



Mondi Group
Looking back, moving forward
Sustainable development 2015

We are Mondi: IN TOUCH EVERY DAY

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

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

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

Employees, circa

25,000

Packaging and paper products

100+

Countries of operation

30+

Underlying operating profit

€957m



For information about Mondi's business model, strategy and financial performance, see our Integrated report and financial statements 2015 www.mondigroup.com/ir15



For information about our sustainable development performance and approach, see our online Sustainable development report 2015 www.mondigroup.com/sd15

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Front cover: Insulaid Basic, a product of our extrusion coatings business.

A special non-woven product coated with UV-stabilised polymers for superior resistance to environmental impacts, used in building and building membranes.

Looking back, moving forward

In 2011, we launched our second set of sustainable development commitments to be achieved by the end of 2015, against a 2010 baseline.

As we reach the end of this commitment period, we reflect on the progress we've made and what we've learnt along the way, including how this is shaping our future direction.

This publication gives an overview of how we create sustainable value and our progress. It highlights some of our biggest challenges and opportunities of the past five years, and where we're heading next.

Another five years of investment, collaboration and learning

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

Stephen Harris
Chairman of the DLC¹
sustainable development committee



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

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

David Hathorn
Chief executive officer

Our open and inclusive approach

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

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

Delivering broad business benefits

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

Strengthening our safety culture

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

Our global partnership with WWF

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

Meeting the challenges ahead

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

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

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

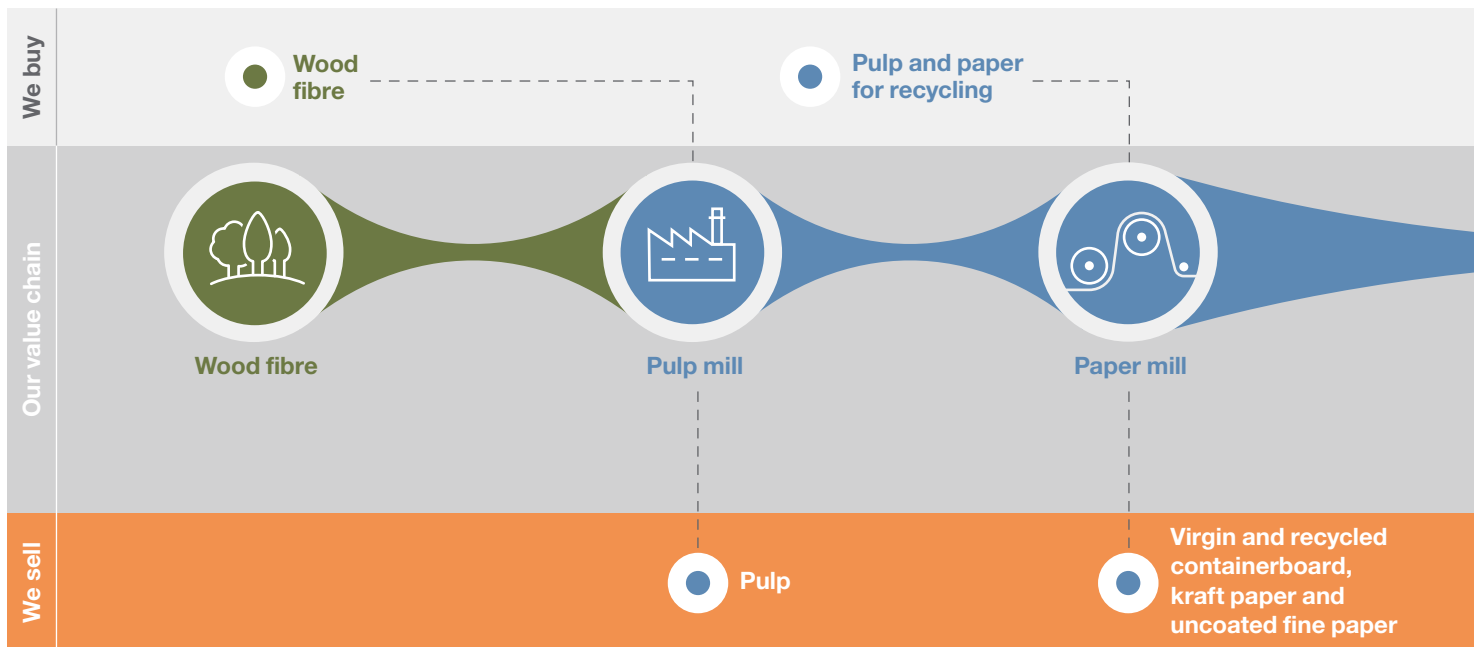
Our business model

Creating value for our stakeholders

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

...to produce pulp...

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



What we rely on

- Our well-invested, low-cost, high-quality integrated mills and converting operations
- A strong financial position to fund our business and pursue relevant growth opportunities
- Our talented and committed people
- Sustainable access to natural resources such as fibre and water, as well as fuels and electricity
- Strong partnerships with our suppliers and our customers
- Our constructive working relationships with communities, governments, NGOs and other stakeholders

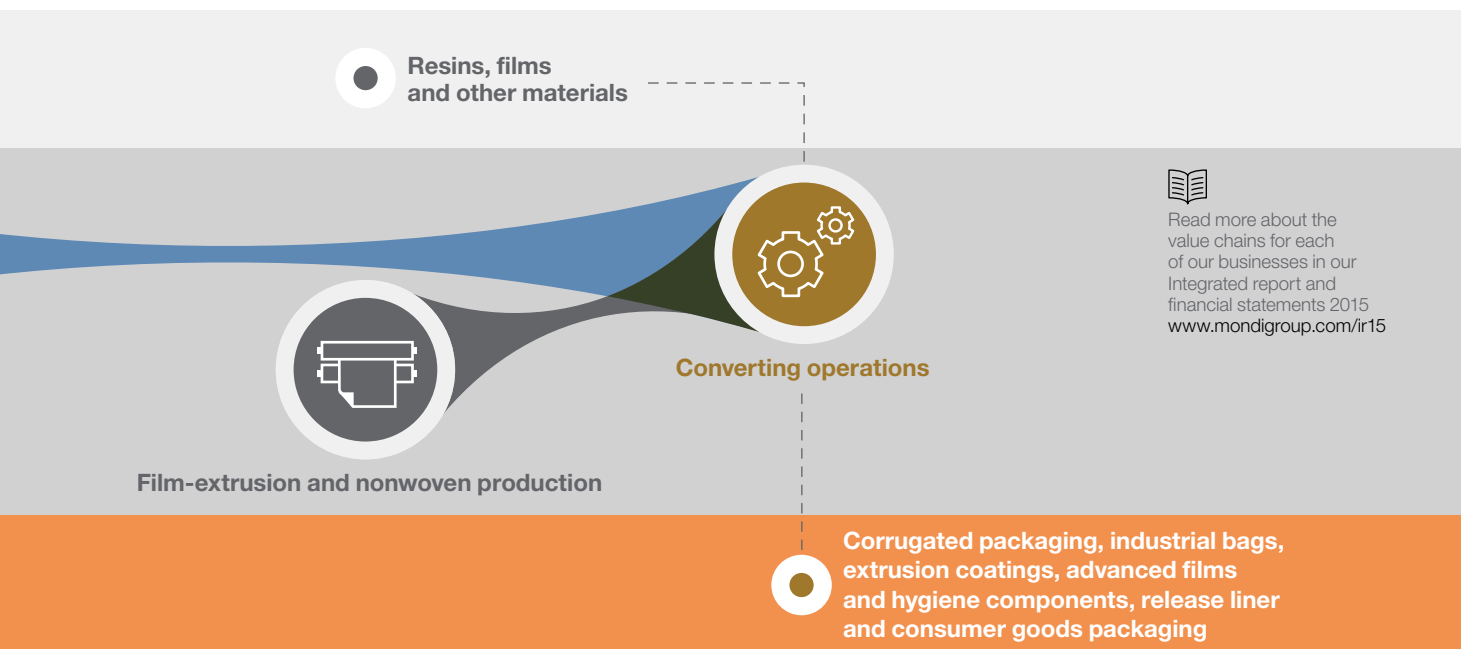
What makes us successful

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

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

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

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



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

What we create

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

 Our products protect and preserve the things that matter and touch the lives of millions every day.
Read more on page 24

Our sustainable development journey

Looking back: our progress

Over five years

- Included in FTSE4Good and JSE SRI indices
- Maintained FSC certification of all our forests
- Exceeded the 60% minimum threshold we set for wood procured from Chain-of-Custody (CoC) certified sources



2012

Odour abatement project at Richards Bay mill (South Africa) led to significant reduction in odour complaints, striving to build further trust with the local community.
Phase II completed in early 2012
Ongoing



2011

Started the Mezen River Project with Silver Taiga (Russia) to restore river ecosystem services, and committed to long-term support. In South Africa, over 19,500 hectares of wetlands were assessed for rehabilitation.

Ongoing

2011

2011

Launched Inspire – a Group-wide programme to engage employees on our values of passion for performance, acting with integrity and caring, and to strengthen our culture.

Launched early 2011
Ongoing



2012

Established the Mondli Zimele Jobs Fund (South Africa) to support small enterprises in developing sustainable businesses.

Ongoing

2011

Published the Group's first integrated report, another step in demonstrating how sustainability is integrated into our business strategy and performance.

Ongoing

¹ Later changed to 'CDP Forests'.



“We are very pleased with the progress we’ve made and the lessons we’ve learnt by working collaboratively as a business and with our stakeholders to scale up our positive impact.”

John Lindahl
Group technical director



2013
100% of mills CoC-certified, as part of our commitment to procure wood only from responsible, credible sources.
Achieved in July 2013
Maintained



2015
Significantly reduced waste to landfill through new initiatives at Świecie mill (Poland) and Merebank mill (South Africa), contributing to our commitment to reduce the Group’s total by 20% against 2010.
Achieved mid 2015

2013
Water Impact Assessments completed for all mills and forest operations, enabling us to better understand and manage our water footprint.
Achieved in December 2013

2014
Exceeded our 10-year climate commitments, achieving 29% cut in specific carbon emissions.
Achieved in 2014

2015
Developed ‘Growing responsibly’ model and set sustainable development commitments up to 2020.
December 2015
Ongoing



2015

2012
Sector leader in the Forest Footprint Disclosure initiative’, reflective of our commitment to transparency and sustainability.
Achieved in December 2012



2013
Tailored our SEAT process for a better assessment of our social impact and how we add value to local communities.
Completed in August 2013

2014
Launched three-year global partnership with WWF.
February 2014
Ongoing

2014
Focus on Top 5 Fatal Risks in every operation to avoid fatalities and prevent life-altering injuries, as part of our commitment to zero harm in the workplace.
Ongoing

2015
Launched Social Sustainability Network for a more strategic, inclusive approach to community development.
September 2015
Ongoing

We operate in a global context

The world has changed dramatically over the past decades. Climate change is a critical global challenge, ecosystems continue to be degraded, natural resources are increasingly constrained and global demographics are shifting. It's only by understanding and effectively responding to these issues that we will be able to secure a sustainable future for our business and our stakeholders.

Climate change

As greenhouse gas emissions continue to rise, climate change remains top of the global environmental agenda. We operate an energy intensive business and rely on natural resources. We have a responsibility to reduce our emissions and manage our forests sustainably to help mitigate climate change.

Degradation of ecosystems

Ongoing deforestation and land conversion continue to degrade natural ecosystems. We need functioning ecosystems to sustain our business and the livelihoods we support. Wood is one of our primary raw materials and we manage large areas of forests. Fresh water is also a critical resource for our business.

Resource scarcity and emissions

Population growth and increasing material consumption are placing ever-greater pressure on land and natural resources. We rely on inputs such as fibre, chemicals, resins, metals, energy and water in our production processes. Our operations impact on natural ecosystems not only through the use of natural resources but also through our waste and emissions to air and water.

Business and human rights

The United Nations (UN) Guiding Principles on Business and Human Rights have provided a platform for business to address human rights, with high profile breaches having shown the world the consequences of getting it wrong. We have a responsibility to uphold human rights, especially in emerging markets and areas of weaker governance.

Emergence of new markets

The global population continues to grow, is increasingly urban and ageing, and incomes are rising. This has raised demand for basic materials and affected consumer needs and purchasing power. Increased urbanisation and the ageing population will also impact on the availability of future talent, especially in rural areas.

Demand for sustainable products

While consumer awareness of responsible purchasing has boosted demand for certified forest products over the past 20 years, only limited areas of the world's forests are currently certified. This must be urgently addressed if certification is to remain relevant and demand for sustainable certified wood is to be met.

Transparency and public awareness

Stakeholder demand for corporate transparency has been amplified by the rise of digital technology and social media. Businesses are increasingly expected to demonstrate responsible conduct through transparent communication and engagement in markets around the world.

Collective action and international commitment to sustainable development

Over the last 20 years, collaboration across sectors has looked to address sustainable development challenges in a more holistic way. The UN Sustainable Development Goals will shape the global sustainable development agenda between now and 2030. These goals represent an explicit call on business to use creativity and innovation to address sustainable development challenges such as poverty, inequality, access to clean water and energy, and the impacts of climate change.



Here's how we're responding

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

Growing responsibly

In 2016 we launch our new commitments to 2020 across 10 action areas, guiding our sustainable development commitments and shaping our approach for the next five years.

We developed our 10 action areas following a comprehensive review of the macro trends that influence our global context. We worked closely with our businesses to understand the risks and opportunities facing them and to gain their commitment. We engaged with our stakeholders to better understand their expectations and to be able to respond to their needs. We also benefited from working with partners and international organisations to align our thinking with the global sustainable development agenda and to scale up our positive impact.

This inclusive process has strengthened our approach and will help our business and our stakeholders to secure a sustainable future. In short, it will help us grow responsibly.



Read more in our online
Sustainable development report 2015
www.mondigroup.com/sd15

10

action areas

16

commitments to 2020¹

¹ Carbon commitment to 2030.

Action areas	2020 commitments
<p>Employee and contractor safety</p> <p>Our goal is zero harm to employees and contractors, and a safe and healthy workplace. Overall, our safety performance has improved steadily over the past five years and we're among the leaders in our industry.</p> <p>See page 21</p>	<p>Avoid work-related employee and contractor fatalities</p> <p>Prevent life-altering employee and contractor injuries</p> <p>Reduce Total Recordable Case Rate by 5% against a 2015 baseline, including new acquisitions</p>
<p>A skilled and committed workforce</p> <p>We're developing a culture that aims to inspire, engage and develop our people to reach their full potential, while ensuring our business can continue to grow and succeed.</p> <p>See page 20</p>	<p>Engage with our people to create a better workplace</p>
<p>Fairness and diversity in the workplace</p> <p>The diversity of our workforce is one of our greatest strengths. We promote fair working conditions in the workplace.</p> <p>See page 20</p>	<p>Promote fair working conditions in the workplace</p>
<p>Sustainable fibre</p> <p>We're promoting positive change to support credible certification systems in order to meet increasing demand for sustainable fibre. We also manage our forests sustainably.</p> <p>See page 14</p>	<p>Maintain 100% Forest Stewardship Council® (FSC®) certification and promote sustainable management of our owned and leased forestry operations</p> <p>Procure a minimum of 70% of our wood from FSC or PEFC™ CoC-certified sources with the balance according to our company minimum wood standard that complies with the standard for Controlled Wood (FSC-STD-40-005)</p>
<p>Climate change</p> <p>We consider climate change in our business decisions through sound investments to improve energy efficiency and responsible procurement of wood and fibre. Our sustainably managed forests also play an important role in storing carbon.</p> <p>See page 16</p>	<p>Reduce specific¹ CO₂e emissions from our pulp and paper mills by 15% by 2030 against a 2014 baseline</p>
<p>Constrained resources and environmental impacts</p> <p>Our focus on operational excellence drives efficiency improvement, responsible use of water, reduction of waste and emissions, and the development of resource-efficient products. We also promote the cascading use of wood principle.</p> <p>See page 18</p>	<p>Reduce specific¹ contact water consumption by 5% against a 2015 baseline</p> <p>Reduce specific¹ waste to landfill by 7.5% against a 2015 baseline</p> <p>Reduce specific¹ NO_x emissions from our pulp and paper mills by 7.5% against a 2015 baseline</p> <p>Reduce specific¹ effluent load to the environment (measure COD) by 5% against a 2015 baseline</p>
<p>Biodiversity and ecosystems</p> <p>We're promoting ecosystem stewardship to sustain services that our businesses and communities rely on through sharing best practices and continued, long-term collaboration with our key stakeholders.</p> <p>See page 12</p>	<p>Promote ecosystem stewardship in the landscapes where we operate through continued multi-stakeholder collaboration</p>
<p>Supplier conduct and responsible procurement</p> <p>We're taking steps to encourage greater transparency and promote fair working conditions by developing a responsible, inclusive and sustainable supply chain.</p> <p>See page 14</p>	<p>Encourage supply chain transparency and promote fair working conditions together with our key suppliers</p>
<p>Relationships with communities</p> <p>We aim to enhance social value to our communities through effective stakeholder engagement and meaningful social investments, using global frameworks that enable us to address local priorities.</p> <p>See page 22</p>	<p>Enhance social value to our communities through effective stakeholder engagement and meaningful social investments</p>
<p>Solutions that create value for our customers</p> <p>We encourage sustainable, responsibly manufactured products and closer collaboration with our customers and partners.</p> <p>See page 24</p>	<p>Encourage sustainable, responsibly produced products</p>



THE GLOBAL GOALS
For Sustainable Development

Our action areas show alignment with the UN Sustainable Development Goals

¹ Measurement of emissions or consumption calculated based on tonnes per tonne of saleable production.

Forests and freshwater stewardship: a landscape approach

Over the past decade, Mondi's pioneering work with conservation partners has transformed forest management and wetland conservation in water-stressed South Africa. Now, our work with WWF on forests and freshwater stewardship is complementing other global initiatives. Together, we're exploring how the landscape approach can be applied to other production landscapes and countries around the world.

**Leading the way:
Mondi and the WWF-Mondi
Wetlands Programme (WWF-MWP)**

Since its launch as the WWF-WESSA Rennies Wetland Project in 1991, the WWF-MWP has been recognised as one of the most successful wetland conservation programmes in South Africa. It has irreversibly changed the way government, commercial forestry, sugar industries and a number of rural communities manage South Africa's wetlands.

In its early days, the WWF-MWP was primarily focused on creating awareness for wetland conservation in South Africa and restoring and protecting wetlands on Mondi's own land. Our early learning, alongside the work of the Mondi Ecological Network Programme (MENP) and WWF's New Generation Plantations (WWF's NGP) platform, showed that

a broader, more holistic approach could have far greater reach and positive influence across multifunctional landscapes. The focus on freshwater stewardship has brought stakeholders together across three sub-catchments in the uMngeni Valley (KwaZulu-Natal, South Africa). Collaborative learning and exploring solutions that create shared value are central to this approach. Social learning, championed by the WWF-MWP, has led to close cooperation and synergies between the WWF's NGP and WWF-MWP.

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

Supporting science

Supporting science has helped us continually improve our business practices through a better understanding of the value and impacts of our work on the ground. The University of Stellenbosch's MENP research has resulted in practical management recommendations on the design and management of ecological networks, which link important habitats in the landscape. MENP has introduced a new component to its research, focusing on the biodiversity of freshwater ecosystems, especially wetlands. We've also embarked on a new soil project where soil and water specialists will be using 50 years of rainfall runoff data.

The 2015 World Forestry Congress in South Africa highlighted the importance of sustainable forestry for mitigating climate change, regulating water flows and supporting livelihoods. Mondi's work with WWF and other stakeholders is already broadly aligned with these goals.



Read more in our online Sustainable development report 2015 www.mondigroup.com/sd15



In focus:

Broadening horizons with the WWF-Boreal Forest Platform (WWF-BFP): applying NGP concepts in north west Russia

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

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



Enhancing our sustainable fibre supply chain

Wood is one of our most important raw materials and we source it responsibly. Certification, despite its limitations, is the best way to verify that wood is sustainably sourced. But the administrative and financial burdens of certification are restricting uptake, especially among small and medium forest owners and communities.

With demand for sustainable fibre on the rise, collective action is urgently needed to increase the volume of certified wood in the global supply chain.

Certification: the best solution, but it needs to work for everyone

Despite current limitations, we believe that certification is the most reliable indicator of sustainable forestry. A rapidly increased uptake of credible certification by small and medium enterprises (SMEs) is the best solution for meeting the growing demand for transparently and sustainably sourced wood.

Over the past five years, we've maintained the proportion of certified wood in our supply chain at above 60%, and we've taken measures to improve on that. But many wood suppliers and SMEs see certification as a burden with excessive administrative requirements and disproportionate costs. As a result, there is a growing tendency for SMEs to consider exiting certification.

With most of the world's forests still uncertified, meaningful change to certification processes needs to happen urgently – with a simpler and more effective process for SMEs.

Together with other stakeholders and through World Business Council for Sustainable Development (WBCSD) and The Forest Dialogue, we've been engaging with certification systems to support them in improving and simplifying certification processes. Ultimately, we believe certification should be more accessible and affordable to all suppliers and, in particular, to small and medium forest owners – benefiting them and our business. This approach will ensure more forests are sustainably managed and HCV areas protected.

In 2015, the FSC published its new global strategy setting out targets to address the realities facing its stakeholders, including small and medium forest owners. We engaged closely with FSC and other stakeholders in supporting this process. The challenge now is to implement the strategy through collective action and collaboration on the ground.

We will continue to encourage a risk-based approach and simplification of the global certification systems, FSC and PEFC, making them more affordable and effective.



“Unless the administrative burdens – including certification – are reduced, especially the disproportionate requirements for SMEs and communities, the protection of global forests remains at risk. Collective action is needed to come to a solution that benefits all.”

Peter Gardiner
Group natural resources manager



¹ Read more about this process in WBCSD's Forest Solutions Group 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.

Keeping the right balance between virgin and recycled fibres

We believe in the cascading use of wood principle to maximise the value society gains from the world's forests. The rationale behind it is that wood should first be used to make high-value products like furniture, packaging and fine papers before it is reused, recycled and finally burnt for energy generation.

We consider virgin and recycled fibres as complementary. A proportion of virgin fibre will always be needed in the fibre supply chain to ensure recycled paper production and supply are sustainable in the long term.

Recycled fibre is not sustainable without virgin fibre input – and degrades over time. As the diagram above shows, both are key elements of an integrated wood fibre system which can only remain sustainable through the systematic introduction of virgin fibre to maintain quality and strength.

By adopting the principle of cascading use of wood, 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 deliver the right high-quality product for our customers. By sourcing our wood only from responsibly managed forests and using recycled fibre, we make an important and sustainable contribution to the fibre cycle.



“Is virgin or recycled fibre more sustainable? It’s not straightforward. They are both part of the same fibre cycle. Virgin fibre input is absolutely necessary to sustain the cycle, so we need both.”

Neil Burns
Group head of sustainable development



Read more in our online Sustainable development report 2015
www.mondigroup.com/sd15

Next steps towards a low-carbon future

Climate change is one of the greatest challenges facing society and our business. At Mondi, we've invested significantly in reducing our carbon footprint over the past decade. It's transformed our business – making it cleaner and safer, driving operational efficiencies and decreasing our reliance on fossil fuels. We also utilise the role of sustainable forests in mitigating climate change and storing carbon.



Recovery boiler exhaust stack, Świecie (Poland)

Our ongoing carbon commitment

In 2014, we reached the end of our 10-year carbon reduction commitment, achieving a 29% reduction in specific greenhouse gas emissions. Now, we've committed to reduce our specific greenhouse gas emissions from our pulp and paper mills by a further 15% by 2030, against a 2014 baseline.

Over the past year, we've continued to invest in new recovery boilers. Overall, our pulp and paper mills were electricity self-sufficient in 2015 – significantly reducing our energy costs and increasing our energy security. 59% of the fuel consumption of our mills now comes from renewable sources (mainly biomass from pulp production processes). Our additional investments in biomass boilers have enabled us to use the biomass residues generated from the pulp process – an example of the cascading use of wood principle in practice (see page 15).

We publicly disclose our carbon reduction commitments and performance through internationally recognised platforms such as CDP. Since 2010, Mondi has been listed five times in the CDP FTSE 350 Carbon Disclosure Leadership Index and we once again participated in WWF's Environmental Paper Company Index in 2015.

Starting up our new recovery boiler and biomass boiler at Świecie mill

2015 saw the commissioning of the new recovery boiler and biomass boiler at our Świecie mill (Poland). Historically, the mill has also been heavily reliant on coal for its energy. With the new recovery boiler, Świecie will significantly reduce its CO₂e emissions per tonne of paper produced and greatly reduce dust emissions. We also modified the old recovery boiler to run on biomass to help us move away from coal and stopped the two old coal-fired auxiliary boilers, which will be used as back up.

Moving forward

We're working with international experts to investigate state-of-the-art and future technologies and their potential for delivering further opportunities in our mills. This research has informed our new long-term commitment to reduce specific CO₂e emissions by a further 15% by 2030. We're focusing on large investment projects as well as looking to implement a wide range of mill-specific efficiency projects, including the use of low-pressure energy to heat water.

Our 2030 climate commitment is to reduce our specific CO₂e emissions from our pulp and paper mills by 15% against a 2014 baseline.



In focus:

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

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

With the success of the last 10 years providing a sound foundation for our 2030 commitments, we will continue to focus on improving our energy efficiency, using biomass-based renewable energy where feasible, managing our forests sustainably, and procuring our wood from credible, responsible sources. This will help secure a low-carbon future for us, and makes perfect business sense. Increasing fuel costs as well as uncertainties in carbon regulation and taxation call for a sound climate approach. Reducing our carbon footprint also presents opportunities for the business through the sale of green energy and green fuels, and contributes to our self-sufficiency in electricity as our mills can generate excess energy from biomass. Energy efficient operations also provide opportunities to reduce costs. Transparency remains central to our approach and we regularly communicate our performance in our reports and on global platforms such as CDP.



Read more in our online Sustainable development report 2015 www.mondigroup.com/sd15

A more resource-efficient business

Using natural resources wisely and managing our impacts are vital to our sustainable growth. The fundamental principle behind operational excellence at Mondi is the desire to do more with less. We do this through optimising our processes and products, and promoting recycling, reuse and the substitution of resources to reduce our waste and emissions to air and water.

Over the past five years, our investment in the Best Available Techniques (BAT) has delivered significant benefits for our business.

Towards zero waste to landfill

In 2011, we committed to reduce the waste we send to landfill by 20% by 2015 against a 2010 baseline. Our mills generate four primary solid waste streams – ash from boilers, rejects from processing recovered fibre, green dregs from pulp mills, and sludge from our waste water treatment plants. By considering these waste streams as potential sources of secondary raw materials, we've found new ways to recycle and reuse them – reducing the waste we send to landfill by 22% since 2010.

Improvements at our Świecie mill have been fundamental in reducing our waste to landfill. Historically, we sent almost all the waste produced at Świecie to landfill. We've worked hard to reduce this in recent years, with the ability to burn solid waste from waste water treatment plants in new boilers providing a major step forward.

The improved quality of ash produced by the new biofuel boilers means it can be used by the construction industry. We've also introduced the burning of rejects from the recycled paper process – another large waste stream – as a fuel for kilns at a nearby cement factory. Now, we're investigating how to make rejects more suitable for use in energy generation.

Addressing our water impacts

In 2011, we introduced a new in-house methodology to measure our local water impact. This methodology was developed to meet the specific needs of our forests and manufacturing operations and the landscapes that surround them. We're using our assessments to identify potential impacts and actions that will reduce our long-term water impacts. Since 2014, we have also worked with WWF to support the further development of their WWF Water Risk Filter Tool.

Investing in waste water treatment

The major water impact in our operations is from the waste water that arises from our pulping processes. It's critical that we treat this waste water to appropriate quality standards before returning it to the aquatic environment. We've invested heavily in BAT – including our waste water treatment investment at Świecie, which came into operation in 2015. We're also modernising the waste water treatment plant at our Syktyvkar mill (Russia) which manages the waste water from both our mill and the municipality in the surrounding area.

In 2015, we signed the UN Global Compact's CEO Water Mandate, committing to further develop our water stewardship and promote the transparent and responsible use of water.



Embedding operational excellence

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

Five years ago we established the Mondi Excellence team – a team of experts from across the Group who have supported our businesses to complete around 45 operational excellence projects. The work of the team has been pivotal in improving our operational efficiency, environmental performance and profitability.



Read more in our online
Sustainable development report 2015
www.mondigroup.com/sd15

Inspiring our people to success

With around 25,000 people working across more than 30 countries, our success depends on inspiring a global workforce by developing people to reach their full potential and instilling a sense of pride to meet our goals.

Five years of Inspire: the Mondi Way

Our three values connect all our people – passion for performance, acting with integrity and caring. These values and our Inspire programme, launched in 2011, have re-energised our teams to improve our culture. Inspire remains at the heart of how we develop our people and our culture. It's guided our training and development programmes, encouraged openness and transparency, and helped us engage and motivate our people.

Opportunities for people

Our diverse business brings both challenges and opportunities when it comes to securing talent for leadership and technical roles. As our business has grown, the successful integration of all our acquisitions has been a key focus. We have a clear focus on promoting and developing our people. If we cannot find the right capability for a specific vacancy internally, we tap into external talent pools. Throughout, we work to create a culture of respect and collaboration.

Since 2008, The Mondi Academy has developed a wide range of training and development programmes that address challenges facing our business and provide the professional know-how and tools our people need to excel. More than 800 people across 20 countries speaking 12 different languages have attended our Leadership Programme for First Line Managers since 2010.

We also promote mentoring by our senior leaders to support, inspire and develop our leaders of tomorrow. And we're expanding the use of 360 degree feedback as a valuable tool for understanding how our people are perceived to be performing by their colleagues.

By creating opportunities for mobile and international employees and enhancing their leadership skills through our development centres, we contribute to the development of our employees and our cultural diversity. In turn, this helps to promote learning and expertise across the business.

Engagement and transparency

Respecting and responding to what people say about our business is embedded in our culture. Our Group-wide employee survey allows us to monitor how we're performing against our cultural values.

Our most recent survey, completed in November 2015, had an outstanding 90% response rate, up 1% from our previous survey. We're now working to understand what the results mean for our business and what future actions are required.

Moving forward

Strengthening our culture will continue to play a key role in our success. Our new sustainable development commitments reinforce our focus on engaging people, developing a skilled and committed workforce, and embracing a diverse and fair workplace.



Read more in our online Sustainable development report 2015 www.mondigroup.com/sd15

Machine operator at our industrial bags operation, Štětí (Czech Republic)



Safety

Striving for zero harm

Our goal of zero harm is based on the belief that all injuries are preventable. We can only reach this goal through the positive engagement and commitment of everyone who works with us. Over the past five years, we've worked hard to strengthen our safety culture of trust and openness with our employees and contractors, and to eliminate fatalities and life-altering injuries.

Working together to improve our safety culture

We've used engagement tools to develop a safety culture that is based on listening, trust and mutual respect, where people take shared responsibility for their own and others' safety. An example of the benefits of this approach has been the transformation of the safety culture at our Syktyvkar logging operations – an achievement that was one of the winners at our 2015 Mondi Diamond Awards, recognising outstanding achievements from across the Group.

Through a process of open dialogue and engagement, we've implemented safety improvements and behaviours that continue to be firmly embedded in the culture of our Group.

Reducing risks and eliminating fatalities

We continuously strive to improve our performance through an ongoing focus on zero harm. Eliminating fatalities and life-altering injuries remains our top priority. We have made good progress, but despite this are saddened to have had a fatality and three life-altering injuries in 2015.

Our focus on zero harm saw an investment commitment of €17 million to engineer the Top 5 Fatal Risks out of each of our mills, forests and logging operations during 2014 and 2015. Where this wasn't possible, the operations managed the residual risks through robust controls and procedures.

More than 95% of the Top 5 Fatal Risk actions have now been completed. These include providing protection for working at heights, a camera system to ensure safe access to recovery boilers, guarding moving and rotating machinery parts, and the design and purchasing of a vehicle simulator to replicate and learn from challenging driving conditions in our Russian logging operations.

Moving forward

Learning from and engaging with colleagues to improve our safety culture and eliminate work-related fatalities and life-altering injuries will continue to be a key focus. Having tackled our Top 5 Fatal Risks, we're now working to identify the next five most serious risks at all our operations. We've rolled out a simplified Task Risk Management Methodology and are on track to update all risk assessments by 2018. We'll also be investing in developing the safety skills of our first line managers and safety professionals, with training to be rolled out over the next four years.



Read more in our online
Sustainable development report 2015
www.mondigroup.com/sd15

Machine operator at our kraft paper operation, Świecie (Poland)

Inclusive business: thriving communities

We support livelihoods through responsible, inclusive business practices and sustainable investments. We've been on an inspiring journey over the past five years which has seen our businesses develop more open and trusting relationships with our stakeholders, and more meaningful engagement with surrounding communities.


Our business and local communities: working together

We've invested over €68 million in community initiatives since 2010, (2015: €7 million), with special focus on education, employment and enterprise support, health, and infrastructure and development.

This overview shows the scope of our activities and investments in recent years.

Infrastructure and development

Our community support also focuses on projects that enhance regional social infrastructure and development to create cohesive communities.


 In the Czech Republic, we've supported 25 community welfare and development projects and 30 projects submitted by mill employees.

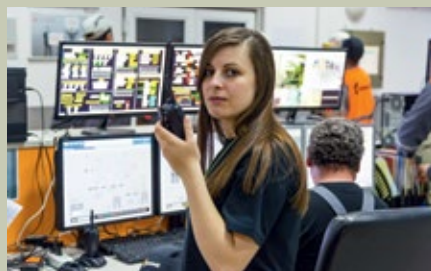
 In South Africa, we're developing a partnership project with government aimed at improving living conditions for people on our forestry land and providing permanent residences.




Education

Supporting education in our communities creates opportunities for both our business and local communities.

 In Bulgaria, we've provided practical training for 13 university students since 2014, and offered placements at the mill to seven of them.



 In South Africa, we've supported 216 schools and provided bursaries to 33 students in 2015 through the rural educational access programme (REAP).





Employment and enterprise

By supporting local enterprise, we promote independence and boost employment, as well as strengthen our supply chain.


 In Russia, we've supported around 10 small-scale forest enterprises – giving them the opportunity to use forest stands within the mill's leased forest areas and guaranteeing purchasing deals.




 In South Africa, the Mondi Zimele Jobs Fund has provided €7 million since 2012 to help local businesses create over 3,200 jobs and develop sustainable local contractors.

Health

Addressing health-related challenges is important to improve the wellbeing and productivity of the communities and workforce we depend on.

 In Russia, we have our own health care facilities that are open to employees and communities. People have benefited from our preventative health care services through 7,700 visits in 2015.



 In Poland, we've contributed to improving the quality of the medical care system and supported better integration of disabled and elderly people within the community.

Our journey of engagement, learning and thriving relationships

In 2005, we used our socioeconomic assessment toolbox (SEAT) to understand the impact of our business activities on local communities. What we learnt provided a firm foundation for the community engagement that followed. By 2006, all our major operations had completed their first assessments.

Our goal for 2011–2015 was to establish a global framework of engagement – focused on local priorities and business needs – with the communities surrounding our operations. In 2013, we streamlined our SEAT methodology to more closely reflect the impacts and needs of our operations. We have also implemented community engagement plans (CEPs) – annual plans of engagement with local stakeholders, which have been effective in building relationships, contributing to local development and communicating our initiatives and impacts.

Moving forward: strengthening our approach

We're developing a more strategic approach to social investment to optimise the value we create for communities and for our business. 2015 saw the launch of our Social Sustainability Network, which brings people together from across the business with support from strategic external partners, such as BITC¹. The aim of the network is to drive shared learning and best practice, allowing local teams to continue addressing local priorities with the benefit of Group-wide support. Over the next year, we'll be developing our approach to measure the impact of our community investments and initiatives. Our SEAT and CEP processes will remain essential tools for engagement.



Read more in our online Sustainable development report 2015 www.mondigroup.com/sd15

¹ Business in the Community (BITC) is a member-led UK charity. Visit www.bitc.org.uk/

Products

Responsible solutions that create lasting value

We offer more than 100 packaging and paper products customised into over 100,000 different solutions, making a difference to the lives of millions of people around the world every day.

Over the last five years, we've worked closely with our customers and stakeholders along the value chain to develop innovative, cutting edge solutions that address some of society's biggest challenges – including climate change, resource scarcity and waste.



Read more in our online Sustainable development report 2015
www.mondigroup.com/sd15



Reducing materials and waste: **ADVANTAGE FORMABLE**

Advantage Formable is a new paper grade developed by our Speciality Kraft Paper business in collaboration with key customers. The unique stretch profile offers a natural feel and improved printability, making it a good alternative to PET¹ laminates. The grade may be converted into various solutions such as baking trays, can provide up to 20% material savings, and can easily be recycled as a paper product. It was also one of the winners at our 2015 Mondi Diamond Awards, recognising outstanding achievements from across the Group.

¹ Polyethylene terephthalate, a common thermoplastic polymer resin.

Working together to develop step-change innovation and value-adding solutions

We seek to develop long-term, collaborative relationships with our customers that maximise our shared benefits. Nestlé has been a Mondi customer for many years and we regularly attend Nestlé's innovation meetings. These meetings are an opportunity to work together to develop value-adding solutions across product categories such as pet food, cereals and beverages. Packaging sustainability is a core driver in detailed innovation discussions linked to life cycle analysis method. This is integral to ensuring the environmental performance of each of Nestlé's new packaging solutions.

Further developing the Mondi Green Range

Introduced in 2006 by our Uncoated Fine Paper (UFP) business, we continue to develop the Mondi Green Range to promote responsible packaging and paper solutions. In 2015, we revised and updated the Group's Green Range criteria in collaboration with all our businesses and WWF – demonstrating our environmentally and socially responsible product offering to our customers and suppliers.



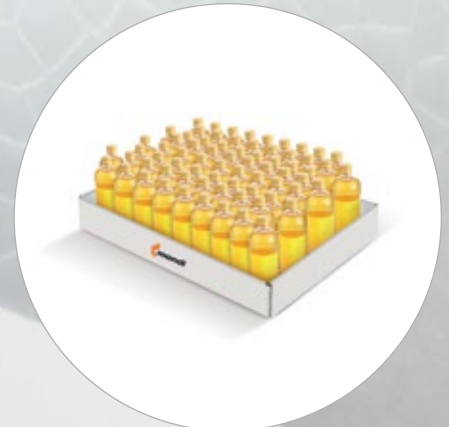
Sustainably produced office and printing paper: MAESTRO® papers

Part of Green Range, our MAESTRO® brand has developed a strong environmental profile over the years. Relunched in 2015 and produced across all three UFP paper mills, our entire MAESTRO® office paper portfolio ranging from high white to tinted papers is FSC and PEFC certified and also carries the EU Ecolabel.



Durable hybrid packaging solutions: HYBRID^{PRO}

Our HYBRID^{PRO} industrial paper bag offers bad weather protection that significantly extends the shelf life of its contents and avoids unnecessary waste. By combining paper and plastic, it is suitable for many industries and applications, while still being easy to separate for recycling. We collaborated with Knauf to develop a water-repellent bag for building materials that can be filled on conventional paper bag filling systems and which uses less material than standard three-ply designs. According to Knauf, gypsum packaged in HYBRID^{PRO} and stored outdoors has an increased shelf life compared to standard paper bags.



Improving transportation efficiency

Mondi Corrugated Packaging is working with an integrated software solution using parameters such as dimension, board grade value and palletisation, which in combination with market requirements and internal expertise, can help optimise packaging solutions. In one case this has offered a cooking oil supplier increased product protection and transport efficiency, using less material. This has led to 6% improved pallet utilisation, 50% lower packaging weight and reduced product loss.

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Our 2015 suite of reports

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



Integrated report and financial statements 2015

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



Looking back, moving forward: Sustainable development 2015

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



Online Sustainable development report 2015

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



Selected key performance indicators in our online Sustainable development report 2015, including 2015 performance and against our 2011-2015 commitments, as well as accordance of the report with the criteria for a 'core' GRI G4 report, have been assured by ERM CVS. Their assurance statement is available at www.mondigroup.com/sdassurance



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