

Fyll inte påsen längre än hit

Det här får du lägga i påsen

Matrester (tillagade eller råa)
Bröd
Grönsaker, rotfrukter och frukt
Kaffesump och kaffefilter
Te och tepåsar
Ris, mjöl, och pasta
Äggskal, skal från skaldjur
Mindre ben från kött, fisk och fågel
Snacks och godis
Blommor och blad
Ofärgade servetter, hushållspapper



Det här får du inte lägga i påsen

Förpackad mat, korvskinn av plast, kasslernät, snus, tuggummi, kattsand, aska, jord

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.

Thinking globally, acting locally

We launched Growing Responsibly in our 2015 report – our new global sustainability model and commitments for 2020 and beyond.

Our approach remains one of long-term global strategy, underpinned by local delivery.

In this publication, we look at how we're applying Growing Responsibly to some of our greatest challenges and enabling our businesses to use their local skills, experience and relationships to deliver results on the ground.



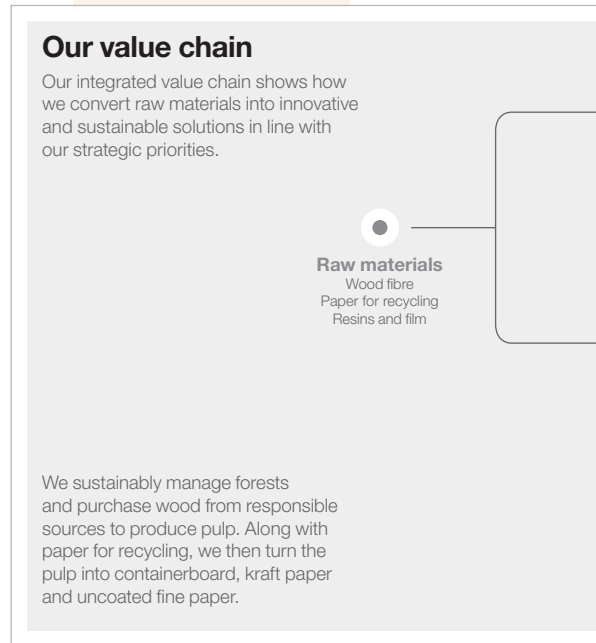
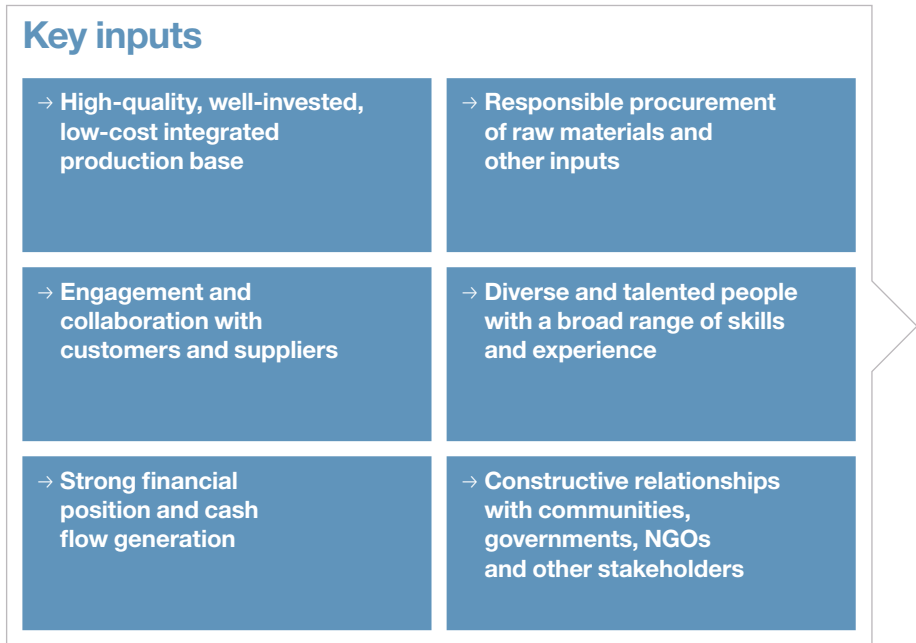
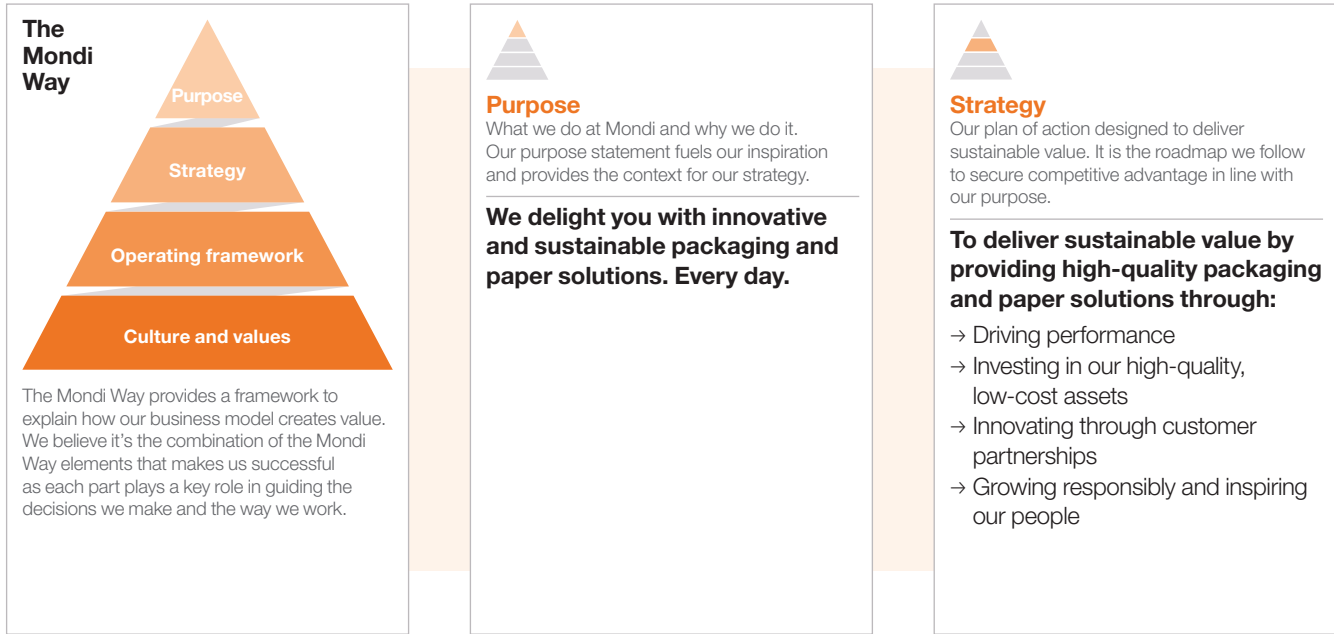
For a more detailed account, see our online Sustainable development report 2016
www.mondigroup.com/sd16


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Our business model

Creating value the Mondi Way





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 or 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



Key outputs in 2016

<p>→ High-performing operations</p> <p>20.3% ROCE</p> <p>19 production records on pulp & paper machines</p>	<p>→ Sustainably managed natural resources</p> <p>67% of wood FSC or PEFC certified</p> <p>100% owned/managed forests FSC certified¹</p>
<p>→ Innovative products and solutions</p> <p>€19m spent on research & development</p> <p>6 innovation centres</p>	<p>→ Inspired and skilled people</p> <p>790,000 training hours</p> <p>90% biennial employee survey participation (2015)</p>
<p>→ Capital appreciation and dividends to shareholders</p> <p>10% increase in dividends</p> <p>314% Total Shareholder Return (five years)</p>	<p>→ Support to regional economies and local communities</p> <p>€173m direct taxes paid</p> <p>€8m community investments</p>

→ **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

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

David Hathorn (left)
Stephen Harris (right)



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 2020¹ and beyond, across 10 action areas that span our entire value chain.

“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

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's² 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.

“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

¹ Our climate commitment runs to 2030

² Cambridge Institute for Sustainability Leadership
www.cisl.cam.ac.uk

Growing Responsibly model

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.

 Read more in our online Sustainable development report 2016 www.mondigroup.com/sd16

Our Growing Responsibly model

10 action areas:

<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 industry¹.</p> <p><small>1 Based on total recordable case rate</small></p>	<p>A skilled and committed workforce</p> <p>We're developing a culture that aims to inspire, engage and develop all our people to reach their full potential, while ensuring our business can continue to grow and succeed.</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 for a better, more diverse workplace.</p>	<p>Sustainable fibre</p> <p>We're promoting positive change to support credible certification systems that will meet increasing demand for sustainable fibre. We also manage our own forests sustainably.</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>
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16 commitments², by 2020³:

<ul style="list-style-type: none"> → 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 <p><small>2 Going forward, we will review and refine our commitment metrics as necessary to ensure they are appropriate and measurable</small></p> <p><small>3 Climate commitment to 2030</small></p>	<ul style="list-style-type: none"> → Engage with our people to create a better workplace 	<ul style="list-style-type: none"> → Promote fair working conditions in the workplace 	<ul style="list-style-type: none"> → Maintain 100% Forest Stewardship Council® (FSC®) certification of 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) 	<ul style="list-style-type: none"> → Reduce specific⁴ CO₂e emissions from our pulp and paper mills by 15% by 2030 against a 2014 baseline <p><small>4 Figures reported in specific terms are normalised to saleable production tonnes</small></p>
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Our strongest links to the UN SDGs include:



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 (excluding our climate commitment which runs to 2030) across 10 action areas.














It demonstrates that our thinking is aligned with international initiatives such as the UN Sustainable Development goals (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 in our online Sustainable development report 2016.

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

16
clearly defined
2020 commitments

10
action areas

<p>Constrained resources and environmental impacts</p> <p>Our focus on operational excellence drives efficiency improvements to ensure responsible use of water, reduction of waste and emissions, the cascading use of wood and development of resource-efficient products.</p>	<p>Biodiversity and ecosystems</p> <p>We promote ecosystem stewardship to sustain services that our businesses and communities rely on through sharing best practices and continued, long-term collaboration with our stakeholders.</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>Relationships with communities</p> <p>We aim to enhance our social value to communities through effective stakeholder engagement and meaningful social investments, using global frameworks that enable us to address local priorities.</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>
<ul style="list-style-type: none"> → 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 	<ul style="list-style-type: none"> → Promote ecosystem stewardship in the landscapes where we operate through continued multi-stakeholder collaboration 	<ul style="list-style-type: none"> → Encourage supply chain transparency and promote fair working conditions together with our key suppliers 	<ul style="list-style-type: none"> → Enhance social value to our communities through effective stakeholder engagement and meaningful social investments 	<ul style="list-style-type: none"> → Encourage sustainable, responsibly produced products
  	  	  	  	

People and safety

Transforming working conditions and culture in remote locations

Improving working conditions for our employees has always been a priority, particularly at our remote Russian forestry operations. When Mondi first began transforming the logging camps in Russia, their safety standards, living conditions and working culture required decisive and urgent action.



Axel Bender, Forestry Director at Mondi Syktyvkar, describes the outcomes we've achieved and how it's built trust and shaped our working culture beyond recognition.





“The rapid pace of socio-economic change presents great opportunities for our business. But it also challenges our ability to attract and retain talent, especially in more remote locations. What we’ve done in Russia is a clear example of how building a strong working culture can add value, no matter how challenging the circumstances.”

Peter Orisich

Chief executive officer, Uncoated Fine Paper,
Mondi Europe & International

A harsh and challenging environment

Employees at our eight logging operations in Russia spend 15 days a month living in camps far from home, under extreme conditions. Winter temperatures drop to -45°C and they soar to above 32°C in summer, with heavy rains and swarms of mosquitoes.

When Mondi first began to restructure the individual logging operations into a single company in 2009, conditions were harsh and equipment and working practices were inadequate and outdated. There was no electricity or running water at the logging camps and accommodation was mainly self-built wooden huts and mobile units, lacking adequate insulation, heating, cooking and washing facilities. As a result, employee morale was low and trust in the company was even lower.

Engaging hearts and minds

Modernisation of the logging operations followed in 2010, replacing manual harvesting with modern and safe equipment. This transformed productivity and safety, but left a sharp contrast between the improved operations and the standard of the living conditions. We soon recognised that simply investing in new infrastructure and imposing world-class working standards wasn’t enough.

We set ourselves an ambitious goal: to fully transform the logging camp environment into a ‘second home’ where our approximately 650 employees would feel valued, safe and cared for, and where they could believe in Mondi’s values. To achieve this, we had to engage hearts and minds to build trust and transform the culture as well as the physical environment. So we immersed ourselves in the local environment – engaging with employees to shape expectations and design new safety standards and camp layouts.

Total transformation

To date, we’ve delivered more than 120 new mobile units with modern and comfortable facilities. These included separate clothes drying units, canteens where people can enjoy a hot meal and leisure facilities where they can unwind and relax. We also appointed a permanent safety manager on site, facilitated emergency helicopter support, provided recreational facilities, and enhanced internal communication channels. Investment in training to strengthen the skills of our forestry employees in logging technology, operational excellence, timber quality and sorting, and sustainability underpinned the transformation.

All this has helped our employees become ‘change agents’ in the shift towards a more modern, safe and inspiring workplace. We’ve learned some important lessons along the way. Firstly, we’ve come to understand how critical the physical environment is in shaping people’s feelings and behaviours. We’ve also seen that trust between employees and managers plays an important role in motivating high performance and responsibility. And we’ve experienced the power of ongoing engagement in embedding shared responsibility, ownership and continuous excellence.

“The logging camps are now so comfortable, clean and tidy that conditions and facilities are even better than at our homes.”

Nadezhda Starceva
Assistant cook

In 2016, employee productivity¹ was 80% higher than it was in 2008. We experienced no fatalities in our logging operations in Russia during the year and employee survey results have progressively improved since 2011. Open channels of communication between managers and employees continue to promote mutual respect and trust. Regular inter-camp competitions and reward and recognition programmes are also helping to maintain continuous excellence by incentivising teams and building pride and motivation.

What comes next?

Building on our progress, we’ll continue to focus our investments in the coming years on road and transport improvements, increasingly efficient communication networks and community infrastructure. This will contribute to ongoing improvements in the safety, culture and productivity of our forestry operations, and further strengthen our relationships with local communities.

“I noticed a big change in people’s attitudes. There is now an incredible, shared sense of responsibility for safety and health.”

Alexander Bole
Internal auditor

Growing Responsibly

Action areas:

- **Employee and contractor safety**
- **A skilled and committed workforce**
- **Fairness and diversity in the workplace**



Read more in our online Sustainable development report 2016
www.mondigroup.com/sd16

¹ Measured as average daily harvester output

Forests and ecosystems

Commercial forestry and conservation working hand in hand

Over the past two decades, we've made great strides in the sustainable management of our forests. This year, we refined the working forest concept to show how sustainable forestry practices provide responsible products while protecting high conservation values and delivering vital natural services.



“Our practices and partnerships demonstrate it is possible to find a balance between forest productivity and conservation. The working forest concept shows how commercial forests can contribute to future wood supplies and maintain or enhance high conservation values.”

Viv McMenamin
Director, Land and Forestry,
Mondi South Africa

Growing Responsibly

Action areas:

- Sustainable fibre
- Biodiversity and ecosystems
- Climate change



Read more in our online Sustainable development report 2016
www.mondigroup.com/sd16

Forests: critical to life on earth

Forests are home to as much as 80% of all land-based animal and plant life and provide livelihoods for almost one billion people. They deliver a range of life-sustaining services – from absorbing carbon dioxide and providing clean air to regulating the water cycle and contributing to healthy soils.

The conservation of core primary forests, especially large intact forest landscapes, is important for the future of the planet. A number of forest types, such as boreal, temperate and plantation forests, can be commercially harvested without lasting disturbance or loss of high conservation values (HCV) – but only if they're managed sustainably. Ideally, any form of commercial forestry should be underpinned by credible certification systems and practised as part of a mosaic landscape where HCV areas are conserved or protected.

Working forests: maintaining sustainable production and natural services

We are using the working forest concept to address stakeholder perceptions and misunderstandings in relation to commercial forestry.

There can be a misunderstanding, by some, of the positive contribution sustainably managed commercial forests make to society and the environment. The working forest concept shows how commercial forestry and conservation can work hand in hand to deliver lasting benefits.

A working forest is a mosaic of commercial and conservation areas at a landscape level that deliver now and long into the future, sustainable forest products and vital natural services such as carbon storage, clean air, water regulation, soil formation, food and recreation.

Please see examples of working forests in our South African plantations and Russian boreal forests in our online Sustainable development report 2016.

What comes next?

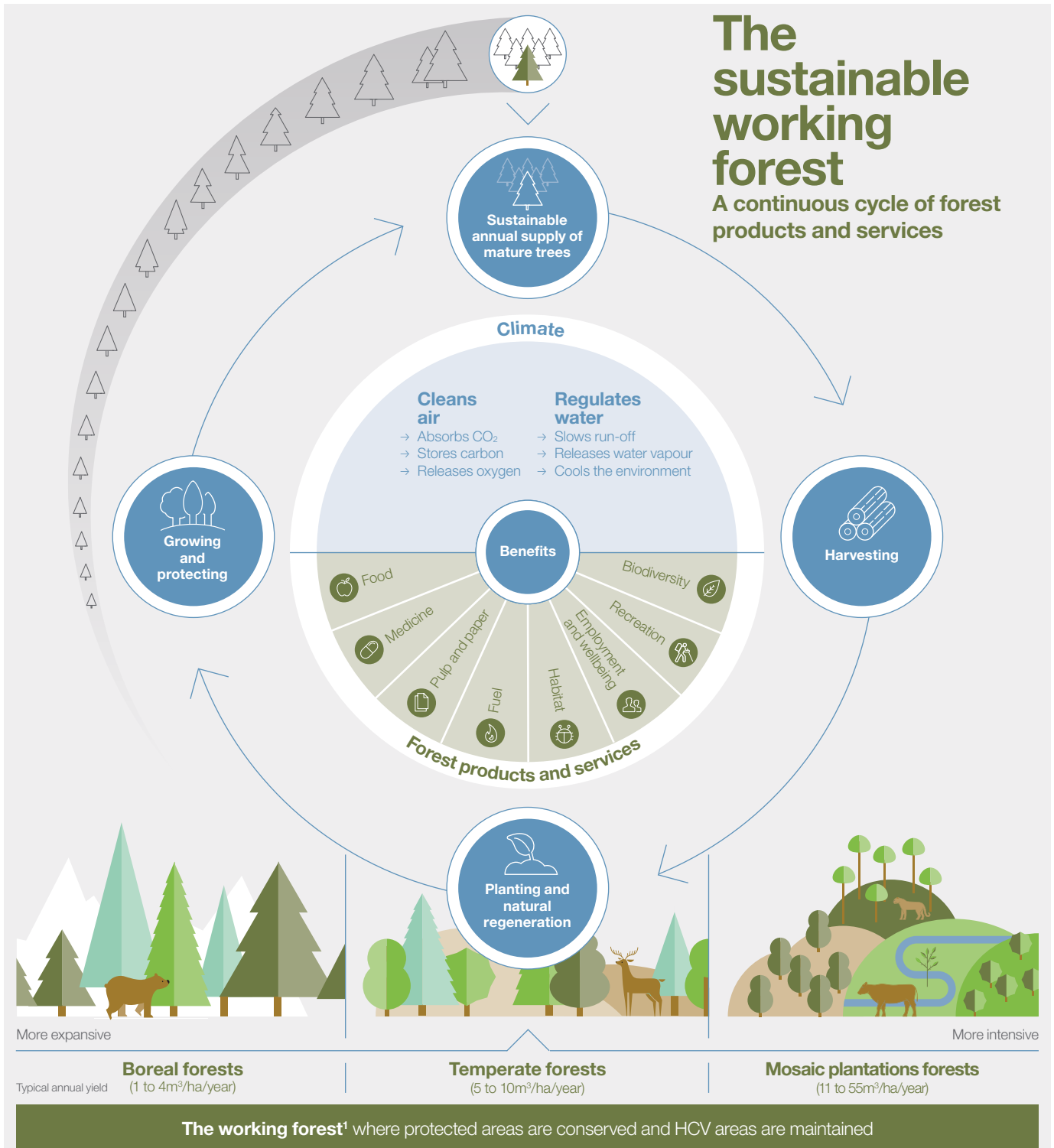
We'll continue to refine and promote the working forest concept with our key stakeholders and partners to provide a framework that demonstrates how we can secure our future fibre needs while helping to sustain vital forest services.

In focus:
Applying the working forest concept in 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 the pristine forests and HCV areas of Russia.



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

Climate change and operational excellence

Reducing our environmental impacts to be a better neighbour

Climate change, industrial emissions and resource scarcity are all major challenges facing society. We combine long-term investments with good environmental management and proactive community engagement to address these challenges.



Alexander Krickler, MD of our Stambolijski mill (Bulgaria), describes the progress we've made at the mill and how it's helped us become a better neighbour.





“With complex global issues such as climate change and environmental challenges, it’s vital we work with local communities and stakeholders to reduce our impacts. Our Stambolijski mill provides a great example of how we’re applying our global approach to build relationships and deliver outcomes at a local level.”

Christian Skilich
Operations Director, Mondi Europe & International

Doing more with less at our Stambolijski mill

For a long time now, the fundamental principle behind Mondi’s commitment to operational excellence has been to do more with less. As part of our approach, we’ve transformed our Stambolijski mill through investments in modern equipment, efficiency improvements and stakeholder engagement. As well as reducing our environmental impacts, it’s made great business sense – improving our local relationships, building trust in our business, delivering significant financial results and managing risk.

Where it all began

Mondi acquired the mill at Stambolijski in 2006, and between 2009 and 2010, production was temporarily suspended due to the global economic and financial conditions. Since then, it’s undergone significant development. Ten years of investment targeting energy, waste, water, air emissions, people, safety and organisational development have transformed the mill and strengthened its reputation. Today, the mill is the largest pulp wood consumer in Bulgaria. It uses 100% Bulgarian soft wood and is an important employer in the region, providing direct employment for 315 people and indirectly supporting an estimated 10,000 to 15,000 people through contractors and suppliers. Efforts to engage and collaborate with local stakeholders has been, and will continue to be critical to its success.

Tackling climate change and emissions

Our business is energy intensive, so reducing carbon emissions has a clear social, environmental and business imperative. By investing in a new biomass boiler – the largest in Bulgaria – we significantly reduced Stambolijski’s carbon emissions and enabled it to use its own residues from the pulp process to generate renewable energy. In 2013, a new turbine further reduced carbon emissions, making the mill around 66% energy self-sufficient to date.

Striving for operational excellence – water, air and waste

Our manufacturing processes use a lot of water, generate solid waste, and create emissions that can cause an odour nuisance in the area. We’ve closed water loops and reduced the specific¹ organic load² of the water we discharge back into the local river by 22% compared to 2015. In addition, the new biomass boiler has enabled us to stop landfilling biomass-based waste, reducing specific waste to landfill by 31% compared to 2015.

One of the biggest concerns among the local community has been the emission of total reduced sulphur (TRS) compounds from the kraft pulp process. While these don’t pose a health threat, even trace amounts in the air can cause an odour nuisance and lead to complaints from immediate areas surrounding the mill. We’ve implemented solutions based on Best Available Techniques that enable us to capture and incinerate these gases, reducing specific TRS by 39% compared to 2015.

Our relationship with the community has been pivotal

We completed our first SEAT (socio-economic assessment toolbox) study in 2013 to formalise the stakeholder engagement process at Stambolijski. It has helped us develop a shared understanding of our impacts on the community and improved local partnerships in response to local needs. Our ongoing engagement is guided by a Community Engagement Plan, which is updated regularly to remain relevant and impactful. These tools, together with our constructive community relationships, remain key to our achievements at the mill.

What comes next?

We’re committed to delivering continuous improvement by striving to be a good neighbour, a strong business and a partner of choice for local investors and stakeholders. Working with the Stambolijski community to further improve our environmental practices remains a major part of this ambition, and opportunities remain in areas such as water, air and odour emissions.

“Mondi Stambolijski has the reputation of a preferred employer in the region, thanks to its caring and responsible attitude towards its people and the community here. The company’s high safety and environmental standards serve as a benchmark in the region.”

Maria Shishkova
Managing Partner, Aims Human Capital Bulgaria

Growing Responsibly

Action areas:

- **Climate change**
- **Constrained resources and environmental impacts**
- **Relationships with communities**



Read more in our online Sustainable development report 2016
www.mondigroup.com/sd16

1 Figures reported in ‘specific’ terms are normalised to saleable production

2 Measured as chemical oxygen demand (COD)

Communities

Exploring the impacts of our social investments

We depend on healthy, stable local communities to sustain our thriving business. That's why supporting local communities is part of our Growing Responsibly model. It's the right thing to do and it makes good business sense. But how do we know we're achieving the right outcomes for local communities and for our business? And how do we better measure progress?



Main image: An example of our community infrastructure development: school children from our Jabulani agri-village (South Africa)



“Our businesses add value to local communities through targeted investments and engagement. But understanding whether we’re achieving meaningful outcomes is a challenge many companies are grappling with. We’re working with our partners to explore ways to measure how we’re benefiting local communities through our social investments across the Group.”

Clemens Willée

Chief executive officer, Packaging Paper, Mondi Europe & International

For many years, social investments have played an important role in our work with local communities. Alongside the core value we create through employment, taxes and supporting local businesses, we’ve invested over €46 million in community initiatives over the past five years. But the challenge, as posed by our Boards’ sustainable development committee, is in knowing: ‘To what extent are our investments making a meaningful difference?’

From global to local: focusing on the right issues

With clear links to the UN SDGs, our global priorities for social investment encompass health, education, infrastructure and enterprise support. Our businesses have the freedom to target and deliver their investments within the context of these four priorities, depending on local sustainable development needs and business priorities. Community engagement and partnership is key to ensuring we deliver the right outcomes.

Measuring our impacts on the ground

Measuring local outcomes to understand exactly how we’re adding value through our social investments remains a challenge. Following initial research, we strengthened our social sustainability network in 2016 and launched two pilot projects focused on our Świecie mill in Poland and our South African forestry operations. The pilots aimed to identify, quantify and better understand and measure the local impacts of our social investments.

We worked with independent consultants, ERM in South Africa and BITC¹ in the UK, to shape and deliver the research. Engaging with local government, NGO partners and community beneficiaries to better understand the outcomes and share data on the progress of local projects has been key.

Although the two communities are very different in location, composition and need, much of what we’ve learned applies to both. These similarities reaffirm our view that ‘global thinking with local action’ is the most effective approach to scale our social impact.

“The pilot confirmed that the project has contributed to seven of the 17 SDGs. It has also assisted Mondi to refine its approach to measure social impact and develop key indicators that enable it to tell a compelling story about its value to society.”

Deon Wessels

Principle Consultant, Social Performance, ERM

What comes next?

Our 2020 Growing Responsibly commitment is to enhance social value in our communities through effective engagement and meaningful investments. To do this, we will continue to manage our social investments as we do the rest of our business – setting clear business goals, measurable targets and delivery mechanisms.

“It’s really encouraging that Mondi is developing tools to be able to decide which social investments drive the best outcomes for the business and communities alike.”

Alexandra Brill

Corporate Advisor, BITC



What the research tells us

Initial findings have identified a number of key lessons:

- Until you actually measure local impact on the ground, it’s difficult to know if you’re making a meaningful difference;
- Monitoring outcomes requires clear targets, robust data collection and close collaboration between stakeholders on the ground;
- The most successful projects are those based on strong, local, long-term partnerships; and
- By linking local investment to global issues, we can be sure our action on the ground adds up to macro-level outcomes at a global and societal level.

Growing Responsibly

Action area:

- **Relationships with communities**



Read more in our online Sustainable development report 2016
www.mondigroup.com/sd16

¹ BITC: Business in the Community is a UK-based member-led charity focused on promoting responsible business practices

Supply chain

Developing a transparent and responsible supply chain

In today's increasingly connected society, business is driven by complex, global supply chains that transform resources into things of value. As supply chains grow and develop, so do the opportunities and the challenges they pose. Working with others to address the challenges is a big part of how we do business.



“Our business risks and opportunities are not limited to our own operations, they can occur anywhere along the value chain. We work together with others to shape a more responsible supply chain. We want to use a risk-based approach that increases transparency, builds trust and identifies practical, joint solutions for local priorities within a global framework.”

Beatrix Praeceptor
Procurement Director,
Mondi Europe & International

Responsibility at every level

We openly acknowledge our impacts throughout our supply chain and work hard to address stakeholder concerns and new legislation through our partnerships and processes. But because our supply chains are complex and local needs are variable, we don't believe a blanket approach is the answer. Such an approach can drive smaller suppliers out of supply chains because they don't necessarily have the resources or expertise to comply. We support a flexible approach that addresses risk in a way that is proportionate to its scale and impact, and brings organisations together to find practical solutions.

Developing global frameworks that are appropriate for local needs and stakeholders is key, with every stakeholder having an important role to play in building transparency and trust and establishing strong governance throughout the value chain.



“Transparency is vitally important, but the increasing bureaucracy of certification systems and the lack of national risk assessments is blocking progress in responsible sourcing. Widely accepted national risk assessments and responsible government forest codes to guide and support forest owners would help simplify the process.”

Ludek Heralt
Managing Director, Slowwood Ružomberok a.s.¹

¹ Slowwood Ružomberok a.s. is a wood trading corporation in Slovakia that exclusively purchases wood for Mondi SCP and other Mondi mills sourcing from Slovakia



In focus:

The case for Controlled Wood as a minimum standard

We consider Controlled Wood¹ to be a fundamental component of the FSC certification system. However, through misunderstanding and lack of clarity and trust, it is currently at risk of being removed during the FSC revision process.

With most of the world's forests still uncertified, Controlled Wood is a necessary and effective part of a pragmatic, risk-based approach to developing the sustainable wood supply chain and helping to increase certification. It provides the important step from 'uncontrolled' to 'controlled', comprising a stringent set of criteria that raise the level of responsible wood procurement and require a risk assessment of all suppliers.

Controlled Wood also helps businesses meet EUTR and the US Lacey Act requirements. At Mondri, we've adopted Controlled Wood as our minimum standard. We use both PEFCTM and FSC certified wood in our operations and prefer FSC certification from suppliers in high risk areas².

What comes next?

As a sector, we need to continue to promote a risk-based framework which makes certification more accessible to small forest owners. Controlled Wood is a critical component of that framework, particularly for those in low-risk areas.

1 As defined by FSC-STD-40-005

2 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 Mondri due diligence system



In focus:

The UK Modern Slavery Act 2015

We have an ethical imperative and a significant business opportunity in eliminating modern slavery, human trafficking, and any form of forced and bonded labour from global supply chains.

New legislation is increasingly being introduced to tackle stakeholder concerns over human rights issues in business. The UK Modern Slavery Act 2015 is just one example. It requires companies to outline the steps they are taking to ensure slavery and human trafficking do not happen within either their operations or their supply chains³.

As a decentralised global business with thousands of local suppliers, transparency and collaboration remain key to developing a shared understanding of human rights risks, challenges and opportunities in our supply chain. This understanding will help enhance our global framework within which our businesses can identify gaps and drive local improvements.

What comes next?

We will continue to engage with our businesses to better understand potential human rights risks within our supply chain, and then develop measures to address and respond to these appropriately.

3 Mondri's statement on the UK Modern Slavery Act will be available on our website by 30 June 2017



Growing Responsibly

Action areas:

- Sustainable fibre
- Supplier conduct and responsible procurement



Read more in our online Sustainable development report 2016
www.mondigroup.com/sd16

Solutions that create value

Innovating tomorrow's sustainable solutions

Humanity currently uses the equivalent of 1.6 planets to provide its resources and absorb its waste. If current trends continue, we'll need the equivalent of two Earths to support us by 2030¹.

We see a clear commercial advantage in working with our customers to inspire innovative solutions – solutions that help enable society to address its greatest challenges, while living and doing business successfully within the limits of the planet.



“Innovation holds the key to some of society’s greatest challenges. We see it as central to our organic, sustainable growth. Better products and stronger, more collaborative relationships with customers contribute to our competitive advantage and will enable sustainable, profitable growth for our business long into the future.”

Peter J. Oswald
Chief executive officer,
Mondi Europe & International

Innovation is embedded in our Growing Responsibly model – in our processes, in product design, in our supply chain and infrastructure, and in the ways we engage with our stakeholders. It broadens our horizons and enables us to grow responsibly and remain a partner of choice.

Working in partnership

We work as a development partner with our customers and other stakeholders – identifying needs and opportunities, sharing ideas and collaborating on new creative solutions through open, mutually-beneficial relationships. Our customers may want to develop lighter packaging, to reduce food waste during transit, to cut carbon emissions, or to investigate the potential of novel renewable materials. We then work with them to explore the possibilities and to develop solutions across a very diverse range of projects and sectors.

Our innovation infrastructure

One of our strengths is that we have established our own laboratories and pilot lines which enable us to act quickly and decisively to bring new innovations to market with our customers. These facilities provide a foundation for successful and sustainable product development. The teams at our laboratories analyse materials and their application physically, chemically and optically, carrying out detailed scientific testing of potential new raw materials, as well as intermediate and final products. This provides our customers with the opportunity to differentiate and customise their unique solutions. We then make use of our pilot lines to manufacture and test solutions, assessing their suitability for large-scale production.



In focus:

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

Developed by our team at Mondi Gronau (Germany), roomskin® is an innovative elastic, high-transparency and extremely robust overlay which can be combined with a wide 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 3mm 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 excellent transparency, potentially increasing the final product lifespan.

www.roomskin.net



In focus:

Consumer Goods Packaging

In 2016, our Consumer Goods Packaging (CGP) business launched 11 new products with convenience, finishing, cost efficiency and sustainability at the heart of these innovations. One of the products developed is a moisture and freezer resistant paper packaging with a natural look and feel. PaperPack is a combination of paper and flexible film for excellent moisture barrier properties and thus the perfect solution for frozen food and other applications. The packaging optimally protects the contents while allowing an excellent presentation. It offers a natural easy opening by just tearing open and a simple reclose possibility by folding the packaging.



“A holistic view on sustainable innovation is vital. It’s not just about making a product more efficiently. It’s about understanding a whole range of issues – including environmental, social, and economic considerations along the entire value chain.”

Thomas Gröner

Head of Innovation and R&D, Consumer Goods Packaging, Mondi Europe & International

Growing Responsibly

Action area:

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



Read more in our online Sustainable development report 2016
www.mondigroup.com/sd16

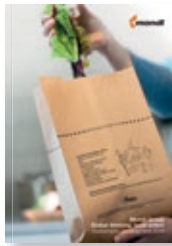
Our 2016 suite of reports

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 Mondragon'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



Selected key performance indicators in our online Sustainable development report 2016, 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/sdassurance16



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