**11,911**	**16,509**	**15,627**	**14,081**	**16,806**

1 2015 restated to reflect updated air emissions of Pine Bluff mill.

Consolidated performance data

Non-hazardous waste (tonnes)	2012	2013	2014	2015	2016
Non-hazardous waste for treatment	576	1,419	2,454	1,948	2,949
Non-hazardous waste to internal or external incineration	66,384	65,951	90,994	85,039	61,346
Non-hazardous waste recycled	911,755	872,385	699,304	735,083	831,846
Non-hazardous waste to landfill	264,938	270,676	260,697	229,253	205,251
Total non-hazardous waste	**1,243,653**	**1,210,431**	**1,053,449**	**1,051,323**	**1,101,392**

Total debris (tonnes)	2012	2013	2014	2015	2016
Non-hazardous debris	77,070	11,203	9,600	20,488	22,102
Hazardous debris	0	1,514	1,205	14	0
Total debris	**77,070**	**12,717**	**10,805**	**20,503**	**22,102**

Total solid waste (tonnes)	2012	2013	2014	2015	2016
	1,332,634	1,239,657	1,079,881	1,085,907	1,140,299

Stakeholder engagement matrix

Key stakeholders in 2016[1]	Reason for engagement	Key engagement activities in 2016	What's next?
Employees	Our employees matter, 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 help us to understand their concerns and improve our performance, particularly around working conditions.	90% of our employees took part in the Group-wide employee survey which was completed in November 2015 with results published in January 2016. In 2016 we closely analysed the findings from the 2015 survey. Human resources teams took the lead on the work that followed at various organisational levels and across our global operations. At each operation or office, findings specific to that operation and feedback provided by its employees shaped the resulting actions and learnings. While improvements were seen in terms of our performance-oriented culture and our safety record, some challenges were identified too. Please refer to page 30 for a more detailed overview of the issues raised in the employee survey. Making a Difference Day (MADD) was celebrated across the Group in June 2016. We used MADD 2016 to share our Growing Responsibly stories through the 10 action areas and to start a conversation to improve awareness and pride in our SD performance.	Continue to work on the focus areas identified in the 2015 survey. The next employee survey is planned for 2018. 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 use our formal socioeconomic assessment toolbox (SEAT) process, alongside annual community engagement plans (CEPs).	No SEAT studies were carried out in 2016 (we published the report of our 2015 Syktyvkar logging SEAT in 2016 on our website and distributed it to our stakeholders). See our website to access all SEAT reports. We conducted two impact assessment pilots at our Polish mill and in our South African forestry operations in partnership with external experts and our local stakeholders and partners. These were designed to measure the impact and value of our community investments and initiatives on the community and on the business. See page 57 for more details. We continued to invest in and engage with local communities. Our investments in 2016 totalled €7.9 million globally, and projects focused on health, education, enterprise and employment support, and infrastructure and development. We produce annual CEPs for many of our pulp and paper mills and all forestry operations. In 2016, our Social Sustainability Network, now in its second year, continued to help our businesses share and learn from best practice. See page 55 for more details on how we engage with our communities.	We will use the learnings from our impact assessment pilots to develop local and Group-wide measures and indicators for our global and local community footprints going forward. We plan further SEAT reviews in 2017.
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 ways of working.	See pages 65 and 33 for information on engagement with suppliers and contractors respectively. 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. We're also working to strengthen our supply chain transparency, develop monitoring and reporting mechanisms for our operations' and our suppliers' human rights risks and impacts, and working with supply chain partners to improve performance and to increase transparency. Our SRM system helps us to identify and develop strategic partners, build long-term relationships and help mitigate any impacts of our supply chain and products. Together with external stakeholders, including the World Business Council for Sustainable Development (WBCSD), we continued to engage with certification systems such as FSC®, and PEFC™ to encourage practical improvements to independent certification systems that will drive sustainable forestry practices and secure long-term wood fibre supplies. In 2016, we worked with Transparent Forestry (TF) to pilot trials in our forestry areas using open-source Earth Observation (EO) satellite data. We were a pilot tester in Komi and we sponsored the purchase of EO data for the independent Ozwathini community in South Africa to take part in the testing. The EO data shows great promise in capturing and monitoring many of the map details required for certification and is thus a significant step towards removing some of the burdens of certification for small growers – an important source of future certified wood supplies globally and for Mondi. In 2016, we developed a new policy on Supply Chain and Responsible Sourcing. Our work with suppliers helped develop our understanding of their requirements and informed the development of the policy.	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 Code of Conduct for Suppliers and key business practices. Promote the further development of credible forest and CoC certification that effectively and efficiently includes small and medium enterprises (SMEs) and community suppliers. We will publish our statement on Modern Slavery in response to UK's Modern Slavery Act by June 2017 on our website.

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 2016[1]	Reason for engagement	Key engagement activities in 2016	What's next?
Customers	Collaboration with our customers is important to help us deliver innovative, sustainable packaging solutions.	We work with our customers to better understand their needs, to design products that meet the sustainability objectives, and to communicate the sustainability value of our products. Please refer to page 73 for specific examples. WWF has supported us in further integrating environmental and social criteria into our Green Range and increasing customer awareness about responsible products. To promote transparency, we also measure our performance and participate in a wide range of benchmarking initiatives such as WWF's Check Your Paper and Environmental Paper Company Index (page 72). We measure customer satisfaction through regular surveys which help us to make improvements to our design, production, labelling, distribution and management processes. In 2016, over 150 in-depth interviews were carried out with end-users of our Color Copy product across 10 countries in Europe to find out their paper preferences for digital laser paper (please see page 73). Our Industrial Bags North America division also conducted a customer survey of 800 customers in North America during the year. (please see page 73) We host a number of customer events and participate in exhibitions to exchange knowledge of our products, process and future trends. One example of this is our attendance at FachPack, an annual international trade fair held in Germany. We also use the supplier sustainability rating company, EcoVadis, as a tool for our customers that request it. In 2016, Mondi achieved an advanced level for CSR engagement and a CSR rating of Gold. In 2016, we developed a new Supply Chain and Responsible Sourcing Policy. The feedback from customer surveys, questionnaires and queries helped gain an understanding of our customers' requirements and in turn helped inform the development of this policy.	Our businesses will continue to conduct customer-focused events and customer surveys which will include sustainability challenges and opportunities. We will continue to respond to customer surveys and questionnaires and will work with them to help meet the requirements of their own policies and codes of conduct.
Shareholder and investor community	An active dialogue with our shareholder and investor community allows us to explain our strategy, our financial and non-financial performance results, and helps us 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 2016, we maintained our membership of the 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, questionnaires and surveys and Capital Markets Days, which we hold every two years. These give investors and analysts further insight into our business, growth strategy and capital expenditure programme (see www.mondigroup.com/cmd for our latest presentations and video recordings of all sessions). In 2016, we proactively engaged with a number of our investors and ESG rating companies via teleconference calls and Webex meetings to gain a better understanding of their requirements. We're receiving increasingly more focused queries relating to our sustainability practices from analysts and the investor community, particularly in the areas of sustainable wood supply and forestry management practices, carbon and energy performance and human rights in the supply chain. While this proactive engagement has helped to inform our report and policy update process in 2016, we also found that there is not always a common understanding of the positive contributions sustainably managed forests make to society. We have responded by introducing the concept of the 'working forest' for the first time in our sustainability report (page 40). Our engagement has also led to a more detailed and concise disclosure of our labour practices and our carbon performance (pages 45 and 31).	We will continue to engage with our investors and remain open to discussion and questions.
National and local governments	We engage with national and local governments working together with local operations teams to share our intentions, 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. In South Africa, many of our community investments and initiatives are in partnership with local government departments, institutes and other public organisations. One example is our Agri-villages project where we work with the Mpumalanga Provincial government on the Mkhondo development project (see page 62). We also work with the South African government to settle forestry land claims. Please refer to page 59 for further information on how we are addressing 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 to help support development and livelihoods in the communities where we operate.

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

Collaborative platforms and initiatives	Reason for engagement	Key engagement activities in 2016	What's next?
United Nations Global Compact (UNGC)	To reinforce socially responsible business practices on a global basis. To demonstrate our commitment to universal principles in the areas of human rights, employment, environment and anti-corruption.	In August 2016, we submitted our seventh Communication on Progress (CoP) and met the requirements for an Advanced Level of reporting. We are also included in the UNGC 100 stock index and continue to support the UNGC's CEO Water Mandate. We have incorporated the reporting requirements of the UNGC CEO Water Mandate into our annual SD report (CoP). The UNGC CEO Water Mandate requirements also informed our policy review in 2016.	We will continue to submit a CoP to the UNGC, which includes the requirements of the UNGC CEO Water Mandate.
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. 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. Under the Ecosystem Cluster, Mondi is discussing appropriate cross-sector biodiversity KPIs. Biodiversity indicators from the Cement Sustainability Initiative (CSI) are useful in helping us develop our own KPIs. During the year, the Ecosystem and Climate Smart Agriculture clusters also gave a joint presentation in Chennai on the value of ecological networks. As a member of WBCSD's Forest Solutions Group (FSG), we share our views and experience of sustainable forest management. Representing the FSG and as part of Mondi's participation in the Cambridge consortium (see Cambridge Institute for Sustainability Leadership on page 95 in the table below), we presented the findings of the Natural Capital Protocol (NCP) to the WBCSD consortium via an FSG webex in 2016. The Protocol has been agreed globally and has resulted in a useful framework for measuring and reporting impacts and dependencies on natural capital. As part of the FSG, we are also promoting dialogue on the complementary nature of virgin and recycled fibre. Our Group head of sustainable development is the co-chair of the FSG's Sustainable Value Chain and Procurement work stream. In 2016, we contributed to WBCSD's pilot testing of the Social Capital Protocol for its FSG. The Protocol is being designed to help companies understand their relationship with society and how to measure, value and manage it in a way that enhances the stock of social capital for the benefit of society and business. We piloted the Protocol for our community investments and initiatives, looking at ways that our engagement with and investment in communities help drive social value, and how they contribute to skills and employment in those communities. We selected two sites for the pilot – our mill in Świecie (Poland) and our forestry operations in South Africa (see page 57).	The WBCSD Ecosystem Cluster, along with the FSG and Water Groups, will continue to have important input to the development of the NCP. Mondi will lead a collective sector response from the FSG to the NCP. We will continue to develop business solutions to forestry, manufacturing, ecosystem and landscape challenges. We will continue to co-chair the Sustainable Value Chain and Procurement work stream. Our participation in the development of the Social Capital Protocol and pilot results from the FSG member companies will help to improve the FSG's Social Impact indicators and draft a sector guide on social impact valuation. The guide is due to be published in April 2017.
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.	Peter Oswald, CEO Mondi E&I, was appointed chair of CEPI in November 2015. In addition, Mondi's operations director for E&I was chair of the CEPI raw materials committee until end 2016, and we are part of the CEPI Environmental Footprint and Certification Network teams. A number of Mondi personnel hold positions on other CEPI committees. We continue to support CEPI's calls for identification and possible removal of subsidies that encourage inefficient use of biomass and distort fair competition. We are also working with CEPI to lobby for European waste policies that promote paper recovery.	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 that enables the professional paper buyer to make well-informed product choices.	Mondi's Group environmental manager is a member of the Paper Profile steering committee. Mondi is also a member of the technical working group which is helping to generate and improve a standardised description of paper product characteristics.	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.	Continue to engage with FSA and PAMSA.

Stakeholder engagement matrix

NGOs	Reason for engagement	Key engagement activities in 2016	What's next?
SAVE FOOD	SAVE FOOD, a campaign supported by the UN Food and Agriculture Organization, the UN Environment Programme, Messe Düsseldorf (a global export platform) and Interpack (a leading trade fair for process and packaging) 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 re-closable bags, single-serve pouches, extrusion-coated barrier material and water-resistant containerboard. Please refer to page 75 of this report for further examples.	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 2016, we disclosed on all metrics – climate change, water, forestry and supply chain. Mondi was included in the CDP FTSE 350 Climate Disclosure Leadership Index, the Climate A-list, the UK Climate A-List and the South African Climate A-List. We were also awarded 'Leadership A' status in forests and supply chain and 'Leadership B' for water. The A-Lists represent the highest scoring companies that disclose information to CDP.	Continue to disclose information to CDP.
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 approach and measure our performance.	In 2016, we continued our membership of BITC and strengthened our ties beyond cooperation at a Group level. BITC support was extended in 2016 to our local operations, with Štětí (Czech Republic) and Dynäs (Sweden) mills having met with and received tailored support from BITC during individual workshops in 2016. BITC also attended and actively contributed to our Social Sustainability Network meeting in 2016 and helped us to conduct the Polish impact assessment pilot (see page 57).	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. In 2016, FSC announced a new board-driven Controlled Wood strategy. Mondi advocates a new Controlled Wood strategy as it is a critically important tool in managing the supply-demand dynamics of available sustainable fibre. The FSC conference in Dar es Salaam was specifically devoted to SMEs and communities and has resulted in a proposal for future trials. Mondi and WWF are currently supporting the work to develop a new national FSC standard for South Africa with vastly reduced indicators. If approved, this will help us streamline the process and remove any unnecessary and costly administrative burden not relevant to South Africa.	Continue to actively support the FSC. Through the WBCSD and The Forests Dialogue (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. We will continue to encourage and support implementation of the global strategy and promote and organise risk-based forest-type regional meetings. This should help to streamline the FSC AGM in the future.
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 2016. This global collaboration focuses on ecosystems, manufacturing and product stewardship, and involves our forestry, pulp and paper mills and converting operations. We have worked on two key advocacy areas: certification and the cascading use of wood. We have held many productive meetings, shared our positions and developed projects and action plans – including publishing a third-party prepared Mondi/WWF paper on the cascading use of wood, 'The Mapping Study on the Cascading Use of Wood Products'. In 2016, we celebrated 25 years of working with WWF in the WWF-Mondi Wetlands Programme (WWF-MWP) and have been the primary funder since 2001. We are extremely proud of this collaboration, which has brought the important role wetlands play to the forefront of conservation efforts, and driven change in the way that wetlands are identified, delineated, restored and protected across sectors in South Africa and beyond. Obvious synergies between WWF-MWP and the WWF New Generation Plantations (NGP) platform have been realised and there has been close cooperation in promoting social learning and freshwater stewardship as part of a landscape approach, both within the global NGP and WWF networks. We have also supported WWF in the development and launch of the BFP which now comprises 13 members. In the manufacturing work stream, Mondi supported WWF in the improvement of their Water Risk Filter. The South African high-resolution Water Risk Filter tool was launched in 2016. Mondi and WWF have been assisting Bulgarian state authorities in the assessment of HCVs and good forestry practice on 150,000 hectares of forests and have contributed to increasing FSC certified forestry areas in Bulgaria.	Continue with our existing work streams and look at further ways to promote the cascading use of wood. Investigate additional ways the BFP and the WWF-MWP may be further developed and/or adapted to other contexts. In 2017, together with WWF-MWP, we will focus on freshwater stewardship in the uMhlathuze catchment for Richards Bay and MSAD forests.

Stakeholder engagement matrix

NGOs	Reason for engagement	Key engagement activities in 2016	What's next?
WWF New Generation Plantations (NGP) platform	The 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. This helps to maintain 'global credibility for plantations', which currently provide 35% of the global wood supply.	As one of the founding participants, we've worked closely with WWF and other NGP participants to help promote the NGP concept to wider audiences and expand the use of the concept to other forest types and agriculture. The NGP platform continues to make good progress in promoting and seeking solutions for SMEs and communities.	Mondi and WWF are exploring how the NGP concept and principles might be applied to include other forest types and agriculture. We'll continue to participate in and support the NGP platform and to promote freshwater stewardship through a landscape approach. June 2017 marks the 10th anniversary of the NGP platform at the AGM in Edinburgh. The NGP platform will be exploring 'latest technology' to support SMEs and communities in certification and best practice.
WWF Boreal Forest Platform (BFP)	The BFP aims to bring stakeholders together across the boreal forest to develop a shared understanding of responsible forest management and to optimise yields from commercial forests while conserving both old-growth forests and HCV areas and benefiting local people.	The BFP has attracted 13 members to date, including the forestry and nature authorities. With FSC Russia, it is making progress on addressing intact forest landscape (IFL) issues while working to increase productivity in commercial forestry areas. WWF-Russia continues to make steady progress in securing protection for IFLs in north-west Russia, complementing Silver Taiga's work in Komi.	We will continue to support the BFP in 2017.
WWF-Mondi Wetlands Programme (WWF-MWP)	Wetlands are an essential component of the freshwater ecosystem and are vital to wildlife, people and our business. These ecosystems are under increasing pressure. 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 fresh water. 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 the NGP platform globally, we continue to share best practice through the WWF network. The WWF-MWP has been the catalyst and part-sponsor of the catchment work, to help develop best practice in water use and freshwater conservation for dairy farmers. The dairy farming industry is now planning to scale up the work with WWF-MWP to national level and is seeking a national approach to best practice for dairy farmers.	Continue to work within the Mondi-WWF Partnership to promote ecosystem stewardship, building on the good work with the dairy industry and the sugar industry. Work with Mondi to promote water stewardship in one of Mondi's main catchments, the uMhlathuze. Continue to harness the synergies between the WWF-MWP and the NGP platform to promote freshwater stewardship and responsible forestry practice. Encourage environmental and social NGOs to support and conclude the process of producing a robust FSC National Standard as soon as possible.
The Forests Dialogue (TFD)	TFD is a WBCSD/World Bank initiative. It involves a global multi-stakeholder process for dealing with contentious social and environmental issues in forestry. Mondi is an active participant.	We contributed to TFD's scoping dialogue on intensively managed plantation forests and TFD agenda items at the WBCSD. Mondi values TFD and continues to contribute financially to the secretariat and two dialogue streams – tree plantations in the landscape and sustainable woody biomass. We are on the advisory committee of these dialogue processes. The work complements our landscape work and maintains links to the TFD stakeholders.	Mondi will continue to support dialogues on tree plantations in the landscape and sustainable woody biomass. There are plans to join the NGP platform on a landscape dialogue. Mondi supports this trial combination in aligning synergies of the two platforms.

Stakeholder engagement matrix

NGOs	Reason for engagement	Key engagement activities in 2016	What's next?
The High Conservation Value Resource Network (HCVRN)	The HCVRN works closely with the FSC, NGOs, inter-governmental organisations (IUCN, World Bank, FAO, 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. The HCVRN is now independent of Proforest but remains well supported by Proforest.	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 forestry practice for the Komi Republic, and we participate in shared projects with WWF and FSC.	Mondi has been the core sponsor of Silver Taiga's work since 2008. They continually provide us, and most other forest stakeholders in Komi, with relevant environmental information and technical support on issues including: FSC certification; ecosystem classification; identification and protection of IFLs; ecosystem definitions for harvesting operations; and the BFP. Silver Taiga also provides socioenvironmental training in Komi on which Mondi Syktyvkar depends.	Continue to support and fund specific Silver Taiga projects that benefit Komi and north west Russia, including IFLs, Mezen River, ecosystem classification and the BFP.

Scientific institutes and universities	Reason for engagement	Key engagement activities in 2016	What's next?
Stellenbosch University	Mondi has supported research into the effective design and management of ecological networks (ENs) that can make a significant contribution to biodiversity and ecosystem stewardship in production landscapes.	The Mondi Ecological Network Programme (MENP) at Stellenbosch University continues to provide important supporting science and management recommendations on biodiversity conservation and planning in our landscapes. We continued working with Professor Michael Samways to further support the management of ENs in our plantation forests. We have expanded the scope to include a focus on biodiversity of freshwater ecosystems and soil. The MENP team supported a number of business unit workshops arranged to increase the awareness of ENs.	Continue to support the MENP initiative and to expand the scope to include biodiversity aspects of freshwater ecosystems and soil in production landscapes. In 2017, we will focus on communicating the value of ENs to a wider audience. We will also support new research on the value of soil biota in maintaining crop productivity. We will continue to support MENP in defining the values of our ENs, which are our Natural Capital in production landscapes. The results and findings will contribute to a sector response to the NCP.
Cambridge Institute for Sustainability Leadership (CISL)	The CISL Natural Capital Leadership Platform is a collection of large companies involved in the management of natural capital. The NCP is a standardised framework to identify, measure and value direct (negative and positive) impacts and/or dependencies on natural capital.	We joined the Natural Capital Leadership Platform in 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, including a joint meeting of the Natural Capital Leaders Platform and the Investor Group Leaders Platform to discuss and develop KPIs for Natural Capital reporting. The WBCSD developed the protocol, while the International Union for Conservation of Nature (IUCN) and the CISL developed the sector guides and conducted the pilot testing, resulting in the production of a useful framework for measuring and reporting impacts and dependencies on natural capital.	Participate as a pilot tester for the Cambridge-IUCN consortium for the NCP. Continue to cooperate on forest sector issues. Support a Cambridge publication on resilient forests that supports Mondi's promotion of a 'working forest'. Continuing work on the development of KPIs for reporting on natural capital.
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 pests and diseases.	The ongoing drought in South Africa has emphasised the incidence and damage from pests and diseases in our plantation forests. 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. This work also feeds into our tree improvement programme.	Continue to partner with the University of Pretoria's highly regarded Forestry and Agricultural Biotechnology Institute (FABI). Our interest will remain Future Forests and Food alongside the health and development of plants and their products.

Stakeholder engagement matrix

Scientific institutes and universities	Reason for engagement	Key engagement activities in 2016	What's next?
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. The Two Streams catchment has reached the closing stage of the acacia tree planting phase. Research teams from the Council for Scientific and Industrial Research (CSIR) and the UKZN study the impact of plantation trees on soil hydrological processes. We're committed to the next phase of the Two Streams research, which will compare water use of Eucalyptus with previous results on acacia. In 2015, we embarked on a new project with soil and water specialists who will be using 50 years of rainfall-runoff data. Phases one and two of the soils project were completed providing: • a spatial model describing the impact of 50 years of rainfall runoff on Mondi landholdings; and • erosion factors for different forest management options based on land-type soils data. This work is creating greater awareness on the value of soils and impacts under different management practices.	Continue to support the ICFR. Preparations to link the monitoring outputs from the project into a national system managed by the South African Environmental Observation Network. Mondi soils data will be used to evaluate soil loss (value) and site productivity in the model. The value of soil biota in maintaining soil productivity will be researched.
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 2016, experts from Global Value, an EU-funded research project addressing the measurement and management of business impacts on global sustainable development, tested several SD assessments tools to develop a framework and online tool to help multinational companies to understand their impacts and improve their management. First results were presented at the 6th Global Value Consortium Workshop at the Vienna University Campus in Vienna on 12 October 2016.	Continue to actively support Global Value and the Vienna University of Economics and Business.

About this report

This 2016 Sustainable development report covers the 2016 financial year (1 January 2016 to 31 December 2016) and should be read in conjunction with our Integrated report and financial statements 2016 as well as our Global thinking, local action: Sustainable development 2016 publication. Our previous report was published in April 2016 for the financial year 1 January 2015 to 31 December 2015.

Reporting standards and format
This report provides a comprehensive view of our approach to sustainable development and our performance in 2016 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 the GRI guidelines to 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 22), materiality assessment and aspects (see the discussion on Our global context on page 14 and Our response on page 18) and stakeholder engagement at various levels (see Our stakeholders on page 20).

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 report on progress against the commitments we made for the period 2016 to 2020 against a 2015 baseline, with the exception of our climate commitment that covers the period from 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 22) 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 102 for a more detailed overview of our reporting according to G4 core criteria, and page 78 for a more detailed overview of performance against our 2020 and 2030 commitments.

Roles and responsibilities for managing our focus areas and material aspects are described in the Governance section (page 22) 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.

→ 2015 environmental data was restated to include Pine Bluff mill (US) acquired in 2014.

→ 2014 and 2015 climate and energy data was restated to include Pine Bluff mill (2014 was restated in addition to 2015, as 2014 is the baseline for our 2030 climate commitment).

→ Progress percentages for environmental commitments are calculated based on excluding the performance of our Raubling mill (Germany), which was closed in 2015, from baseline data. Progress percentages including Raubling are provided as a separate scenario in footnotes in 'Energy and climate' section (see page 43) and 'Operational excellence' section (see page 48).

→ In our past reports, we have disclosed our overall electricity self-sufficiency, including all energy sales. In 2016, we have additionally calculated a more representative electricity self-sufficiency by capping each mill's electricity self-sufficiency at 100% and excluding their energy sales beyond that limit. See page 45.

→ In 2016 we revised the methodology to calculate electricity consumption and heat consumption of our pulp and paper mills for a more consistent approach that may be applied to all our mills. 2015 data has been accordingly restated. See page 45.

→ 2016 lease exchange in Russia resulted in a new lease of around 39,000 hectares of forestry land which will be FSC certified during 2017. The new lease is not included in the reported leased hectares or in the certified percentage of leased land. See page 39.

→ Community investments' reporting categories have been revised and historic figures restated accordingly. See page 59.

→ 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 45 for more details.

→ Greenhouse gas (GHG) emissions are reported according to the GHG Protocol, published by the WBCSD 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 Global thinking, local action: Sustainable development 2016 publication is provided for context only, and our full performance is available in this online Sustainable development report 2016.

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 KPIs 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 2016 financial statements.

Additional information

In addition to our online Sustainable development report 2016, 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 Global thinking, local action publication, we look at how we're using the Growing Responsibly model to address some of our greatest challenges and enabling our businesses to use their local skills, experience and relationships to deliver results on the ground. This document can be found at: www.mondigroup.com/sdpublication16.

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 2016 (the Report).

Engagement summary

Scope	1. Whether the 2016 data for the following KPIs are fairly presented, in all material respects:
	→ Total energy usage (GJ)
	→ Total Scope 1 and Scope 2 GHG emissions (tonnes CO_2e)
	→ Total Scope 3 GHG emissions from employee commuting, downstream transportation and distribution, business travel, purchased goods and services, upstream transportation and distribution, and fuel and energy-related activities not included in Scope 1 or Scope 2 (tonnes CO_2e)
	→ Total water input (pulp and paper mills) (m^3)
	→ Total water output (pulp and paper mills) (m^3)
	→ Total contact and non-contact water use (m^3)
	→ Total hazardous and non-hazardous waste (tonnes)
	→ TRS emissions (tonnes)
	→ NOx emissions (tonnes)
	→ COD emissions (tonnes)
	→ TRCR (number/ 200,000 hours)
	→ Total Life Altering Injuries (number)
	→ Land claims settled in forestry operations in South Africa (percentage)
	→ Land claims in South Africa moved from pre-gazette to gazette (number and area)
	→ Pre-gazette and gazette land in South Africa (as a percentage of total current owned land holdings)
	→ Certified wood and pulp procured (percentage, tonnes)
	→ Chain-of-Custody certified pulp and paper mills (number, percentage)
	→ Pulp and paper mills certified to ISO 14001 and OHSAS 18001 (number and percentage)
	→ Converting operations certified to OHSAS 18001 (number and percentage)
	→ Forestry operations certified to ISO 14001 (number and percentage)
	→ Food contact packaging operations certified to a recognised food hygiene standard (number and percentage)
	→ Managed land set aside for conservation purposes (percentage)
	→ Saleable production volume (tonnes, m^2, sacks)
	2. The disclosures relating to community engagement and investment at pulp and paper mills and forestry operations on pages 57–62 of the Report.
	3. 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').
	4. Whether the disclosures relating to the above KPIs in the Report are consistently presented in Mondi's Integrated report and financial statements 2016 (Integrated Report).
	5. Whether the disclosures relating to GHG emissions presented in the section 'Greenhouse gas emissions and climate change' on page 44 of the Integrated Report comply with the requirements of the UK Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.
	In addition we were asked to check whether the Report is in accordance with the criteria for a 'Core' GRI G4 report.

Independent assurance statement

Reporting criteria	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.
	ISO 14064-1:2006 and the WBCSD WRI GHG Protocol (2004) (including the Scope 2 Guidance, 2015) for the Scope 1 and Scope 2 GHG emissions.
Assurance Standard	ERM CVS' assurance methodology, based on the International Standard on Assurance Engagements (ISAE 3000).
	ISO 14064-3:2006 for the Scope 1 and Scope 2 GHG emissions.
Assurance level	Reasonable assurance: Scope 1 and Scope 2 GHG emissions for Mondi's pulp and paper mills.
	Limited assurance: Scope 1 and Scope 2 GHG emissions for Mondi's converting operations, and all other scopes set out above.
Respective responsibilities	Mondi is responsible for preparing the Report and for the collection and presentation of the information in it.
	ERM CVS' responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.

Independent assurance statement

Our conclusions

In our opinion, the 2016 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 2016 data for the other KPIs, as listed under 'Scope' above, and the disclosures relating to community engagement and investment at pulp and paper mills and forestry operations on pages 57–62 of the Report, 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

→ 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 44 of the Integrated Report do not comply with the requirements of the UK Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Our assurance activities

A multi-disciplinary team of sustainability, GHG and assurance specialists performed the following activities:

→ A review of external media reporting relating to Mondi Group to identify relevant sustainability issues in the reporting period.

→ A review of the internal reporting guidelines, including conversion factors used.

→ Two visits to Mondi Head Office in Vienna, Austria to

– Interview relevant staff to understand Mondi Group's Sustainable Development (SD) strategy, policies and management systems for the KPIs.

– Interview relevant staff to understand and evaluate the data management systems and processes (including IT systems and internal review processes) used for collecting and reporting SD data.

– Verify the source data underlying the Scope 3 GHG emissions.

→ Physical and virtual visits to 10 production sites in the United States, South Africa, Russia, Austria, Germany and Poland 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, the saleable production volume indicator, and the disclosures relating to community engagement and investment.

→ 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 2016 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 and the Integrated Report.

→ 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 GHG emissions for 2016 from Mondi's pulp and paper mills that fall within the scope of the EU Emissions Trading System (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:

→ We note Mondi's progress during 2016 in relation to the 2020 commitments. Further efforts and initiatives will be required to maintain the performance level for commitments where the 2020 milestone has already been reached in 2016, and to achieve other more challenging commitments, particularly those relating to the procurement of certified wood and specific contact water.

→ Mondi has also made progress towards developing measurable performance indicators for the Growing Responsibly action areas which currently do not have specific metrics in place. For these action areas we recommend that Mondi gives priority to defining metrics, or other means to measure performance, so that its progress can be consistently measured and reported over the commitment period.

→ In 2016 Mondi has expanded its packaging business through further acquisitions and capital investment. In a number of areas, including its supply chain, operating environment and products, the environmental and social impacts of this business differ from Mondi's forestry, pulp and paper businesses. We encourage Mondi to continue to increase its focus on the specific impacts of its packaging business in its assessment of material SD issues for the Group to ensure these are included and managed as part of its longer-term sustainable development strategy and performance.

Jennifer Iansen-Rogers
Head of Corporate Assurance
4 April 2017
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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, Group strategy review, Sustainability performance	CEO/Chairman statement (page 5), Our global context (page 14), Commitments table (page 78), Growing Responsibly (pages 18–19)
Organisational profile			
G4-3	Name of the organisation	Front cover	Front cover
G4-4	Primary brands, products and services	Our businesses	
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 85), Where we operate (page 13)
G4-7	Nature of ownership and legal form	Our integrated packaging and paper Group	
G4-8	Markets served	2016 at a glance	
G4-9	Scale of the organisation, including employees, operations, revenues and quantity of products and services	2016 at a glance, Joint chairmen's statement, Group strategy review, Our businesses, Business reviews, Financial statements, Production statistics	Our people (page 27), About Mondi (page 8)
G4-10	Total number of employees broken down by contract and gender and employment type, and supervised workers		Our people (gender and region are covered, type of contract not covered) (page 29)
G4-11	Percentage of total employees covered by collective bargaining agreements		Our people (page 30)
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	Group strategy 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 24)
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 23)
G4-16	Memberships of associations maintained at the organisational level		Stakeholder table (page 90)

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 '6: List of subsidiary and associated undertakings and other significant holdings'	
G4-18 Process for defining report content and Aspect Boundaries		About this report (page 97)
G4-19 Material aspects identified in the process for defining report content		G4 index, see 'Material aspects' table (page 104)
G4-20 Aspect Boundary within the organisation		G4 index, see 'Material aspects' table (page 104)
G4-21 Aspect Boundary outside the organisation		G4 index, see 'Material aspects' table (page 104)
G4-22 Effect of any restatements of information provided in previous reports		About this report (page 97)
G4-23 Significant changes from previous reporting periods		About this report (page 97)
Stakeholder engagement		
G4-24 List of stakeholder groups engaged by the organisation		Stakeholder table (page 90)
G4-25 Basis for identification and selection of stakeholders with whom to engage		Stakeholder table (page 90)
G4-26 Approach to stakeholder engagement		Stakeholder table (page 90)
G4-27 Key topics and concerns that have been raised through stakeholder engagement		Stakeholder table (page 90), SEAT reports archive (www.mondigroup.com/SEATarchive), and throughout Issues in focus sections
Report profile		
G4-28 Reporting period		About this report (page 97)
G4-29 Date of most recent previous report		About this report (page 97)
G4-30 Reporting cycle		About this report (page 97)
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 97), GRI Index (page 102)
Report profile: assurance		
G4-33 Policy and current practice with regard to seeking external assurance for the report		About this report (page 97), ERM CVS Statement (page 99)
Governance		
G4-34 Governance structure of the organisation		Governance (page 22)
Ethics and integrity		
G4-56 The organisation's values, principles, standards, and norms of behaviour	Governance report	Governance (page 22)

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 2016, Communities (page 55)
	Indirect Economic Impacts	✓		✓	Communities	Communities (page 55)
Environmental	Materials	✓	✓	✓		Consolidated performance data (page 82), Supply chain (page 66)
	Energy	✓	✓		Indirect energy use (in the supply chain) and resulting carbon emissions	Energy and climate change (page 43)
	Water	✓	✓		Impact on communities and other local stakeholders and natural ecosystems through consumption and discharges	Operational excellence (page 48)
	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 37), Operational excellence (page 48)
	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 43), Operational excellence (page 48)
	Effluents and Waste	✓	✓		Impact on communities and other local stakeholders and natural ecosystems through discharges and waste	Operational excellence (page 48)
	Products and Services	✓	✓	✓	Customers and wider society	Products and solutions (page 71), Integrated report and financial statements 2016
	Compliance	✓	✓	✓		Sustainability governance (page 22)
	Transport	✓	✓	✓	Indirect energy use (in the supply chain) and resulting carbon emissions	Supply chain (page 63)
	Environmental Grievance Mechanisms	✓	✓	✓	Communities	Communities (page 55), Operational excellence (page 48), Sustainability governance (page 22)
Labour practices and decent work	Occupational Health and Safety	✓	✓	✓	Contractors and suppliers	Safety and health (page 32)
	Training and Education	✓	✓	✓		Our people (page 26)
	Diversity and Equal Opportunity	✓	✓	✓		Our people (page 26)
	Labour Practices Grievance Mechanisms	✓	✓	✓		Our people (page 26), Sustainability governance (page 22)
Human rights	Non-discrimination	✓	✓	✓		Our people (page 26)
	Indigenous Rights			✓	Communities	Communities (page 55)
Society	Local Communities	✓		✓	Communities	Communities (page 55)
	Anti-corruption	✓	✓	✓		Sustainability governance (page 22)
	Anti-competitive Behaviour	✓	✓	✓		Sustainability governance (page 22)
	Compliance	✓	✓	✓		Communities (page 55), Sustainability governance (page 22)
Product responsibility	Customer Health and Safety	✓	✓		Customers	Products and solutions (page 71)
	Product and Service Labelling	✓	✓		Customers	Products and solutions (page 71)
	Marketing Communications	✓	✓		Customers	Products and solutions (page 71)
	Customer Privacy	✓	✓		Customers	Products and solutions (page 71)
	Compliance	✓	✓		Customers	Products and solutions (page 71)

GRI G4 content index

Specific standard disclosures

Material aspects (G4-19)	DMA and indicators		Section covered in SD/IR
Economic			
Economic performance	G4-EC1	Direct economic value generated and distributed	Value distribution 2016 graph – Integrated report and financial statements 2016 (page 19)
	G4-EC2	Risks and opportunities posed by climate change	Partial coverage under Energy and climate change (page 44), Our global context (page 14) and Governance (page 24), Principal risks (Integrated report and financial statements 2016, page 32)
	G4-EC4	Financial assistance received from government	Governance (Political donations, gifts and bribes) (page 24), Financial statements (Integrated report and financial statements 2016, page 131)
Indirect economic impacts	G4-EC7	Development and impact of infrastructure investments and services supported	Communities (pages 55–62)
	G4-EC8	Significant indirect economic impacts, including the extent of impacts	Communities (pages 55–62)
Environmental			
Materials	G4-EN1	Materials used by weight or volume	Supply chain (page 66), and Performance data (page 84)
	G4-EN2	Percentage of materials used that are recycled input materials	Percentage of secondary (recovered) fibre provided – Supply chain (page 67), Operational excellence (page 51)
Energy	G4-EN3	Energy consumption within the organisation	Energy and climate change (page 45), Performance data (pages 85–86)
	G4-EN4	Energy consumption outside of the organisation	Indirectly as part of scope 3 disclosure in Energy and climate change (page 46)
	G4-EN5	Energy intensity	Not tracked in new commitment period. Absolute energy figures and production figures separately reported (pages 45 and 66)
	G4-EN6	Reduction of energy consumption	Energy and climate change (page 45), Performance data (pages 85–86)
	G4-EN7	Reductions in energy requirements of products and services	Indirectly as part of standard energy and carbon disclosures in Energy and climate change, not specific to products (see above)
Water	G4-EN8	Total water withdrawal by source	Operational excellence (page 51), Performance data (page 87)
	G4-EN9	Water sources significantly affected by withdrawal of water	Partial coverage under Operational excellence (pages 51–52), Forests and ecosystems (pages 39 and 41)
	G4-EN10	Percentage and total volume of water recycled and reused	Partial coverage under Performance data (page 87), Operational excellence (pages 51–52)
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 38–39), Operational excellence (page 54)
	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 38–42)
	G4-EN13	Habitats protected or restored	Partial coverage under Forests and ecosystems (pages 38–42)

GRI G4 content index

Material aspects (G4-19)	DMA and indicators		Section covered in SD/IR
Emissions	G4-EN15	Direct greenhouse gas (GHG) emissions (scope 1)	Energy and climate change (pages 45–46), Performance data (pages 84–85)
	G4-EN16	Indirect GHG emissions (scope 2)	Energy and climate change (pages 45–46), Performance data (pages 84–85)
	G4-EN17	Other indirect GHG emissions (scope 3)	Energy and climate change (pages 45–46), Performance data (page 86)
	G4-EN18	GHG emissions intensity	Energy and climate change (pages 45–46), Performance data (page 84)
	G4-EN19	Reduction of GHG emissions	Energy and climate change (pages 45–46), Performance data (pages 84–85)
	G4-EN20	Emissions of ozone-depleting substances (ODS)	Performance data (page 88)
	G4-EN21	NOx, SOx, and other significant air emissions	Operational excellence (pages 53–54), Performance data (page 88)
	G4-EN22	Total water discharge by quality and destination	Operational excellence (pages 51–52), Performance data (page 87)
	G4-EN23	Total weight of waste by type and disposal method	Operational excellence (pages 52–53), Performance data (pages 88–89)
	G4-EN24	Total number and volume of significant spills	Operational excellence (page 54)
Effluents and waste	G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention	Partial coverage under Operational excellence (pages 52–53), Performance data (page 88)
Products and services	G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Operational excellence (pages 48–54), Products and solutions (pages 71–76), Performance data (pages 84–89)
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 24)
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 67), Energy and climate change (page 46)
Supplier environmental assessment	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Partial coverage under Supply chain (pages 66–68)
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 54)

GRI G4 content index

Material aspects (G4-19)	DMA and indicators		Section covered in 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 Our people (page 29)
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 and health (page 34)
	G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	Occupational health, and Health and wellbeing, under Safety and health (pages 33–34)
Training and education	G4-LA9	Average hours of training per year per employee by gender, and by employee category	Partial coverage under Our people (page 30)
	G4-LA10	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Our people (pages 28 and 30)
	G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Our people (pages 29 and 31)
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	Our people (page 29), Performance data (page 82)
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 Our people (page 27), Supply chain (page 68), and Global Context (pages 15–16)
Labour grievance mechanism	G4-LA16	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms	Speakout under Governance (page 24)
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. Our people (page 27), Supply chain (page 68)
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. Our people (page 27), Supply chain (page 68)
Indigenous Rights	G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	Communities (page 59)
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 (page 68), Our people (page 27), Global context (pages 15–16)
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 59), Speakout under Governance (page 24)

GRI G4 content index

Material aspects (G4-19)	DMA and indicators		Section covered in SD/IR
Society			
Local Communities	G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programmes	Communities (pages 57–59), Stakeholder matrix (page 90)
	G4-SO2	Operations with significant actual and potential negative impacts on local communities	Operational excellence (page 54)
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 24)
	G4-SO4	Communication and training on anti-corruption policies and procedures	Partial coverage under Governance (page 24)
	G4-SO5	Confirmed incidents of corruption and actions taken	Governance (page 24)
Public Policy	G4-SO6	Total value of political contributions by country and recipient/beneficiary	Governance (page 24)
Anti-competitive Behaviour	G4-SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	Governance (page 24)
Compliance	G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Governance (page 24)
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 66–67), Global context (pages 15–16)
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 and solutions (page 73)
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 and solutions (page 73)
	G4-PR5	Results of surveys measuring customer satisfaction	Products and solutions (page 73)
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 and solutions (page 73)
Customer Privacy	G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Products and solutions (page 73)

Glossary

Aichi Targets
An ambitious series of goals which seek to halt the loss of biodiversity to ensure that by 2020 ecosystems are resilient and continue to provide essential services.

AOX
Adsorbable organic halogen compounds is a metric for emissions to water and is measured in tonnes.

ART
Anti-retroviral treatment.

BAT
Best Available Technique. Technically and economically feasible environmental technology that is efficient and advanced, generally to reduce emissions and the impact on the environment as a whole. The BAT comparisons in the environment section are calculated based on the BAT values as defined by IPPC (The European Integrated Pollution Prevention and Control Bureau) in the 'Reference Document on Best Available Technique for the Pulp and Paper Industry'.

BBBEE
Broad-based black economic empowerment. A programme launched by the South African government to redress the inequalities of Apartheid by giving certain previously disadvantaged groups (Blacks, Coloureds, Indians, etc.) of South African citizens economic privileges previously not available to them.

BITC
Business in the Community, a UK-based, business-led charity, focused on promoting responsible business practices.

Blue water
Potable, surface, second-class and groundwater.

CDP
CDP is an international not-for-profit organisation providing a global system for companies to measure, disclose, manage and share information on carbon, water, forests and supply chain.

CDP Leadership A-List
The highest rating an organisation can achieve in a CDP disclosure. To achieve Leadership A-List status, companies must achieve the highest scores in the categories of disclosure, awareness, management and leadership.

CEO Water Mandate
The United Nations Global Compact CEO Water Mandate mobilises business leaders to advance water stewardship, sanitation, and the Sustainable Development Goals – in partnership with the United Nations, governments, peers, civil society, and others.

CEP
Community Engagement Plans (CEPs) provide the basis of our engagement and support for local communities and are updated manually by our mills.

CEPI
The Confederation of European Paper Industries (CEPI) is a Brussels-based not-for-profit organisation regrouping the European pulp and paper industry, monitoring and analysing activities and initiatives in the areas of industry, environment, energy, forestry, recycling and competitiveness in general, and providing a unique source of information both for and on the industry. It has 18 member countries and represents some 515 pulp, paper and board producing companies across Europe and 950 paper mills, together representing 23% of world production.

CFCs
Chlorofluorocarbons.

CISL
Cambridge Institute for Sustainability Leadership. An institution within the University of Cambridge that challenges, informs and supports leaders from business and policy across complex and connected issues to deliver change towards sustainability.

CITES
The Convention 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 is a tracking system that allows manufacturers and traders to demonstrate that timber comes from a forest that is responsibly managed in accordance with credible standards.

COD
Chemical oxygen demand is a measure of the oxygen consuming capacity of inorganic and organic matter present in the waste water. It is a metric for emissions to water and is measured in tonnes.

CO₂e
GHGs are often compared on the basis of their estimated potential to cause global warming. Factors can be used to convert a quantity of non-CO_2 GHG (such as CH_4 or N_2O) into an amount of CO_2 with an equivalent warming potential. Of importance in the pulp and paper industry, CH_4 and N_2O emissions are considered. Every gram of CH_4 is equivalent to 21 grams of CO_2 and each N_2O gram is equivalent to 310 grams of CO_2. Total GHG emissions can be calculated as the sum of several GHGs expressed as the equivalent amount of CO_2, abbreviated as CO_2e.

Contact water
The sum of all water volumes used on the production site for use in processes, for washing and as product input; for sanitary purpose and for non-industrial operations (e.g. in kitchens, toilets and bathrooms); and for use in boilers for steam production.

Controversial sources
A term commonly used in the public domain in our industry. Mondi defines controversial sources as wood that is illegally harvested, harvested in violation of traditional and civil rights, harvested in forest management units in which HCVs are threatened by management activities, harvested in areas in which forests are being converted to plantations or non-forest use or harvested from forests in which genetically modified trees are planted.

Converting operations
Operations for the conversion of corrugated packaging, industrial bags, extrusions coatings, release liner, consumer packaging and advanced films.

CoP
Business participants in the UN Global Compact commit to issue an annual Communication on Progress, a public disclosure to stakeholders (e.g., investors, consumers, civil society, governments, etc.) on progress made in implementing the ten principles of the UN Global Compact, and in supporting broader UN development goals.

CPI
Corruption Perception Index, an annual ranking of countries by their perceived levels of corruption, as determined by expert assessments and opinion surveys.

CSI
Corporate social investment.

DLC
Dual listed company.

Ecosystem services
Services that are generated by the natural environment, which enhance human wellbeing, and are directly used by people.

EMP
Ecosystem management plan.

EN
Ecological network.

ERM CVS
Environmental Resources Management Certification and Verification Services.

EU ETS
European Union's Emissions Trading System.

EUTR
The EU Timber Regulation came into force on 3 March 2013, making it illegal to place illegally harvested timber and timber products on the EU market.

FABI
Forestry and Agricultural Biotechnology Institute aims to help the development of novel food and fibre crops that will contribute to global economic development and food security.

FAO
Food and Agriculture Organization 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 day.

FSA
Forestry South Africa is South Africa's premier and largest forestry organisation representing growers of timber in South Africa. The association has over 93% of all registered timber growers as members (over 21,300 members).

FSC®
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.

FSC Controlled Wood Standard
An FSC standard for wood procurement which ensures due diligence in meeting legal compliance and no deforestation.

FTSE4Good
The FTSE4Good Index Series has been designed to objectively measure the performance of companies that meet globally recognised corporate responsibility standards.

GIS
Geographic information system is a system designed to capture, store, manipulate, analyse, manage, and present all types of spatial or geographical data.

Global forest registry
A global forest register provides designations of low and specified risk areas globally, and specifications of risks where they are present. It is aligned with FSC's revised risk assessment procedures.

Glossary

GM
Genetically modified.

GPS
The Global Positioning System is a satellite-based navigation system which is used to detect exactly any position any time in the world. Today it is used in several business sectors in the form of a mobile receiver (e.g. in a lorry or fixed to a piling site) which gathers information on the receiver's whereabouts during a period of time.

Green water
Rainwater stored in vegetation or soil as moisture. Water consumption during fibre growth in forests is counted and reported as green water.

Grey water
The volume of fresh water required to assimilate the load of pollutants based on existing ambient quality standards.

GRI
The Global Reporting Initiative is a not-for-profit organisation that produces one of the world's most prevalent standards for sustainability reporting.

HCFCs
Hydrochlorofluorocarbons.

HCV
High conservation value areas are critical areas in a landscape, which need to be appropriately managed in order to maintain or enhance high conservation values.

HCVRN
HCV Resource Network is a global network which promotes a practical, consistent approach to HCV methodology.

High-risk countries
High-risk countries are identified using various filters including: Global Forest Registry, Controlled Wood assessments, Corruption Perception Index, and other relevant global indexes where necessary, as part of the Mondi due diligence system for wood and fibre sourcing.

IFL
An Intact Forest Landscape 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 is a UN agency dealing with labour issues, particularly international labour standards, social protection, and work opportunities for all.

ISO 14001
International standard created by the International Standards Organization (ISO) for formal and certified environmental management systems.

JSE
Johannesburg Stock Exchange Limited.

JSE SRI
The Johannesburg Stock Exchange Socially Responsible Investment Index was launched in response to the debate around sustainability globally and particularly in the South African context.

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.

Life-altering injuries
An LTI resulting in permanent or significant loss of a major body part or organ function that permanently changes or disables the person's normal life activity.

LOPC
Loss of Primary Containment 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 CO_2 or compressed air).

LTI
Lost-time injury.

MADD
Making a Difference Day, Mondi's annual employee engagement initiative.

MENP
Mondi Ecological Network Programme.

NGO
Non-governmental organisation.

NGP
New Generation Plantations platform, a WWF initiative, collects knowledge and good practices in plantation forestry in order to promote better plantation management.

NOx
Nitrogen oxide.

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
Also known as 'recovered paper', this is a term used by CEPI to highlight the intended use of this secondary raw material for paper recycling only. It is defined as natural fibre-based paper suitable for recycling, consisting of paper in any shape or product made predominantly from paper, which may include other constituents that cannot be removed by dry sorting, such as coatings, laminates, spiral bindings, etc.

Paper Profile
A global, voluntary declaration scheme for presenting uniform environmental product information related to pulp and paper production that enables the professional paper buyer to make well-informed product choices.

PDI
Previously disadvantaged individuals, a term used in South Arica in the context of BBBEE (see 'BBBEE').

PEFC™
Programme for the Endorsement of Forest Certification (PEFC™) is an international not-for-profit nongovernment organisation dedicated to promoting sustainable forest management through independent third party certification.

PPE
Protective personal equipment.

Recovered paper
See 'paper for recycling'.

Resilient production 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, Messe Düsseldorf, and Interpack to address challenges related to global food waste.

Scope 1 emissions
Total GHG emissions from sources owned or controlled by Mondi and its subsidiaries. This includes CO_2e from fossil fuels and processes, company leased/owned vehicles, waste and waste water treatment, from make-up chemicals, and from other GHGs.

Scope 2 emissions
Total GHG emissions from sources that are related to generation of purchased energy outside the company boundaries.

Scope 3 emissions
Total GHG emissions from business travel; raw materials; transport of products and raw materials; and employee commuting.

Glossary

SDGs
The United Nations Sustainable Development Goals, a set of universal goals that meet the urgent environmental, political and economic challenges facing our world.

SDMS
Sustainable Development Management System is used to govern our approach to sustainability and implement our sector policies.

SEAT
Socioeconomic assessment toolbox process.

SHE
Safety, health and environment.

Silver Taiga
A Komi Republic regional NGO founded in 2002 on the basis of WWF which is implementing the Komi Model Forest, Forest Village and HCV Forests projects in Komi (Russia). The founder of the Silver Taiga Foundation is the Swiss Agency for Development and Cooperation (SDC) of the Swiss government.

Silviculture
The growing and cultivation of trees.

SMEs
Small and medium enterprises.

Speakout
Mondi's confidential reporting hotline and whistleblowing programme.

Specific
Measurement of emissions or consumption normalised to saleable production tonnes.

SRM
Mondi's Supplier Relationship Management system, which provides a globally consistent framework and approach for selecting, monitoring, assessing, managing and developing our supplier base.

TFD
The Forests Dialogue is a group of individuals from diverse interests and regions, committed to conservation and sustainable use of forests.

TRCR
Total recordable case rate 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 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.

UNEP
United Nations Environment Programme provides leadership and encourages partnerships in caring for the environment by inspiring, informing and enabling nations and people to improve their quality of life, without compromising future generations.

UNGC
United Nations Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

VCT
Voluntary Counselling and Testing.

WBCSD
World Business Council for Sustainable Development is a CEO-led, global association of over 200 international companies dealing exclusively with business and sustainable development.

WIA
Water impact assessment.

WRI
World Resources Institute is a global environment think tank that goes beyond research to put ideas into action with projects working on aspects of global climate change, sustainable markets, ecosystem protection and environmentally responsible governance.

WWF
WWF is one of the world's largest and most experienced independent conservation organisations. WWF's mission is to stop the degradation of the planet's natural environment and to build a future in which humans live in harmony with nature.

WWF BFP
WWF Boreal Forest Platform. An initiative that explores how timber production can be intensified sustainably in the boreal forests, without loss of important IFLs or biodiversity, or affecting the important services that forest ecosystems provide.

WWF-MWP
WWF-Mondi Wetlands Programme is a joint programme between WWF-SA and Mondi Limited. It has been the most successful non-governmental wetland conservation programme in South Africa.

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Please visit our online reporting hub where copies of our reports can be downloaded: www.mondigroup.com/reports16

Integrated report and financial statements 2016

A balanced overview of Mondi's performance in 2016 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/ir16

Global thinking, local action: Sustainable development 2016

A printed publication looking at how we're using our Growing Responsibly model to address some of our greatest challenges and enabling our businesses to deliver. Also available online at www.mondigroup.com/sdpublication16

Online Sustainable development report 2016

A comprehensive view of our approach to sustainable development and our performance in 2016, prepared in accordance with the GRI G4 core guidelines. Available online as an interactive pdf at www.mondigroup.com/sd16