



Mondi Group
Sustainable Development report 2021

OPPORTUNITY UNPACKED

What's inside

OPPORTUNITY UNPACKED

Mondi's purpose is to contribute to a better world by making innovative, sustainable packaging and paper solutions. This better world is one in which everyday products are designed to minimise waste and maximise resource efficiency as part of a truly circular economy, supported by responsible and sustainable business practices and strong collaboration with partners across the value chain.

Our consistent and long-term strategy underpins our ability to grow and drive our business forward, while our Mondri Action Plan 2030 (MAP2030) sustainability framework provides the framework to capture our growth opportunity in a sustainable way.

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Our approach to reporting

This report provides a comprehensive overview of our approach to sustainable development and our performance across our Mondi Action Plan 2030 (MAP2030) commitments and targets.


ERM CVS has provided assurance on selected information and key performance indicators and confirmed the report is in accordance with the Global Reporting Initiative (GRI) Standards: Core option and the Sustainability Accounting Standards Board (SASB) Sustainability Accounting Standard for the Containers & Packaging Industry. To improve the accessibility and transparency of our reporting, we have included a full glossary on pages 109-112 and footnotes. Alongside this report, our suite of other reporting documents is intended to meet the interests and reporting requirements of a range of different stakeholders. Find the full suite [here](#).




Navigating our 2021 sustainability reporting

Consolidated performance data

A comprehensive data file is available in excel or pdf for download, which shows our key performance indicators in line with MAP2030 for the period 2017 to 2021 (unless otherwise indicated).


 [Click to download excel file](#)

 [Read more online](#)



GRI & SASB Index


The report has been produced in accordance with the Global Reporting Initiative Standards: Core option and the Sustainability Accounting Standards Board – Containers & Packaging Industry Standard. To locate the disclosures, a separate index is available for download.

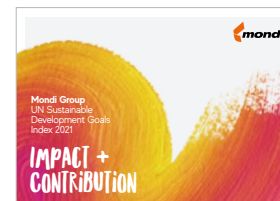
 [Read more online](#)



Sustainable Development Goals (SDGs) Index

Our strategic approach to the SDGs is included in the body of this report. In addition, a separate detailed index is available, which maps the SDGs and their respective targets against the contents of this report, including references to where supporting information about our contributions to each target can be found.

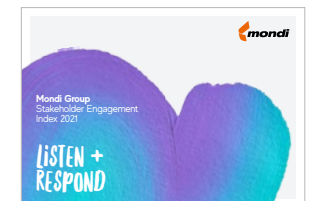
 [Read more online](#)



Stakeholder Engagement Index


This index provides detailed information about our stakeholder engagement, including why we engage different groups, how we engage with them, what topics we engage on and the action we have taken.

 [Read more online](#)



Integrated report

Our 2021 Integrated report provides a balanced overview of Mondi's 2021 performance, including financial results and progress against our strategic objectives. It also includes our reporting in line with the Task Force on Climate-Related Financial Disclosures (TCFD).

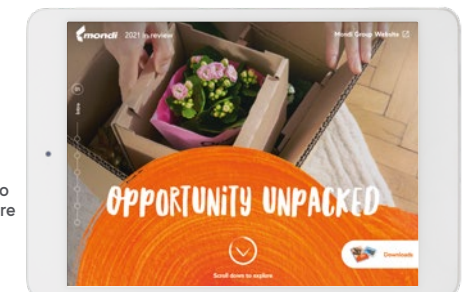
 [Read more online](#)



Our online year in review

Our website provides details about the key themes for 2021 and hosts all related supporting information and data.

 [Click here to find out more](#)



External recognition and awards

We have been recognised as a leader in sustainability by a number of external corporate ratings and indices, including:

'Triple A' score for climate change, forest and water security

CDP 'Triple A' score for climate change, forests and water security as one of 14 companies worldwide out of 12,000 organisations rated



'AAA' Rating

MSCI ESG Rating top 'AAA' score for strong resilience to environmental, social and governance risks



Prime status

ISS ESG Corporate Rating highest sector-specific score for ESG performance



Ranked #1 in Paper & Forestry Industry

Sustainalytics top score out of 81 countries ranked in Paper & Forestry industry (October 2021)



Member of V.E. Indices

Member of the following V.E. Indices:
World 120
Europe 120
UK 20

Member of FTSE4Good Index Series

Member of Index Series demonstrating strong ESG practices



Top 1% globally

Platinum status in EcoVadis Corporate Social Responsibility (CSR) ratings



Member of Top 30 Index

Constituent of the FTSE/JSE Responsible Investment Top 30 Index for stocks with highest ESG ratings in South Africa

Highest level score in Paper Sector

Top level climate change score by Transition Pathway Initiative

- Management Quality: Level 4 rating
- Carbon performance aligned with Paris Pledges

Industry-leading sustainability reporting

'Top performer' in the annual member ranking of sustainability reports by WBCSD Reporting Matters and Radley Yeldar



Award-winning innovation

2022 WorldStar Packaging Awards

We are very proud to have won nine WorldStar Packaging Awards. These wins acknowledge Mondri's sustainable packaging innovations and commitment to creating circular driven solutions across our product portfolio. Our products were ranked No.1 in six different categories, including eCommerce, point of sale and packaging materials and components. Open to packaging companies around the globe, the WorldStar Awards recognise the best ideas, innovations and technologies on the market, with a focus on sustainability, product protection and end-user convenience.



Austrian Green Packaging Star Awards

We were recognised at the Austrian Green Packaging Star awards, which highlight the most environmentally-friendly packaging and recycling solutions. This year, the following three products were recognised as industry leaders: EcoVantage paper for Tesco shopping bags; WalletPack Recyclable for well-known German meat produce; and Functional Barrier Paper that substitutes plastic packaging.



Innovation Awards 'Wellpappe'

At the German innovation awards 'Wellpappe', two of our products won the first prize in the categories of eCommerce and transport packaging for their eco-friendly, efficient and innovative packaging design.



2021 EUROSAC Grand Prix

Our paper-based EcoWicketBag has been recognised with a gold medal at the prestigious 'EUROSAC Grand Prix Sack of the Year' awards for its overall performance, reduction of CO₂ emissions and convenience for the customer.



Leadership insights on sustainability

AMBITION + VISION

In conversation with:

Dominique Reiniche, Chair of Mondi's Sustainable Development Committee and Andrew King, CEO Mondi Group



Q MAP2030 was designed with a clear focus on the areas in which Mondi can make the most difference. One year in, how has the new framework been received by stakeholders?

Dominique: MAP2030 is a significant step forward for Mondi which the Board has been very happy with. We've moved from ten to three action areas, making it easier to convey the new framework. Its simplicity has been well received, but simple design is only the starting point. Under the leadership of Andrew, the Board is noticing that MAP2030 is embedded in everything that comes to us – a testament to sustainability being core to Mondi's approach.

Andrew: MAP2030 has really galvanised our people; we're a purpose-driven organisation and our employees are inspired by having a clear vision of what we want to achieve. We've also made strides in aligning our commitments with what our customers tell us they need. This means using a common language that reflects our shared opportunities – for example by developing circular solutions and reducing our greenhouse gas (GHG) emissions, which are ultimately reflected in our customers' Scope 3 emissions.

Q What were the immediate priorities for MAP2030 in 2021 and how have you started to embed the framework across your operations?

Andrew: Our focus over the past year has been on developing roadmaps which set out the actions our businesses will take to drive tangible outcomes to reach our commitments. For the Circular Driven Solutions action area, we've defined what constitutes a reusable, recyclable or compostable solution and developed a Group-wide scorecard for measuring progress. For Empowered People,

we've tackled the challenge of how to measure purposeful work and employee wellbeing. And for Taking Action on Climate, our focus has been on developing our roadmap to Net-Zero by 2050. The roadmap commits to reducing greenhouse gas emissions across Scopes 1, 2, and 3 in line with a 1.5°C scenario. Our Net-Zero roadmap demonstrates our ongoing commitment to emissions reduction in line with science and enhancing climate resilience through our forests and operations.

Dominique: One key challenge we've been looking at is how to involve the whole global Mondi team in MAP2030 by making it clear how they can personally contribute. As a starting point, an employee platform called 'Pathfinders' has been initiated to give employees an opportunity to get involved. This is supporting the co-creation of initiatives to drive involvement and engagement, although we still have a long way to go. First topics addressed were sustainable travel recommendations and use of inclusive language. Everyone at Mondi is driven by finding genuinely sustainable solutions. We want to harness this energy and empower our workforce and partners to deliver real impact across the board.

Q As the need for urgent change has become clearer, the sustainability and regulatory landscape has shifted significantly. What is Mondi doing to respond to these challenges?

Dominique: The huge and constantly evolving legislative agenda is a challenge we, like other companies, must face head on. For example, the European Green Deal includes multiple actions for companies, be they related to the Single-Use Plastics Directive (SUPD), the Packaging and Packaging Waste Directive or the pending

Leadership insights on sustainability

“Sustainable working forests can provide commercial value to landowners while protecting ecosystems and biodiversity and reducing reliance on fossil fuels.”

Dominique Reiniche,
Chair of Mondi's Sustainable Development Committee



How does Mondi deliver value in a sustainable way?

Andrew: We know the only way to deliver sustainable value is by creating solutions that contribute to a better world for all stakeholders. This is why we purposefully position the message of delivering value accretive growth sustainably at the centre of our strategy. We've been successful in driving organic growth through our investments over the last decade. Looking ahead, our four strategic value drivers outline the areas in focus, while MAP2030 sets the action we'll take to ensure this is done sustainably over the next decade. This starts with how we design our products, how we manufacture them and the portfolio of solutions we offer. With around 80% of our products fibre-based, we have a fantastic opportunity to drive the use of renewable and recyclable materials to meet the ever increasing demand from customers for more sustainable solutions.



What opportunities has Mondi been able to identify over the past year and how did you make the most of these?

Andrew: I'm so excited about the many opportunities. Being able to have mattresses rolled up in our recyclable kraft paper for delivery and adapting our industrial bags to food applications, such as dry pet food, are areas we wouldn't have imagined a few years ago. These innovations are the result of cross-pollination of ideas from our diverse businesses.

legislation related to green claims. The complexity requires a lot of work to keep up, but it is crucial to be prepared for the implications of future regulation. Luckily, Mondi has long been committed to climate action, energy efficiency, sustainable forest management and other issues that are high on the regulatory agenda. MAP2030 has helped strengthen our position as we focus on key issues such as increasing the circularity of products. At the same time, one of the biggest challenges remains the current lack of harmonisation across countries and regions making it difficult to develop unified solutions at scale.

Mondi has a unique platform and ability to be very innovative because we cover the whole value chain from forest management to paper making in our mills or creating mono-material plastics packaging designed for recycling. Our integrated model enables us to innovate with our customers without pricing ourselves out of the market.

Dominique: One of the outcomes I've been most impressed with is Mondi's drive to increase sustainability and transparency at the product level. The new Product Impact Assessment (PIA) tool offers a life cycle-based approach to help customers understand the impact of each solution in terms of carbon emissions, water consumption and other key impact areas. We're seeing a lot of interest from customers who are using these assessments to inform their procurement decisions.



What key challenge do you see as you continue to operationalise MAP2030 and engage with your partners?

Dominique: There's an emerging paradox in sustainable forest management. Given its recyclability, everyone wants to see more fibre-based solutions in a circular economy. This creates pressures on forests. At the same time, forests hold huge potential to combat climate change through carbon capture and storage and protect biodiversity. This is the challenge – we need forest-based sustainable products and, at the same time, forests need safeguarding. We believe the solution is mutually beneficial and that Mondi can play a leading role with sustainable working forests. In Europe, forests are growing in volume and in a way that protects forest ecosystems and supports the supply of products made from renewable materials. Preventing deforestation caused by land conversion is critical.

Sustainable working forests can provide commercial value to landowners while protecting ecosystems and biodiversity and reducing reliance on fossil fuels.



The pandemic created new challenges for Mondi and its stakeholders, but brought opportunities too. Has that changed how you see the future?

Andrew: The pandemic indeed presented us with challenges and yet we are emerging with a renewed appreciation of what can be achieved through collaboration and innovation. The products we make and the services we deliver are essential to people's daily lives and I take confidence from seeing how our teams are working together with shared purpose. We must accelerate the drive for a sustainable future and we are seeing demand for product sustainability open up new areas for growth and development. At the same time, there are great uncertainties due to the crisis in Ukraine. We are actively monitoring developments and the implications for the Group. Our thoughts are with all those impacted by these tragic events.

“Our Net-Zero roadmap demonstrates our ongoing commitment to emissions reduction and enhancing climate resilience through our forests and operations.”

Andrew King,
Group CEO

2021 Highlights



Keeping our people safe

No fatalities in 2021

Zero serious injuries in all annual shuts

New approach

Senior SHE network team trained on social psychology of risk



Protecting nature and sourcing fibre sustainably

24%

of our forestry landholdings are managed for conservation

100%

of our forestry landholdings are FSC™-certified

100%

of our mills maintained Chain-of-Custody certifications

100%

responsibly sourced fibre (77% FSC™- or PEFC™-certified with the balance controlled wood)

100%

of our sourced pulp was FSC™- or PEFC™-certified

Key partnerships



Creating an empowered and inclusive workplace

741,700

hours dedicated to training our employees

28 hours of training

on average per employee

22 countries

Employee Assistance Programme (EAP) expanded to 22 countries



Taking climate action

Net-Zero

Committing to a science-based Net-Zero target and signing the UN Business Ambition for 1.5°C

65%

of renewable energy throughout our mills

99%

electricity self-sufficiency in our mills

25%

reduction in our mills' specific Scope 1 and Scope 2 CO₂e emissions against 2014 baseline

Making a positive social impact

€11.8m

social investments for communities in 2021



Supporting the circular economy transition

78%

of our revenue is from products that are reusable, recyclable or compostable

9

WorldStar Packaging Awards for product innovations



Committed to transparency

CDP 'Triple A' top-score on climate change, forests and water security, one of only 14 companies worldwide



CLIMATE WATER FORESTS

2021 performance against the 2020 baseline:

11%

reduction of specific COD emissions

0.2%

increase of specific water consumption in water stressed regions

6%

reduction of specific NOx emissions

22%

reduction of specific waste to landfill

Find our consolidated performance data [here](#)

Our opportunity

LEADING + GROWING

“Demand for smart and sustainable packaging has never been higher and the forces driving this momentum are here to stay. Mondi has the expertise, assets, relationships and leading positions to unpack this opportunity – creating significant value for all our stakeholders and supporting the positive change needed by our world at large.”

Andrew King
Group CEO



What it means to be sustainable by design

Mondi's purpose is to contribute to a better world by making innovative, sustainable packaging and paper solutions. This better world is one in which everyday products are designed to minimise waste and maximise resource efficiency as part of a truly circular economy, supported by responsible and sustainable business practices. In our efforts to achieve this, we build on our position as a leading partner for ambitious customers, talented employees, responsible suppliers and industry associations that support cross-sector innovation.

Our consistent and long-term strategy underpins our ability to grow and drive our business forward, while our Mondi Action Plan 2030 (MAP2030) sustainability framework ensures we capture our growth opportunity in a sustainable way.

Our people make the difference

Our passion for performance is central to the way we run our business and our teams are motivated by the potential we have to make a real difference. We invest in engaging, inspiring and upskilling the best talent in the industry through an entrepreneurial culture in which innovation thrives.

The Mondi Way shows how our shared sense of purpose connects to our strategy and culture, empowering our people to work together for the benefit of all our stakeholders. Our values of Performance, Care and Integrity help us to create an inclusive environment where diverse ideas enable us to design the best and most sustainable products for our customers.



Read more about Empowered People on [page 35](#)



Read more about The Mondi Way [here](#)

STRUCTURALLY GROWING PACKAGING MARKETS

We are an international packaging producer operating in structurally growing markets underpinned by increasing demand for eCommerce and sustainable packaging solutions. Accelerated by the pandemic, consumers are shopping online more than ever before, driving demand for our broad portfolio of eCommerce solutions.

Consumers and customers are increasingly concerned about the global social and environmental challenges we face, including climate change. They want more sustainable packaging solutions that meet everyday performance and convenience needs, while minimising waste and emissions.

LEADING AND INVESTING FOR THE FUTURE

We are a leader in our packaging markets. Our expertise, unique product portfolio, cost-advantaged asset base and integrated business model empower us to deliver high-quality packaging and provide security of supply.

We have a strong track record of investing in our asset base and delivering returns through-the-cycle. Our ongoing investment plans will enable us to capture growth opportunities into the future.

PARTNERING WITH CUSTOMERS FOR CIRCULAR INNOVATION

Our innovative products and extensive expertise enable us to partner with customers to create fit-for-purpose packaging and paper that is part of a circular economy. By keeping materials in circulation and eliminating waste, we have an exciting opportunity to grow our business, support our customers and address societal challenges such as food waste, climate change, and unsustainable packaging.

We are proud of the recognition our innovation receives, including nine wins at the 2022 WorldStar Packaging Awards. This recognition is testament to the ingenuity of our people and our collective determination to make a difference.

Our businesses

PACKAGING + PAPER

that is sustainable by design

We work with global and local brands, leveraging our knowledge, innovation and expertise across the value chain to offer our customers a wide range of packaging solutions based on our principle of paper where possible, plastic when useful. We are also a leading manufacturer of printing papers used at home, in the office and for professional applications.

A selection of products illustrating the variety of industries that we serve:

Building and construction

Around 15% of Group revenue

ONE Bag

A lightweight and efficient alternative for high speed filling of powdered goods made from only one ply of paper



Consumer and retail

Around 50% of Group revenue

TwinBox Classic

A one-piece transport and shelf solution for efficient shipping and display



X-FoldBox

A corrugated eCommerce solution offering efficient, economic and easy set up



RetortPouch Recyclable

A high barrier, mono-material food and pet-food pouch that replaces aluminium



Functional BarrierPaper

Recyclable barrier papers for food packaging which can replace low barrier PE films



Chemicals, industrial, agriculture, other

Around 20% of Group revenue

MonoCorr Box

A recyclable corrugated solution that optimises transport and eliminates polystyrene inserts



Advantage StretchWrap

A recyclable, responsibly sourced paper alternative to plastic pallet wrapping



Paper for home, office and professional printing

Around 15% of Group revenue

Pergraphica®

Full spectrum premium printing papers for creative communications and design



Color Copy

Office and professional paper for digital printing



Our businesses

Packaging

Our packaging businesses produce a range of corrugated packaging and paper- and plastic-based flexible packaging. Our broad offering and focus on innovation, quality and service provides a unique platform to deliver fit-for-purpose packaging and supports our customers in achieving their sustainability goals.

Corrugated Packaging



In Corrugated Packaging we produce containerboard which we use to make a range of regular and bespoke corrugated solutions designed to keep our customers' products safe and differentiate their brands in-store and online.

Leading market positions

- #1**
virgin containerboard producer in Europe
- #1**
containerboard producer in emerging Europe
- #2**
corrugated solutions producer in emerging Europe

Flexible Packaging



Our Flexible Packaging business produces kraft papers that we and our customers use to convert into strong, lightweight paper-based packaging such as paper bags. We also make a range of plastic-based flexible packaging solutions which provide additional functionality and product protection, avoiding food waste and enhancing choice for customers.

Leading market positions

- #1**
kraft paper producer globally
- #1**
paper bag producer in Europe and a global leader
- #3**
consumer flexible packaging producer in Europe

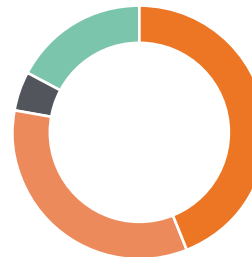
Segment revenue



Segment revenue split excludes intersegment revenue and underlying EBITDA split excludes corporate costs

- Corrugated Packaging
- Flexible Packaging
- Engineered Materials
- Uncoated Fine Paper

Underlying EBITDA



Engineered Materials

In Engineered Materials, our functional papers and films protect adhesive surfaces or provide protective barriers to papers for packaging and other applications. Our personal care components, which include stretchable elastic films and soft non-woven fabrics, are used in everyday baby care, feminine care and adult incontinence products.¹

Leading market positions

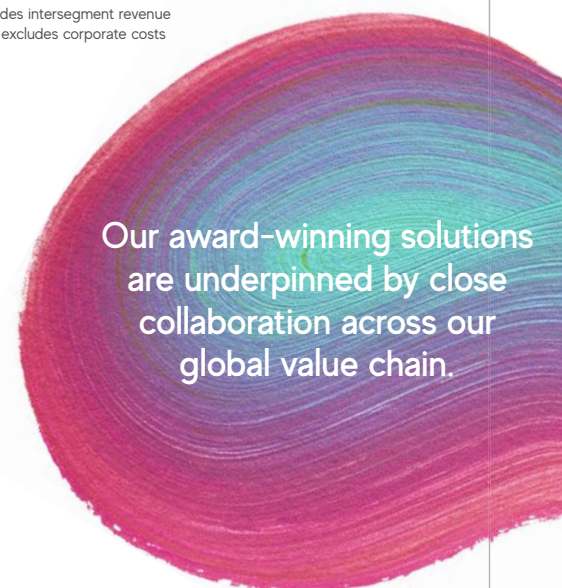
- #1**
commercial release liner producer in Europe
- #2**
extrusion coatings producer in Europe

Uncoated Fine Paper

Our Uncoated Fine Paper business produces a wide range of environmentally sound home, office, converting and professional printing papers, tailored to the latest digital and offset print technologies. We manage forests in Russia and South Africa and also produce more pulp than we use which is sold to customers around the world.

Leading market positions

- #1**
uncoated fine paper supplier in Europe (including Russia)
- #1**
uncoated fine paper producer in South Africa

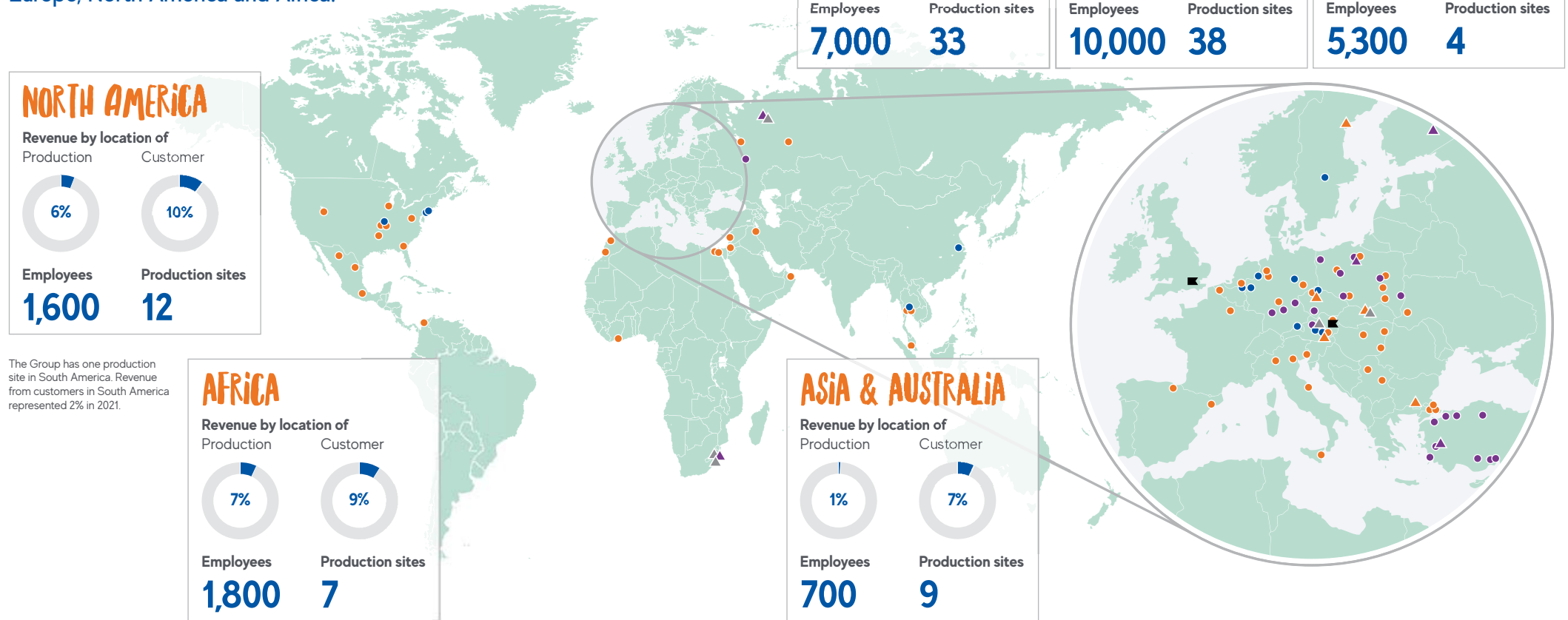


Our award-winning solutions are underpinned by close collaboration across our global value chain.

¹ Agreed sale of Personal Care Components business in February 2022

Where we operate

Mondi employs around 26,500 people at over 100 production sites across more than 30 countries, with key operations located in Europe, North America and Africa.



The Group has one production site in South America. Revenue from customers in South America represented 2% in 2021.

Production sites per business unit

Corrugated Packaging	▲ Mill (5)
	● Converting plant (21)
Flexible Packaging	▲ Mill (5)
	● Converting plant (57)
Engineered Materials	● Converting plant (14)
Uncoated Fine Paper	▲ Mill (6)

Group offices

London	■	Bulgaria	▲	Finland	▲	Jordan	●	Oman	●	Spain	●	
Vienna	■	China	●	France	●	Lebanon	●	Poland	▲●	Sweden	▲●	
Production sites			Colombia	●	Germany	●●●	Malaysia	●	Russia	▲●●▲	Thailand	●●
Austria	●▲●●▲	Côte d'Ivoire	●	Hungary	●	Mexico	●	Serbia	●	Turkey	▲●●	
Belgium	●	Czech Republic	●▲●●	Iraq	●	Morocco	●	Slovakia	▲▲	Ukraine	●	
		Egypt	●	Italy	●	Netherlands	●●	South Africa	▲▲	USA	●●	



Our Sustainability Approach

**INSIGHTS
+
PROGRESS**

Our global context

As evidenced by the pandemic, the link between our human health and the health of our planet, biodiversity and ecosystems is clear.

The last two years have shown the power of innovation and collaboration as we raced to develop vaccines and medicines, though social tensions related to personal freedom versus social responsibility and mandated vaccinations are fuelling public debate and division.

We must come together as consumers, brands, manufacturers and governments with strong resolutions and direct action to drive progress. Here, we set out what we see as key megatrends and themes shaping our society, industry and business.



Climate change code red

The 2021 Climate Change Report by the UN's Intergovernmental Panel on Climate Change (IPCC)¹ couldn't be clearer that human influence has warmed the climate, with observed increases in temperature since around 1750 unequivocally caused by human activities. We are seeing increasing severity and frequency of extreme weather events – from extreme flooding in central Europe to devastating wildfires in Australia, Siberia and California and drought threatening food security in East Africa. There's no doubt that our changing climate will lead to further disruption of global systems and impact on world hunger, peace and security.

Urgent global action is required to limit global warming to 1.5°C. The private sector must set and deliver science-based targets to reduce emissions with regulators and governments providing a legislative framework to ensure targets are standardised and met. Investors are increasing the pressure on companies as they base investment decisions on how well a business is prepared to tackle its climate change risks and opportunities.



© S. Spiller-Baumgartner

Nature's dangerous decline

The twin crises of biodiversity loss and climate change are closely interlinked. If we upset the balance of our natural systems, we endanger our existence on this planet. Healthy ecosystems can adapt better to climate change and help societies develop nature-based strategies for coping with climate variability and extremes. But climate change impacts are disrupting natural habitats and species in ways that are still only just becoming clear. And human activities have accelerated the loss of biodiversity with around one million animal and plant species threatened with extinction.

Protecting and restoring ecosystems will increase resilience to the impacts of climate change, with healthy ecosystems able to provide us with clean air, fresh water, medicines and food security.

Biodiversity is a crucial component of functioning ecosystems and plays a key role in maintaining the health of our planet. Biodiversity loss in forests and other ecosystems means lost opportunities for the development of new medicines, and impacts food, raw materials and employment.² Biodiversity is a fundamental component of long-term business survival and essential to sustainable working forests. By working together with other land and freshwater users, businesses can be part of the solution to promote and enhance sustainable stewardship of ecosystems at scale.

¹ <https://www.ipcc.ch/report/ar6/wg1/>

² <https://www.who.int/news-room/fact-sheets/detail/biodiversity-and-health>



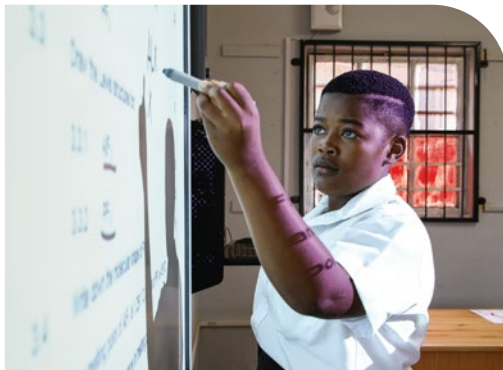
Our global context

The widening socio-economic gap

Climate change is closely intertwined with patterns of inequality, the roots of which can lie in geographical and socio-economic contexts, gender status, financial standing and other factors.³ COVID-19 has exacerbated global inequality with the pandemic estimated to push an additional 88 million to 115 million people into extreme poverty in 2021.⁴

The climate crisis and biodiversity loss know no borders and climate justice has become central to the public debate. Poorer countries are less able and equipped to mitigate sea level rise and extreme weather. These communities, as well as any low-lying coastal regions, will be disproportionately impacted, with knock-on effects for food security, health, safety and livelihoods.

School closures in response to the pandemic may increase education poverty among children from low- and middle-income countries.⁵ Modern slavery, child labour, systemic racism and the undermining of indigenous rights are all linked to socio-economic inequality. These issues are driving movements like #MeToo and #BlackLivesMatter to call for change. Businesses have a responsibility to address these urgent social issues in both their operations and supply chains.



Consumer demand for sustainability and transparency

New research shows support for sustainable businesses is growing in both developed and developing economies as consumers look to reduce the impacts of the products and services they buy.⁶ This is driving businesses to offer more sustainable solutions and take a proactive stance on climate change as a business strategy for the long term. Studies reveal a changing consumer mindset with people of all ages adopting more sustainable behaviours and using their purchasing power for 'eco-friendly' goods.

This demand is driving investment and innovation across the value chain as companies look to shift to more circular business models and deliver sustainable solutions. At the same time, the race to meet consumer demand has led to conflicting and confusing sustainability labelling and claims. With greenwashing a clear risk, providing transparent and credible information on products and practices is key to building consumer trust. In turn, this level of transparency will support accountability, drive positive change and improve results.

Turning the tide on plastics

The late 20th century saw a huge variety of materials being replaced by a plastic equivalent as it became more affordable, versatile and durable. Several decades on the problem of plastic pollution has sparked a global call to action to protect the future of our marine and terrestrial ecosystems. The challenge is to turn the tide on plastic pollution by transforming business models, reducing virgin plastic consumption, and increasing the recycled content within products – all while delivering improvements in plastic collection, sorting and recycling infrastructure around the world. Up until now, 95% of the aggregate value of plastic packaging is lost to the economy following a short first-use cycle.⁷



95% of the aggregate value of plastic packaging is lost to the economy following a short first-use cycle.

The Pew Charitable Trusts & SYSTEMIQ,
Breaking the Plastic Wave

At the same time, COVID-19 has focused consumer attention on the importance of product safety, health and hygiene, including packaging. Regulation is evolving as governments around the world tighten legislation to limit virgin plastic use, including through financial tools such as the Extended Producer Responsibility (EPR) for packaging or plastic taxation.⁸ The end goal is to identify credible long-term pathway scenarios and policy frameworks that will support a sustainable transition to a circular economy.

The constantly shifting world of work

COVID-19 has changed the way we interact, communicate and work together. Social distancing requirements have led to strict guidelines at workplaces and broad acceptance of new, more flexible working models. Rapid integration of modern technologies was needed to keep people connected and working effectively. This has led to greater flexibility and blurred boundaries between private and professional lives.

Companies must continue to enhance their training programmes to ensure employees develop the skills and capabilities they need for a rapidly changing workplace. At the same time, measures to preserve strong and inclusive workplace cultures, keep employee motivation high, facilitate collaboration and maintain health and safety standards are key, with mental health support for employees becoming the new norm.⁹

3 <https://www.worldbank.org/en/topic/social-dimensions-of-climate-change#1>

4 <https://www.worldbank.org/en/news/press-release/2020/10/07/covid-19-to-add-as-many-as-150-million-extreme-poor-by-2021>

5 <https://www.worldbank.org/en/news/press-release/2021/10/29/world-bank-pandemic-threatens-to-drive-unprecedented-number-of-children-into-learning-poverty>

6 <https://www.weforum.org/agenda/2021/05/eco-wakening-consumers-driving-sustainability/>

7 https://www.pewtrusts.org/-/media/assets/2020/07/breakingtheplasticwave_report.pdf

8 <https://www.europen-packaging.eu/policy-area/extended-producer-responsibility/>

9 <https://www.mckinsey.com/featured-insights/future-of-work/the-future-of-work-after-covid-19>

Industry insights

EXPERTISE + INNOVATION

Collaboration and engagement within and beyond our industry help manage common risks and scale positive impact. We are active in a broad range of initiatives focused on tackling societal challenges such as forest protection, plastic waste, the low carbon transition and circular bioeconomy.

Here we share three stakeholder perspectives – 4evergreen on fibre-based packaging, Flexible Packaging Europe on plastics, and our own Mondi view as a manufacturer of both:



Susanne Haase: Programme Director at 4evergreen, which is a cross-industry alliance launched by Cefi in 2019. Its over 90 members are working to perfect the circularity of fibre-based packaging to contribute to a climate-neutral and sustainable society.



Guido Aufdemkamp: Executive Director of Flexible Packaging Europe (FPE), an industry association with over 80 members whose main objective is to promote the flexible packaging industry and represent the interests of the sector at the highest levels in Europe.



Lars Mallasch: Group Technical and Sustainability Director at Mondi with more than 25 years of industry experience. He has been with Mondi since 2011 and was appointed to his current role as a member of the Executive Committee in September 2020. Lars has detailed understanding of complex investment projects and sustainable business practices.

What have been the key sustainability challenges shaping the packaging sector in the past year?

Susanne: One thing I think we can all agree on is that things are changing fast. eCommerce and at-home consumption are driving demand for fibre-based packaging and on-the-go packaging is projected to grow by 5% per year until 2028. Awareness of the implications of plastic waste and pollution has also sparked a race to create new fibre-based packaging solutions. By 2030, we could see up to 4.5 million tonnes of plastic packaging switched to fibre-based alternatives.¹⁰

Guido: With society focused on climate change, consumers and legislators have tended to pay most attention to 'recyclability' when it comes to evolving packaging to help drive decarbonisation. Recyclability is easier to understand and more measurable but preventing packaging waste and food waste are scientifically proven to have an even stronger positive environmental impact. This is especially true as food waste has such a large carbon footprint. Flexible packaging solutions that combine materials use fewer resources and can drive decarbonisation.

Lars: The legislative landscape on packaging, plastics and products is rapidly evolving alongside consumer demand for honest and understandable guidance so they can make the right choice. Things are indeed changing fast and we need to help our customers and consumers make informed choices. Another big challenge we must tackle is the need to harmonise and improve waste collection, sorting and recycling systems. Without this, the sector will face huge challenges in meeting the evolving legislative landscape. This is becoming an increasingly urgent issue.

¹⁰ Material Economics (2018). Sustainable packaging – the role of materials substitution, page 7



Industry insights

Considering this increasingly complex regulatory landscape, what action is needed to make our industry more circular?

Lars: As we've already recognised, collaboration and innovation are key to making our industry more circular. 4evergreen, CEFLEX and Flexible Packaging Europe are all great examples of what is possible when a value chain comes together to tackle shared challenges. Building partnerships with leaders in science, such as the International Union of Forest Research Organizations (IUFRO), will help us reduce carbon emissions and also understand our business impacts on biodiversity, soils, water and other crucial elements of healthy ecosystems. We also need to develop a more circular economy by combining scientific expertise with practical application and experience. Alongside this, we have to be transparent in how we all communicate the performance of our products and operations to make the industry more circular.

Guido: We believe flexible packaging generally outperforms other packaging solutions in terms of carbon footprint and total environmental impact, even with today's low recycling rates. But we want it to be recyclable and recycled at scale. FPE was one of the key initiators of CEFLEX – the value chain collaboration for flexible packaging – which has set the goal of 80% of flexible packaging being collected, sorted and recycled in Europe by 2025. We think this is crucial to make the industry more circular and legislators should acknowledge the potential of flexible packaging to fight climate change. We are strongly advocating to have this reflected in the upcoming European legislation.

Susanne: As an industry, we must work together using scientific evidence to drive climate action and build a low carbon society. 4evergreen is one of the industry's responses to the changing regulatory landscape. It all started in 2019 in response to the Single-Use Plastics Directive (SUPD) and the Packaging and Packaging Waste Directive (PPWD). Members are striving to keep industry, policymakers and civil society informed of progress and we intend to provide evidence that demonstrates how the value chain can improve its environmental performance and keep the audiences up to date about fully circular fibre-based packaging solutions.

What role do you see for plastics in a future circular economy?

Guido: Plastic-bashing has become very popular but our society greatly benefits from the versatile opportunities it provides, including in important packaging applications. There is, of course, potential for improvement by designing packaging with less material, finding reuse solutions and enhancing recycling. We think plastic can benefit from being front and centre of the public debate on climate. With increased recycling and an end to plastic pollution, plastics have the potential to be recognised as an important contributor in the fight against climate change.

Susanne: In our view, every material has its place and function to ensure the best packaging performance. We will always need a mix of packaging solutions that is fit for purpose, meets hygiene requirements and reflects the expectations of retailers and consumers. We welcome any initiative from packaging manufacturers that aims to boost circularity.

Lars: At Mondi, we have a clear approach of 'using paper where possible, plastic when useful.' The only answer to whether paper or plastic is more sustainable is to say 'it depends'. It depends on the application in question, the needed functionality and waste collection and recycling infrastructure available in those markets. When it comes to food contact materials or other hygiene requirements, plastic may be challenging to replace with a renewable and recyclable paper-based solution or even a post-consumer recycled resin. There are huge opportunities to unpack here in terms of developing plastic recycling and new paper-based innovations across the sector.

Consumer attitudes continue to shift to more sustainable products and packaging solutions. How can the packaging and paper industry support consumers to make responsible choices?

Lars: Helping consumers make responsible, informed choices starts with transparency in our business practices and operations when we source raw materials and make our products. Engaging in open dialogue with consumers and brands is important and credible labelling and certification are essential for assuring people of credible sustainability performance. We know that up to 80% of a product's impact is determined in the design phase. So making our products sustainable by design and coupling this with credible, fact-based messaging and labelling can help consumers to make informed choices and provide the assurance that there is no greenwashing here.

Susanne: At the same time, we need to engage with policymakers and civil society organisations to increase consumer awareness and promote the right incentives for boosting circularity. We're seeing a growing variety of fibre-based packaging on the market and, as an alliance, we aim to boost the recycling rate of fibre-based packaging to 90% by 2030. But consumers must be supported with packaging that is designed with circularity in mind, an explanation of its impact and clear guidance on how to properly recycle specific types of packaging.

Guido: A major problem is that many consumers and even brand-owners don't have a full picture of what more sustainable packaging really means. We observe green claims such as 'recyclable' or 'plastic-free' without any real evidence of reduced overall environmental footprint. A general rule for changing any packaging composition or application should be to reduce the total environmental impact of the packaged product across its entire life cycle. Actors in the value chain should educate the public transparently by explaining the role of packaging and its different materials. We all know that there is no life without packaging and consumers deserve this level of transparent information.

"As an industry, we must work together using scientific evidence to drive climate action and build a low carbon society."

Susanne Haase,
Programme Director, 4evergreen

Our Group strategy

SUSTAINABILITY

+ GROWTH

As we prioritise our growth in packaging, our strategy is to deliver value accretive growth sustainably by leveraging our four strategic value drivers. Sustainability is at the centre of our strategy and drives decision-making in line with our purpose.

This strategic approach builds on the competitive advantages we have today, and guides our investment and operational decisions so that we can continue creating value in a sustainable way into the future for all our stakeholders.

All strategic value drivers are important, although priorities may differ across the value chain. Digital initiatives play an important role across our four drivers to accelerate our value creation.



We drive value accretive growth sustainably

Our exposure to structurally growing packaging markets and our competitive advantages provide a strong platform for growth to generate value for our stakeholders in a responsible and sustainable way.

Sustainability lies at the centre of our purpose, culture and strategy. We have a solid foundation of setting sustainability targets and reporting on our performance, ensuring we contribute to find solutions to the global sustainability challenges that we face and help to deliver on the UN Sustainable Development Goals (SDGs). In early 2021 we launched the Mondri Action Plan 2030 (MAP2030), our new sustainability framework.

We believe in working together with our stakeholders to better understand and address the risks and opportunities faced and to inform our decision-making, securing value for our stakeholders long into the future. It is only through this collaborative spirit that we will achieve the impact, innovation and scale necessary to bring about positive change beyond our own boundaries.

Mondi Action Plan 2030

MAP2030 builds on our strong progress made to date and sets out the actions we need to take over the next decade to achieve our ambitious sustainability goals. MAP2030 has three action areas, each with three high-level commitments supported by more detailed targets, built on a foundation of responsible business practices. We will report annually on the progress made against these commitments.

Read more about MAP2030 on [page 19](#)



Drive performance along the value chain

Our passion for performance is central to the way we run our business. Continuous improvement initiatives, focus on commercial excellence, lean processes, rigorous quality management and operational excellence programmes enhance our productivity and efficiency and reduce waste.

We follow a collaborative approach throughout the Group to tackle challenges and create opportunities. Benchmarking performance ensures we share best practice and identify emerging issues to optimise productivity and performance throughout the organisation. Centralised functions, such as procurement, technical, sustainable development, treasury and tax, improve coordination, control and reduce costs. The use of digital technology accelerates our performance and provides new opportunities to reduce costs and become more efficient across the Group.

We regularly review our portfolio and take decisive actions where appropriate to manage our cost base ensuring we maintain our superior customer offering in the most efficient way.



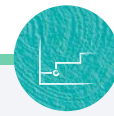
Inspire our people

We are committed to provide an inspiring, inclusive, diverse and safe working environment for our people. We want to give them the confidence to take action in their own particular area of responsibility and unlock potential across the business in line with our purpose.

The safety, health and mental wellbeing of our people always comes first. We embed clearly defined methodologies, procedures and robust controls to ensure they, and other people who have reason to be on Mondri sites, stay safe.

Creating an inclusive environment that fosters and respects diversity is vital to our success, and builds competitive advantage in becoming an employer of choice.

Enhancing the skills of our people through training and personal development initiatives is a key part of developing an agile and motivated workforce that is capable of delivering our strategy and driving success in a sustainable way.



Invest in assets with cost advantage

To drive organic growth in our structurally growing packaging markets, strengthen cost competitiveness, enhance our product offering, quality and service to customers and improve environmental performance, the Group invests in its asset base through-the-cycle. We follow a disciplined approach of investigating, approving and executing capital projects, delivering industry-leading returns.

Maintaining and enhancing competitiveness is of particular importance for our vertically-integrated pulp and paper operations where products are generally more standardised and relative cost competitiveness is a key value driver. In our downstream converting network, we focus on enhancing our customer offering to meet their bespoke needs.

In addition, and where appropriate, we look to acquire businesses that produce high-quality products with sustainable competitive advantage and the potential to achieve world-class operating standards. This enables us to generate synergies through integration and enhance our customer offering.



Partner with customers for innovation

We collaborate with our customers and other partners along the value chain to create high-quality, innovative, sustainable packaging solutions to meet our customers' needs, leveraging our strong relationships, product and technical know-how, and unique platform as a leading packaging producer.

Our customer-centric approach, EcoSolutions, supports our customers to achieve their sustainability goals following our principle of paper where possible, plastic when useful. We are focused on delivering innovative packaging and paper solutions that keep materials in circulation and prevent waste.

Our innovation capabilities are critical to meet increasingly sophisticated and bespoke customer needs relying on our R&D centres, innovation activities and cooperation with external partners. Additionally, the integrated nature of our business provides security of supply and enables us to carry developments in our upstream paper operations over to our downstream converting plants.



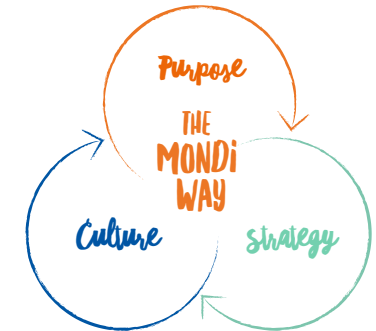
Our business model

PURPOSE + VALUE CREATION

The Mondri Way connects purpose, strategy and culture to our business model

Our purpose is to contribute to a better world by making innovative, sustainable packaging and paper solutions that are sustainable by design. We do this through the execution of our strategy, delivering value accretive growth in a sustainable way for all of our key stakeholders. Our four strategic value drivers underpin this strategy and build on the competitive advantages we enjoy today, setting a clear roadmap for investment and operational decisions into the future.

We foster a culture that connects, guides and inspires our people to achieve Mondri's purpose. The dedication and commitment of our employees is essential to delivering on our strategic priorities as we contribute to a better world.



What we rely on

We build and maintain trusted relationships and manage our key resources responsibly to create value for our stakeholders.

Long-standing relationships

The integrated nature of our business means that we rely on the strong relationships we have built over time to drive our business forward for our joint success:

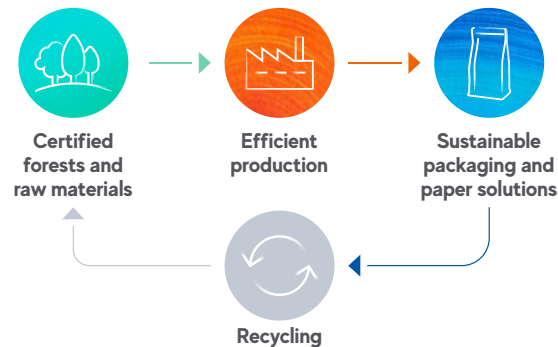
- Caring for our employees and delivering against operational priorities
- Partnering with our customers to innovate and meet their requirements
- Optimising our value chain with our suppliers and contractors
- Collaborating with our communities to address challenges and create opportunity
- Engaging with investors to share our performance and strategic priorities
- Shaping our context with partners and industry associations

Natural and financial resources

As part of our manufacturing processes, we require raw materials such as wood, paper for recycling, chemicals, polymers and access to natural resources, most notably forests, water and energy. We are committed to ensuring the responsible procurement of these raw materials and to protect and safeguard the biodiversity and ecosystems in which we source these natural resources.

What we do

As a global leader, we make a broad range of innovative and sustainable packaging and paper solutions to meet growing customer needs.



Examples of the value we create

By combining our integrated value chain, strong relationships, responsible resource management, and leveraging our competitive advantages, we create value for our stakeholders in line with the Mondri Way.

Employees

741,700
Employee and contractor training hours

We invest in the development of our people, providing a safe working environment and supporting a diverse, skilled and committed workforce

Customers

8.4 out of 10
Mondi's overall 2021 customer satisfaction survey score

Our commitment to high-quality products and services and our approach to innovation are well recognised by our customers

Communities

€190 million
direct taxes paid

We invest in local community initiatives and have committed to invest a minimum of 1% of the Group's profit before tax in social projects annually

Suppliers and contractors

2,000
key suppliers

We engage with our suppliers, encouraging supply chain transparency and fair working conditions, and undertake actions to mitigate our risks

Investors

37%
five-year total shareholder return

We have recommended an 8% increase in the total dividend for the year to 65.00 euro cents per share

What makes us different

We leverage our distinct competitive advantages to generate value and unlock opportunities for our business and our stakeholders.

Unique platform

As a leading paper and flexible plastic-based packaging producer, we are uniquely positioned to take a holistic view to meet our customers' requirements with our broad range of sustainable solutions

Leading market positions

Our leading market positions provide scale, reliability and the capability to innovate with our customers and service key accounts

Cost-advantaged assets

We have well-located operations with access to competitive fibre and a high-quality, well-invested asset base

Vertical integration

Our vertically integrated network reduces the Group's exposure to price volatility, providing security of supply and production and logistics optimisation

Focus on continuous improvement

We continuously drive performance along the value chain, focusing on excellence and improvement across our processes

Strong financial position

Our disciplined capital allocation, robust financial position and strong cash generation provide us with strategic flexibility

Sustainable by design

Sustainability is embedded into everything we do, making us an ideal partner and employer of choice

Entrepreneurial culture

Our entrepreneurial culture brings the best out of Mondri's people, helping to develop an empowered and inclusive team that contributes to a better world

Our integrated value chain

We produce sustainable packaging and paper solutions for our customers, leveraging our innovation capabilities, unique platform and integration across the value chain.

Certified forests and responsibly sourced raw materials

Fibre, a key input material for our pulp and paper mills, is sourced from our sustainably managed forests and responsibly procured externally. We also access other natural resources, including water and energy, and raw materials such as chemicals and polymers which we source responsibly.

Efficient production and sustainable packaging and paper solutions

The Group's vertically integrated pulp and paper mills produce pulp, packaging papers and uncoated fine paper. The additional pulp produced that is not used in our production processes is sold externally. Our broad range of containerboard and kraft paper packaging grades are used by our converting operations with the remainder sold to other customers.

Our converting operations use packaging paper (sourced internally and externally) and other raw materials to produce corrugated solutions, flexible packaging products (both paper- and plastic-based), and speciality products for a wide range of consumer and industrial end-uses.

Recycling

We are committed to supporting the transition to a circular economy and preventing waste. We are collaborating with stakeholders across the value chain to eliminate unsustainable packaging and are focusing on creating high-quality, innovative packaging and paper solutions that are designed for a sustainable end-of-life through recycling or composting.

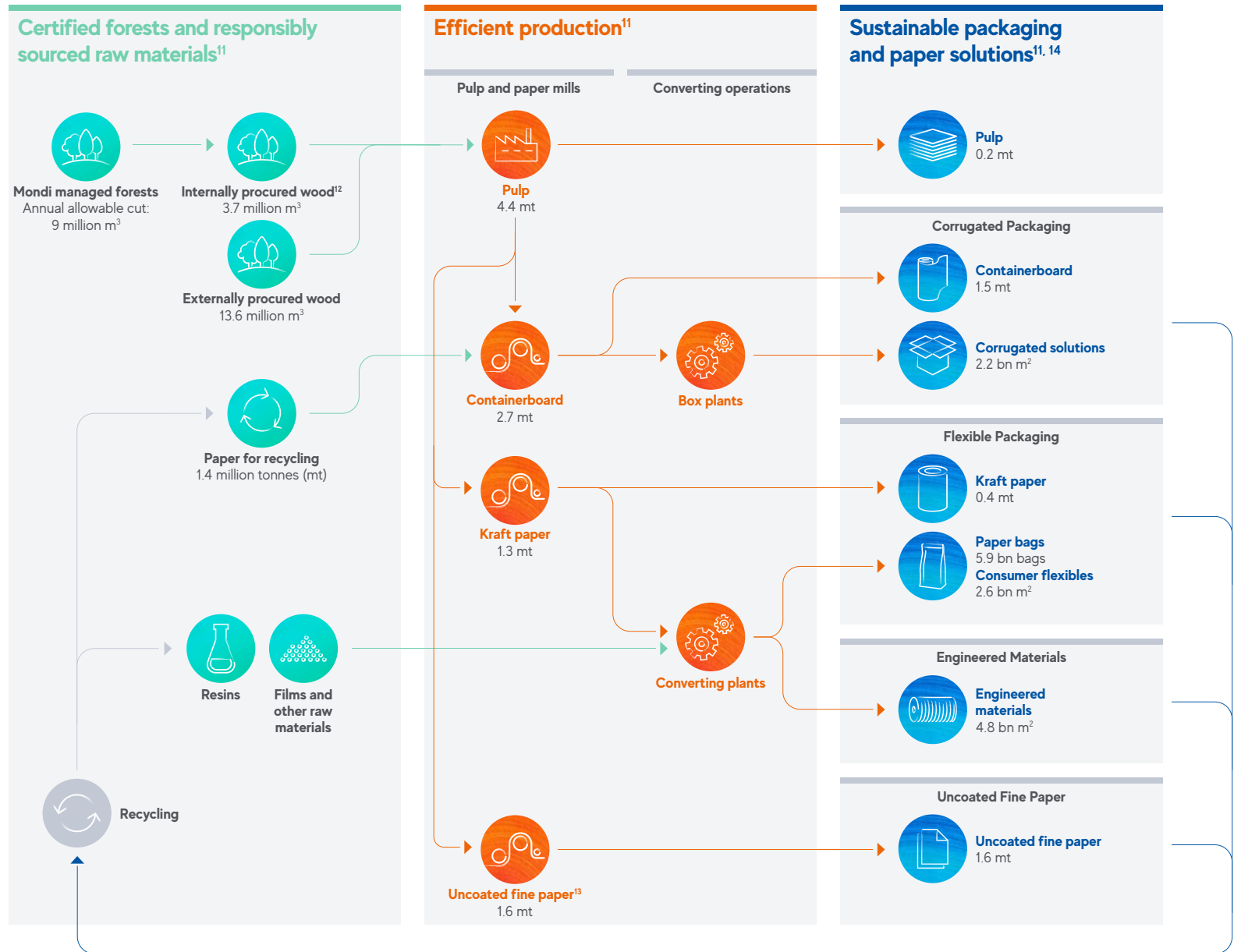
Our paper-based solutions already contribute to the circular economy. We aim to include an increasing proportion of recycled content in our plastic-based packaging solutions.

¹¹ Based on 2021 statistics

¹² Due to commercial, logistic and sustainability considerations, the wood procured from our managed forests was lower than the annual allowable cut

¹³ In addition to the 1.6 mt of uncoated fine paper, the Group also produced 0.2 mt of newsprint in 2021

¹⁴ Pulp and packaging paper net exposure. The Group also purchases pulp, packaging papers, recycled resins and other raw materials from external suppliers - see page 86 in this report for details





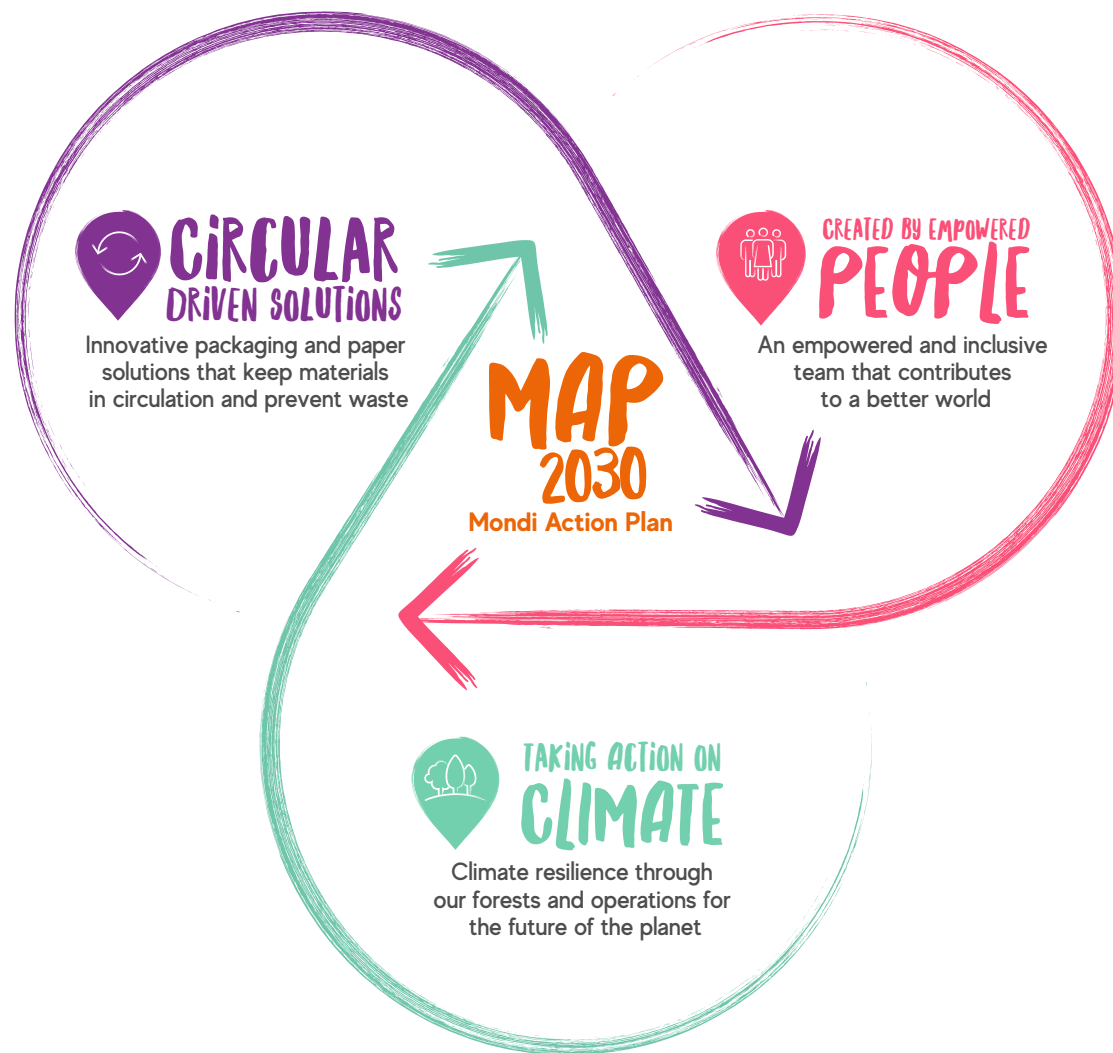
Mondi Action Plan 2030

The future of our planet depends on the choices we make today. Our new sustainability framework – Mondi Action Plan 2030, or MAP2030 – sets out the actions, targets and milestones we need to achieve to meet our ambitious 2030 sustainability commitments.

MAP2030 is built on our purpose – to contribute to a better world by making innovative packaging and paper solutions that are sustainable by design.

Our focus on circular driven solutions, created by empowered people, taking action on climate enables us to have the most positive impact through our business.

The MAP2030 section of the report covers Mondi's performance against the targets and commitments underpinning the framework.



Built on Responsible Business Practices

Business Ethics & Governance | Human Rights | Communities | Procurement | Environmental Impact



Read more about Circular Driven Solutions on [pages 24-34](#)

Read more about Empowered People on [pages 35-48](#)

Read more about Taking Action on Climate on [pages 49-67](#)

Read more about Responsible Business Practices on [pages 68-93](#)

Mondi Action Plan 2030

Developing MAP2030

In designing our new framework, we took into consideration the successes and learnings from our Growing Responsibly Model (2015–2020) as well as the issues of importance to our employees, customers, communities, investors and partners in our sector. We benchmarked our performance, consulted stakeholders across Mondi and reflected on feedback from external stakeholders through our materiality assessment and ongoing stakeholder engagements.

Having shaped the Group's MAP2030 ambition, the Executive Committee and the Board approved the commitments and targets that this was translated into. Given the strategic importance of our sustainability agenda, the Board Remuneration Committee determined that an element of the 2021 annual bonus of the executive directors (representing 20% of maximum) will be specifically allocated to objectives linked to MAP2030. More information on how Board remuneration is linked to MAP2030 can be found in the governance section of our [Integrated report 2021](#).

 For more information on MAP2030, visit our [website](#)

We conduct a materiality assessment every three years to gain input from our stakeholders on the sustainability topics that they consider to be most important. Our assessment in 2021 was a comprehensive process which used the previous outcomes of 2018 as the first step in developing MAP2030. We have used our latest materiality assessment (see [page 101](#)) and our ongoing engagement with stakeholders to inform the disclosures covered in this report.

MAP2030 is built on our purpose: to contribute to a better world by making innovative packaging and paper solutions that are sustainable by design. It comprises three ambitions focused on our products, people and planet. Each action area is underpinned by commitments and targets to guide our activities.

The three action areas are supported by a set of responsible business practices including business ethics and governance, human rights, communities, procurement and environmental impact. For each of these topics, we have established commitments and targets to guide our progress. All commitments run until 2030 and some have milestones defined for 2025, or earlier. Please find our MAP2030 commitments and targets in our consolidated performance overview (see [page 23](#)).

Seeing the bigger picture

When we internally launched MAP2030 as our new sustainability framework in January 2021, we aimed to inspire all Mondi employees across the business to take action and to see our contribution to a better world from a global perspective. We invited all employees to join an online launch event hosted by Mondi Group CEO Andrew King and Tim Peake, former International Space Station crew member. Observing our planet from above during spaceflights, astronauts and cosmonauts are able to share a special view on our planet and its fragility. Tim made us aware of the impacts of climate change and deforestation and reminded us of our responsibility to take care of where we live. Mondi colleagues from around the globe were invited to listen in and ask questions. We followed up with a variety of internal communication initiatives across the Group, including a video, discussion board

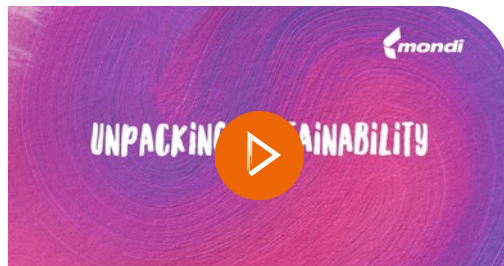
on our planetmondi intranet and a set of Frequently Asked Questions to address the whys and hows behind our commitments.

We are also developing an employee platform called 'Pathfinders' to support employees from across the Group who want to contribute to our sustainability journey. Our ambition is to inspire change and raise awareness for the actions we can all take to support our progress. We are in this together and every person has a part to play.

Pathfinders started small, with around 30 people setting out to help shape the platform and bring their ideas to life. This is just the start and we aim to scale Pathfinders as a platform across all our sites. A few early topics in focus include sustainable travel recommendations and gender inclusive language at work.

 For more information on MAP2030, watch our [launch video](#)

Below: Andrew King, CEO Mondi Group and Tim Peake, astronaut



 Watch our unpacking sustainability video [here](#)



UN Sustainable Development Goals

Business has a crucial role to play in delivering the UN Sustainable Development Goals (SDGs). These seven SDGs are strategically relevant for Mondi and demonstrate the strong link between our activities and the UN SDGs.

In 2018, we identified six UN SDGs that are strategically relevant for Mondi and in 2019 added SDG 6. These cover areas with the greatest impact on our business and where we can contribute to positive change at scale.

In determining the strategic relevance of each UN SDG, we consider both the positive and potentially negative impacts of our operations and factors – such as the significance of each goal and its sub-targets across our value chain. We evaluate the alignment of goals and sub-targets with our business activities, our ability to leverage skills and resources to help drive change, and the importance of issues to our stakeholders.

Our most recent materiality assessment has enabled us to focus, reassess and validate our contributions to the UN SDGs. Going forward, we will continue to measure our contribution to the SDGs using the MAP2030 framework.



For more information on how we report our performance against the SDGs, see our [SDG Index online](#)



SDG 12
Responsible consumption and production

Innovation in sustainable packaging and reducing plastic waste provides an opportunity to grow our business while reducing negative environmental impacts. Our manufacturing is resource-intensive and using raw materials and energy efficiently is fundamental to being a sustainable business. We engage and collaborate with partners to unlock fit-for-purpose paper- and plastic-based solutions as part of the circular economy.



SDG 9
Industry, innovation and infrastructure

We contribute to economic and social development by investing in local infrastructure, creating business opportunities and driving collaboration. Through our purpose, to make packaging and paper that is sustainable by design, we are taking a lead role in product innovation and redesign to shape the future of sustainable packaging.

SDG 8
Decent work and economic growth

We work towards a fair, safe, diverse and inclusive workplace for around 26,500 Mondi employees who benefit from good working conditions, skills development, physical and mental wellbeing, and purposeful employment. Our support for local enterprise creates wealth and employment, strengthens the local supply chain and promotes resilient communities.



SDG 6
Clean water and sanitation

Our manufacturing is water-intensive; our mills and converting operations impact on water resources through their withdrawal and use of water. Water is also used in the fibre supply chain. We manage our impacts on freshwater resources to meet rising demand for sustainable products while safeguarding freshwater ecosystems at a landscape level.

SDG 7
Affordable and clean energy

Increasing our energy self-sufficiency improves profitability and energy security and reduces carbon emissions. We invest in optimising energy and process efficiencies and replacing fossil fuel-based energy with renewable sources. Some of our mills provide electricity generated by the plant to the local municipality and the surrounding community.

SDG 13
Climate action

Our holistic approach includes protecting and improving the resilience of forests and freshwater ecosystems to enhance their crucial role in tackling the climate crisis. We support the global just transition to a low carbon economy through our science-based GHG reduction targets and our Net-Zero roadmap.

SDG 15
Life on land

We manage around 2.4 million hectares of natural forestry landholdings in Russia and 254,000 hectares of plantation forestry landholdings in South Africa.

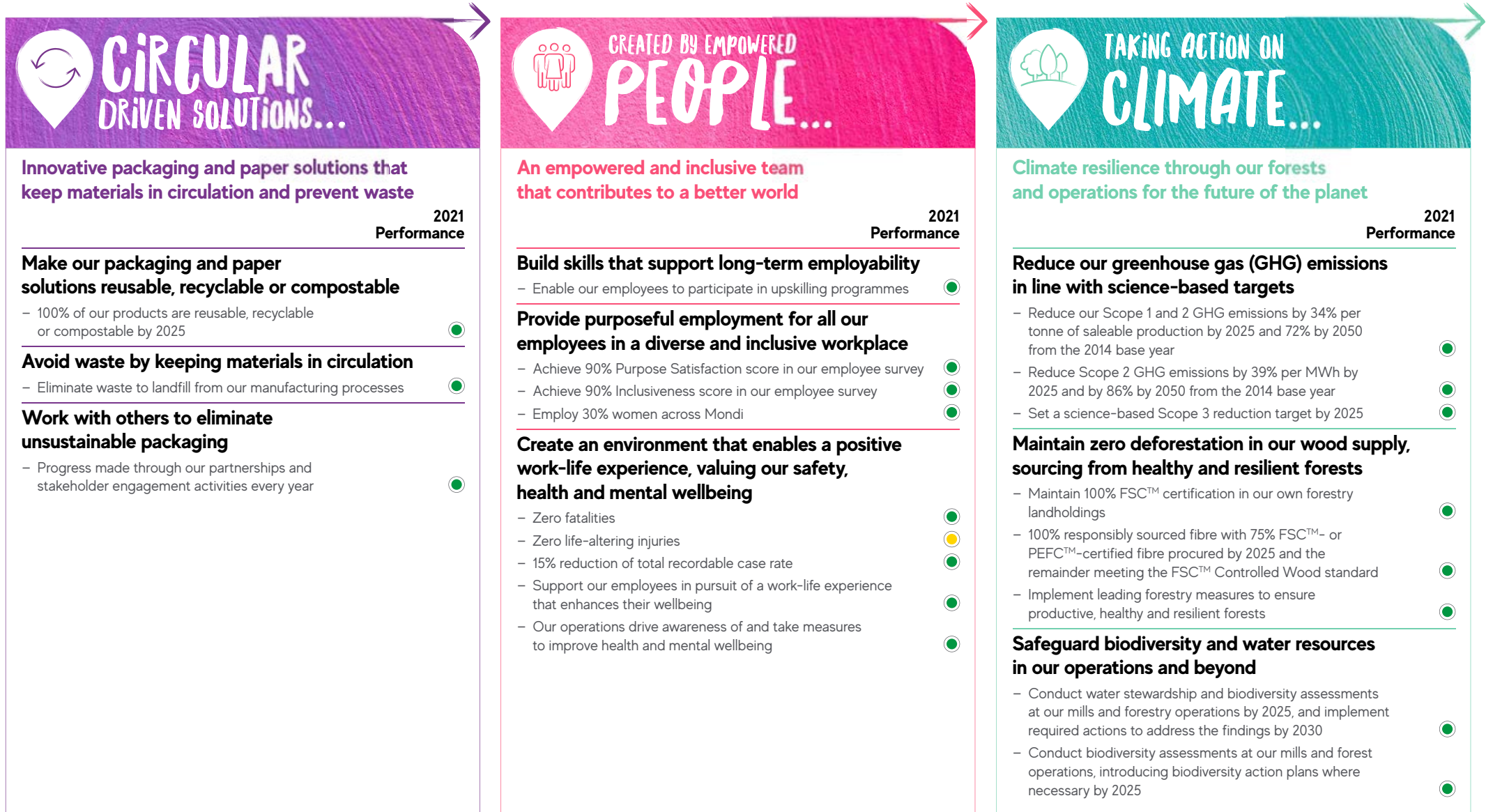
We take a leading role in developing and implementing best practices to secure the long-term productivity and resilience of production landscapes while managing conservation areas and ecosystem services to maintain biodiversity, water and other natural capital.

MAP2030

TARGETS + ACTION

2021 consolidated performance

This diagram provides a high-level overview of our performance in 2021, the first year of delivery against our MAP2030 framework.



Key
● On track ● Slightly behind target ● Not on track ○ In development

Find our consolidated performance data [here](#)



CIRCULAR DRIVEN SOLUTIONS

Innovative packaging and paper solutions that keep materials in circulation and prevent waste

Reusable, recyclable or compostable solutions	25
Keeping materials in circulation	31
Eliminate unsustainable packaging together	32



REUSABLE, RECYCLABLE OR COMPOSTABLE SOLUTIONS


Demand for sustainable products has never been higher as brands and consumers are actively seeking opportunities to contribute to a low carbon, circular economy. Our impacts occur all the way along the value chain – from raw materials to product design and end-of-life.

Commitment

Make our packaging and paper solutions reusable, recyclable or compostable


Target

100% of our products are reusable, recyclable or compostable by 2025

 On track

Linked to SDGs:



 Read more about our contribution to the SDGs in our [SDG Index](#)

Making our products sustainable by design

Leveraging our abundant expertise in packaging and paper to drive innovation in circular packaging is an exciting opportunity to grow our business, support our customers and address societal challenges such as preventing food waste, using resources efficiently, tackling climate change and eliminating plastic pollution.

Sustainability is front and centre when we design new solutions. We think carefully about materials and take a holistic approach that supports the development of sustainable systems and circular economies. Our customers look to us to innovate and guide them on the best options for circularity and reduced climate impact. This means collaborating across the value chain, using paper where possible and plastic when useful.

In 2021, a cross-functional team of experts from our business units, sustainability, innovation and commercial teams came together to develop circular driven solutions' roadmaps for all business segments to drive progress towards our new MAP2030 product commitments. The roadmaps have established a baseline for our work going forwards and unified action and implementation across the organisation. We will use them as our primary tool for tracking performance and reviewing initiatives to hit our targets and deliver real impact.

Working together with partners, we aim to unlock fit-for-purpose paper- and plastic-based solutions that support a circular economy. Our customer-centric EcoSolutions approach underlines our unique proposition and holistic view when making material choices that meet the needs of customers, consumers and society.

In addition to working towards our MAP2030 commitments, we continue to pursue opportunities to increase the use of renewable materials and recycled content as part of the transition to a circular economy. Material efficiency, product safety and avoiding food waste are also important considerations, which we aim to tackle by developing innovative new packaging using recyclable mono-materials, hybrid solutions and renewable fibre-based options to help our customers achieve their sustainability goals.


Our Product Stewardship Policy is part of the Sustainable Development Management System and supports the shift to more circular solutions.

Innovating how we make our products

Developing material and energy efficient production processes are key to drive sustainable growth. In 2021, we invested €23 million in R&D to drive deeper collaboration throughout the supply chain and improve our process technologies, energy and material efficiency to reduce our emissions and eliminate waste.

Working together with scientific and industrial partners Group R&D has developed a new conversion technology to turn biogenic residues into process energy and thereby replace fossil-based energy and related GHG emissions. Laboratory and test rig studies were successfully completed in 2021, with a pilot planned in 2022. Our Applied Science team has also developed new concepts to convert black liquor components into platform chemicals, such as phenolic resins or organic lignosulfonates. This will support a reduction of Scope 3 GHG emissions by replacing fossil-based materials.

Improving the current production processes, stability and material efficiency was the target of multiple chemical pulping and paper production projects. Several alternative raw materials for paper production were investigated in 2021, with this work continuing in 2022. Together with Graz University of Technology we continue to work on process improvements such as refining energy efficiency. We are also members of a consortium of scientists from Twente University and Aveiro University, including industry partners and machine suppliers coordinated by the Institute for Sustainable Process Technology to investigate an energy efficient pulping process based on deep eutectic solvents.¹ Our R&D project on 'Fly ash as feedstock for specialty materials' contributes to our target of zero waste by using ash as secondary raw materials.²

 [Read more in our case study here](#)



¹ <https://ispt.eu/clusters/deep-eutectic-solvents/>

² <https://pitcch.eu/challenge/fly-ash-as-feedstock-to-specialty-materials/>



REUSABLE, RECYCLABLE OR COMPOSTABLE SOLUTIONS

Making sustainable products the norm

Responding to evolving legislation

The EU Green Deal sets a roadmap towards carbon neutrality by 2050. One of the main elements is the Circular Economy Action Plan (CEAP) announced in March 2020. It contains 35 actions and includes the review and update of several pieces of legislation, all aimed at making sustainable products the norm. Most notably, this includes the Single-Use Plastics Directive (SUPD), the Packaging and Packaging Waste Directive (PPWD), the Sustainable Products Initiative (SPI) and the Initiative on Substantiating Green Claims.

These directives are inter-linked and fulfil important objectives of the Green Deal such as reducing plastic litter, setting mandatory recycling and content thresholds in packaging and expanding Extended Producer Responsibility (EPR) schemes to include packaging materials. The aim is to develop sustainable products, which keep materials in circulation, are widely accessible, eliminate waste and ensure that the environmental metrics used to describe products are uniform across the EU. This will reduce greenwashing and help to guide consumers to the most sustainable options. Key challenges that remain are the lack of harmonisation of collection, sorting and recycling guidelines across countries and regions as well as evolving EPR fee modulation. Changing fees paid by producers in a collective EPR scheme based on the environmental performance of products, while potentially adding complexity, can incentivise eco-design and be a driver of upstream innovation.

Food hygiene and product safety

We must comply with product safety laws and our products are subject to increasingly stringent regulation and testing to maintain safety, hygiene, and quality standards. The Mondi Group Food Safety Laboratories in Graz and Frantschach (Austria) support the business to develop smart, customised packaging solutions that are optimised for food contact. Our expertise in sourcing safe and sustainable materials for innovative products offers significant value to customers. We assess more than 10,000 chemical parameters every year with a key focus on how packaging interacts with packaged goods, depending on the intended application (dry, wet, fatty or frozen foodstuffs, or foods handled at ambient conditions or microwave heated).

The Mondi Group Food Safety Laboratory³ is accredited for the detection of mineral oil-based hydrocarbons in recovered paper and paper-based packaging and the detection of overall gas phase migration of paper and paper-based materials. The Mondi Group Food Contact central database contains internal and external data on products and raw materials, suppliers and regulatory requirements to ensure compliance of our products.

Third-party hygiene audits are conducted for all operations that hold a hygiene management certificate. All Mondi food contact packaging sites need to fulfil the Good Manufacturing Practices (GMP) Guidance. These are ongoing measures designed to ensure an effective overall approach to product quality control and risk management.

Of the 76 sites in scope in 2021, 86% were certified to a recognised food hygiene standard (2020: 85%).⁴ All product categories including products for the food industry have been assessed for safety and health.

Product quality key to reducing waste

The results from our latest customer satisfaction survey clearly highlighted product quality as a high priority for our customers. While almost 60% of respondents associated the term 'sustainability' with Mondi, when selecting a supplier they rated product quality, value for money and delivery lead times of higher importance. We believe sustainability will continue to increase in importance to our customers in future, and there is clear link to providing high quality products to our customers.

Our first-time-right approach to quality taps into this customer focus and contributes to our MAP2030 commitments. It helps to ensure we produce and deliver the right products first time to our customers that meet the specification of their intended use without the need for reworking. Avoiding such disturbances reduces the consumption of materials and resources and reduces avoidable waste.

Read more in our first-time-right case study online [here](#)

Evolving our Sustainable Products Criteria (SPC)

Innovative design is an important catalyst for change. Over 10 years ago, we defined six Sustainable Products Criteria (SPC) that reflect all stages of the value chain and represent the parameters we consider when we develop sustainable products. These criteria still hold true today but have evolved to reflect the priorities of our customers and changing regulatory requirements. We are evaluating our SPCs and harmonising them with our MAP2030 roadmaps. The outcomes will guide future progress across our businesses to innovate and develop more sustainable products and solutions. Read about our Sustainable Products Criteria online [here](#).



³ Accreditation Austria ID 0404

⁴ The food hygiene standards that Mondi's operations are certified against include: ISO 22000, EN 15993, BRC, HACCP and AIB



REUSABLE, RECYCLABLE OR COMPOSTABLE SOLUTIONS

Assessing our impact

Target: 100% of our products to be reusable, recyclable or compostable by 2025

We are committed to making innovative packaging and paper solutions that keep materials in circulation and prevent waste, in line with a circular bioeconomy. We joined the Ellen MacArthur Foundation's New Plastics Economy initiative⁵ in 2018 and committed to work towards eliminating plastic pollution and creating 100% reusable, recyclable or compostable plastic packaging by 2025. This commitment was reinforced in 2019 as part of The Global Commitment⁶ and included a target to have 25% post-consumer recycled content in our plastic packaging by 2025 (see [page 33](#)).

With MAP2030, we have extended the commitment to having 100% of our products reusable, recyclable or compostable by 2025 to all Mondi products. This is an ambitious commitment and we don't have all the answers yet, but the direction is clear. We will continue to collaborate with others across the value chain to find solutions that are sustainable by design to make this commitment a reality.

Creating global roadmaps for circular driven solutions

We have developed a new 'Path to circularity' scorecard to assess the circularity of our portfolio considering a sustainable end-of-life – reusable, recyclable or compostable – and determined our overall baseline across all product groups.

Every business segment applied these definitions and developed roadmaps in 2021 with outlook projections based on existing and planned initiatives.

This process involved five steps:

1. Analysis of the current portfolio including alignment on definitions of reusable, recyclable and compostable solutions
2. Establishing baseline performance and quantifiable targets for 2025
3. Identifying relevant initiatives for portfolio or product development
4. Mapping initiatives against MAP2030 targets to analyse gaps and set priorities
5. Track and communicate performance via existing internal reporting cycles

The resulting roadmaps provide a harmonised approach for measuring the end-of-life sustainability of our entire portfolio and tracking improvements in the use of renewable and/or recycled content in our products and solutions.

Understanding product impacts and trade-offs

Mondi is uniquely positioned to offer a wide range of high-performance paper-based, flexible plastic and hybrid packaging products. As we evolve our portfolio and develop more circular solutions, we must consider the trade-offs between different sustainability considerations across the whole value chain and product life cycle.

To do this, we take a life cycle-based approach. Our Product Impact Assessment (PIA) tool calculates the life cycle impacts of plastic- and paper-based products. It has been actively employed to meet customer requests for information on the climate and water impacts of our products. The PIA tool complements our Product Carbon Footprint (PCF) tool for paper-based products which was introduced in 2012 and is based on Ceperi's 10 Toes methodology.⁷ To enable comparison of relevant pulp and paper products across different suppliers, we also offer Paper Profiles⁸ – a uniform environmental product declaration offered by roughly 19 European pulp and paper companies. In 2021, we carried out 86 PIA and 238 PCF assessments.

Mondi's path to circularity scorecard

For a Mondi product to be deemed circular, it has to have a sustainable end-of-life. The below table sets out our defined parameters applied across our portfolio of packaging and paper solutions.

Sustainable end-of-life

(Recyclable and/or compostable and/or reusable)

Paper	<p>Recyclable: >80% paper content^a</p> <p>Unacceptable: PVDC, Wax coating, Aluminium foil, Fluorochemicals, Adhesives which plasticise, Permanent wet strength, Silicon, 2-sided polymer coating</p>
Plastic	<p>Recyclable: >80% PE or PP (mono materials), PO (mixed PE and PP)</p> <p>Unacceptable: PVC, PVDC, PET^b, PA, Aluminium foil, Biodegradables</p> <p>Unacceptable above 5%: Other polymers^c (EVOH, PVOH, acrylic, etc.)</p>
Biowaste	Compostable: In accordance with EN13432
	Reusable: Solutions designed for reuse for the same purpose as it was conceived

Recycled and/or renewable

We are also focused on increasing the usage of renewable materials and recycled content across our portfolio. To monitor progress, the thresholds defined below guide our classification when a product is considered to be made of recycled content or from renewable content.

Paper	Recycled content	≥51% ^{c,d}
	Renewable content	≥60%
Plastic	Recycled content	≥30% ^d
	Renewable content	≥30%

a. Paper content includes fibre, fillers and binders b. Unacceptable as co-material with polyolefins c. >15% for glassine, since larger share is not available d. Includes industrial, post consumer and chemical recycled content e. Should not interfere with recycling processes

5 <https://ellenmacarthurfoundation.org/topics/plastics/overview>
 6 <https://ellenmacarthurfoundation.org/global-commitment/overview>
 7 <https://www.cepi.org/wp-content/uploads/2021/02/ENV-17-035.pdf>
 8 <https://paperprofile.com>



REUSABLE, RECYCLABLE OR COMPOSTABLE SOLUTIONS

Building capabilities and understanding

Assessing impacts across the product life cycle

Given the complexities of Life Cycle Assessments (LCAs), critical reviews are essential to assure reliable, objective and trustworthy data. Such reviews provide a critical process that ensures objectivity if the study conforms to the requirements of ISO 14044; if methods, data and interpretation are appropriate and if the study report is transparent and consistent. ISO 14044 requires critical review of all LCAs that support a public claim in comparison to another product.

In 2021, we launched an ISO-compliant LCA study for our Advantage StretchWrap speciality kraft paper including a critical review by an expert panel.

The Advantage StretchWrap study compared our paper-based pallet-wrapping solution with conventional plastic stretch film. It found that our product (per pallet) has a 62% lower climate change impact than plastic stretch film and a 49% lower climate change impact compared to plastic film with 50% recycled content. Advantage StretchWrap has a lower environmental impact than plastic across several categories, performing well in indicators including climate change, water use and fossil resource use. However, plastic stretch film performs better in some categories including land use, fresh water, marine and terrestrial eutrophication and ozone depletion. This example illustrates some of the sustainability trade-offs that must be considered as we test new innovations and develop more circular solutions.

 For more details on the LCA results, [click here](#)



“Mondi carried out the evaluation of its newly developed product by means of life cycle assessment and by subjecting it to a critical review process. The results provide the company with powerful and reliable information for decision-makers.”

Gudrun Obersteiner,
University of Natural Resources and Life Sciences,
Vienna and chair of the LCA review panel

Training employees on sustainable practices

We need all our people – from commercial and marketing experts to technical product engineers and innovation teams – to understand the challenges we need to overcome to meet our MAP2030 commitment and work together to find solutions. In 2021, we offered 30 training sessions on sustainability-related topics to build capabilities and understanding across these functions. 2,780 participants took part in training designed to provide a greater level of understanding of our sustainability approach and deep dives on specific topics. Hot topics included climate change and science-based targets, biodegradability versus compostability, recycling collection systems, design for recycling guidelines and sustainability certificates and labels. Sessions were recorded and made available on demand to all employees via our intranet, planetmondi.

Closing the loop on shopping bags and packaging material

We collaborate with retailers to close the loop on their own waste. We have started using retailers' corrugated waste to produce an EcoVantage recyclable shopping bag which can be used multiple times. In March 2021, we launched the innovation with Tesco Central Europe as part of its commitment to make its packaging 100% recyclable by 2025. Since then, we have seen strong market interest with implementation now underway with REWE Group in Austria and Germany among others.

The use of fresh fibre in combination with recycled fibre has multiple benefits. EcoVantage combines the strength, printability and appearance of a fresh fibre layer with the sustainability advantages of a recycled fibre bottom layer.

ThinkBox for expert collaboration in corrugated packaging

In 2021, we opened three new customer engagement centres in Germany, the Czech Republic and Turkey for corrugated packaging customers. Called 'ThinkBox,' these centres offer services to support customers in their quest for more sustainable packaging. In a ThinkBox, the customer is supported by a trained facilitator and a dedicated Mondi design expert to move quickly from exploration to concrete packaging solutions. Our testing facilities also allow for instant proof of concept exercises for new and improved prototypes.

 [Read more here](#)



“Our target is to make our own brand packaging 100% recyclable by 2025 and to reduce packaging wherever possible. It is exciting that we are able to close the loop by recycling our operational paper waste and use the recycled fibres in our shopping bags.”

Jaroslav Vodáček,
Lead Packaging Manager for Central Europe, Tesco



REUSABLE, RECYCLABLE OR COMPOSTABLE SOLUTIONS

Our EcoSolutions approach - using paper where possible, plastic when useful

Les Crudettes - functional barrier paper for salad packaging

The French salad brand, Les Crudettes, has replaced its transparent glossy polypropylene (PP) packaging with Mondi's recyclable functional barrier paper for a selection of its pre-washed, ready-to-eat salads. The new packaging is 95% paper with a functional barrier layer, meaning the salad remains fresh for up to 10 days - the same amount of time as with the previous plastic packaging. It is verified as recyclable in the wastepaper stream in France by the Recycling Authority (Cerec). In the context of this solution, Mondi operates across the entire product value chain - from sustainably managed forests to producing pulp and kraft paper, applying the coating and printing the final material. We worked closely with LSDH Group and its machine supplier, Ilapak, to ensure the new packaging is fit-for-purpose and can run on existing machines.



Colman's Meal Maker - zero aluminium and 85% paper-based

Mondi and Unilever have jointly developed a recyclable, paper-based packaging solution for Unilever's Colman's brand to eliminate aluminium and reduce the amount of plastic used. Colman's Meal

Makers will now be protected with aluminium-free paper-based packets that ensure high barrier protection and recyclability in the UK paper waste stream. The new packaging solution has 85% paper content and an ultra-thin functional plastic layer that seals the packaging and provides barrier protection. Mondi and Unilever's R&D teams identified this layer as the minimum acceptable protection needed to ensure a long shelf life while maintaining quality and reducing food waste.

MailerBAG - expanding our range of plastic-free eCommerce packaging

We are supporting customers in the growing eCommerce market by extending our innovative paper-based MailerBAG range. The MailerBAG is fully recyclable in existing paper waste streams and replaces plastic packaging. MailerBAGs protect products without transporting too much air due to their flexible properties, meaning less space in storage and transit. Investments in our European plants mean we will be able to deliver approximately 350 million paper bags per year for the online retail industry, responding to strong growth and customer demand for paper-based packaging in eCommerce.



When used to replace standard plastic mailers, this scale-up in production has the potential to substitute approximately 7,000 tonnes of plastic per year.



WalletPack - recyclable and reclosable to prevent food spoilage

After two years of joint development, gourmet food producer, Bell Germany, launched a new mono-material recyclable WalletPack in March 2021 for over 30 of its Serrano, Prosciutto and Savoy sliced ham products. The Mondi WalletPack operates as a folder

and features a re-close function to prevent food spoilage while providing excellent protection for thinly sliced deli meats. The new solution replaces a non-recyclable multi-material plastic solution and uses 37% less material compared to standard modified atmosphere packaging. The lightweight solution also reduces plastic waste for Bell Germany by 35 tonnes a year, lowers waste disposal fees and meets the design for recycling guidelines of leading retailers. It has been verified by the German institute cyclos-HTP as 93% recyclable.

MonoCorr Box for Warmhaus - eliminating polystyrene

We have designed a fully recyclable corrugated packaging solution for Warmhaus, a producer of boilers and radiators, which eliminates the use of expanded polystyrene plastic foam (EPS). EPS is a white foam plastic material produced from solid beads of polystyrene which is not recyclable in Turkey and has low recycling rates in other southern European countries. The new packaging has also increased pallet efficiency with 20% more products shipped per truck, delivering lower emissions through reduced transport.



"We are sensitive to energy saving and protecting the environment during production, and in our product packaging. We replaced problematic rigid foam products with a sustainable, corrugated cardboard packaging that also offers many advantages, such as product protection, safe transportation at low cost, and storage."

Fatih Aydın,
Purchasing Unit Leader, Warmhaus



REUSABLE, RECYCLABLE OR COMPOSTABLE SOLUTIONS

Reflections and outlook

From Green Range to Green Spirit

Our Uncoated Fine Paper (UFP) business has undergone a strategic re-positioning of its Green Range in 2021. Green Spirit is how we connect to our uncoated fine paper customers and share insights and guide them on relevant product sustainability topics. Green Spirit stands for the conviction that our actions, and those of our customers, can bring about change. This also includes choosing the right paper.

As part of the Green Spirit, UFP's product sustainability roadmap encompasses the Cradle to Cradle Certified® Products Program.⁹ It is a global standard that makes it easy for our customers to find and purchase sustainable products contributing to circularity. Mondi's wide uncoated fine paper portfolio from our mills in Austria, Slovakia and Russia is Cradle to Cradle Certified® at the Bronze level. Mondi Neusiedler (Austria) has offered CO₂ neutral papers for more than a decade, and in 2021 extended its offering to include PERGRAPHICA® premium design paper, with a range of other paper products optionally available CO₂ neutral.

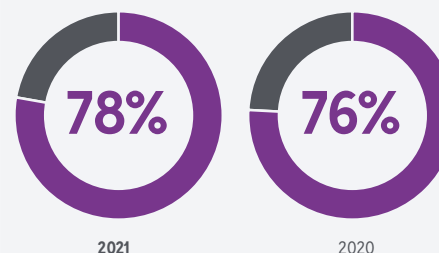
Performance against our target

We made great strides in 2021 to develop a comprehensive and harmonised Group-wide approach to drive and report on progress towards our commitment. Collaboration has been crucial as business teams developed Circular Driven Solutions roadmaps and linked their developmental and R&D initiatives to the MAP2030 commitment of 100% reusable, recyclable or compostable paper and packaging solutions by 2025.

78% of our portfolio of packaging and paper solutions are reusable, recyclable or compostable today (based on our revenue) and we have a clear view of where the opportunities lie to make further progress across our portfolio. Our 'Path to circularity' scorecard also considers the portion of our portfolio that is based on renewable materials (switching from plastic to paper or from fossil-based resins to bioplastics) and use of recycled content.

 Find our consolidated performance data [here](#)

Reusable, recyclable or compostable products (% of Group revenue)



What's next?


- For those products where we already have sustainable alternatives, we will engage with customers to drive the transition and replace unsustainable packaging in use today
- For some products of our portfolio currently without a sustainable end-of-life, we will target innovation and R&D to develop alternative solutions, leveraging existing infrastructure and technology
- For a small portion of our portfolio where there is no sustainable alternative identifiable today, we will support development and scaling of suitable collection, sorting and recycling infrastructure

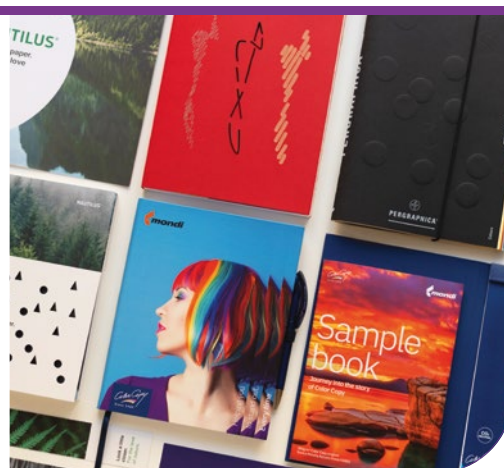
Reflecting on 2021

This is the first time we have set a Group-wide sustainability commitment related to our products and we recognise it is an ambitious target. It is an exciting opportunity to drive innovation and creativity across our businesses. To establish a harmonised approach and effectively consolidate and track progress, we needed to complete a comprehensive mapping of definitions used by industry associations, legislators and brands. This involved extensive stakeholder engagement with representatives of our paper- and plastic-based businesses and external industry experts.

Achieving Cradle to Cradle Certified® Bronze for uncoated paper products

Cradle to Cradle Products Innovation Institute acknowledges Mondi's contribution to a circular economy through products that positively impact people and planet.

 Read more about this certification [online](#)



⁹ Cradle to Cradle Certified® is a registered trademark of the Cradle to Cradle Products Innovation Institute

KEEPING MATERIALS IN CIRCULATION

Avoidance of waste starts with product design and the selection of raw materials. It also depends on how we make our products and reuse waste at the end of production processes to create secondary raw materials. We see 'waste' as a resource in the wrong place and we work with industry partners to unpack new opportunities.

Commitment

Avoid waste by keeping materials in circulation

Target

Eliminate waste to landfill from our manufacturing processes

● On track

Linked to SDGs:



Read more about our contribution to the SDGs in our [SDG Index](#)

Secondary raw materials to generate value and avoid waste

We are committed to keeping materials in circulation. We focus first on avoiding waste and then on reusing or recycling unavoidable waste generated in the manufacturing of our products. As a result, we have reduced our waste to landfill significantly in recent years. We work closely with partners including customers and suppliers, NGOs, and think tanks such as the New Plastics Economy initiative, to avoid waste across the value chain.

Target: Eliminate waste to landfill from our manufacturing processes

Instead of incinerating renewable by-products from pulp production, we can sell biomass-based chemicals (e.g. tall oil) as a substitute for fossil fuel-based materials (read more [online](#)). Another example is the ash from our bark boilers which is used as secondary raw material in the production of cement and bricks (see case study on [page 74](#)).

Performance against our target

In 2021, we reduced Mondi Group's waste to landfill from our manufacturing processes by around 33,500 tonnes. This is equivalent to a 22% reduction of specific waste to landfill (per tonne of saleable production) against a 2020 baseline. This reduction was driven by the start-up of a reclamation project for a second sludge pond at Syktyvkar (Russia) and the modernisation of the sludge dewatering unit at Richards Bay (South Africa).

Read more on our environmental performance on [page 69](#)

Find our consolidated performance data [here](#)

Reflecting on 2021

Our manufacturing sites, R&D and innovation teams, environmental managers and sustainability experts are working together to identify opportunities to achieve our ambitious target. Through MAP2030 working groups, we provide regular updates on our progress and encourage collaboration across the Group.

In 2021, we were awarded with a slot in the EU PITCCH project which supports our journey to identify new technologies and customers to valorise the fly ash from recovery boilers at our mills. Fly ash consists of sodium sulphate and carbonate and can mostly be recycled on-site. However, around 2% of our fly ash – about 3,000 to 6,000 tonnes per annum – contains small amounts of minor contaminants such as dirt particles and chlorides which prevent on-site recycling. We are collaborating with partners to identify ways to use the fly ash in advanced materials.

What's next?

- We are exploring options to further utilise renewable by-products from the kraft pulping process, such as lignin from black liquor and Eucalyptol extraction. These have potential to create new revenue streams while avoiding GHG emissions and reducing our waste.

Unpacking the opportunity to use fibre residue for soil improvement

The wastewater sludge from our pulp mill at Kuopio (Finland) was used in landscaping. Recently we worked with Soilfood, a manufacturer of soil improvement products for agriculture, to investigate whether it can be used for soil improvement. Comprehensive testing has been conducted to investigate if the nutrients contained in our fibre sludge are suitable to improve soil quality. This allows the nutrients to be recycled as fibres in the sludge to prevent the washout of the nutrients to the water systems. In 2021, we were able to utilise around 39,000 tonnes of wastewater sludge as a soil improvement product.



"I am proud that we have been able to convert our waste to a material that contributes to a better soil quality."

Juha Koukka,
Managing Director, Mondi Kuopio





ELIMINATE UNSUSTAINABLE PACKAGING TOGETHER


The changes needed across the value chain to address unsustainable packaging require designing products for recycling, developing harmonised approaches and improving waste separation, collection and recycling. We support customers, retailers and brands to adopt more sustainable packaging options and teach consumers about the best way to dispose of packaging at end-of-life.

Commitment

Work with others to eliminate unsustainable packaging

Target

Progress made through our partnerships and stakeholder engagement activities every year

 On track

Linked to SDGs:



Read more about our contribution to the SDGs in our [SDG Index](#)

Collaborating across the value chain

Sustainability lies at the centre of our strategy to drive value accretive growth based on the belief that being part of the solution to unsustainable packaging will secure the long-term success of our business. The circularity of products is a complex and evolving topic that spans the entire value chain, multiple industries and many different stakeholders. No single organisation can solve the sustainability challenges our industry faces – we must work together through industry associations and cross-value chain initiatives to eliminate unsustainable packaging, drive innovation and promote circular solutions at scale.

We leverage our R&D centres and work with partners and customers to create innovative, sustainable packaging and paper solutions that are designed for recycling or compostability at end-of-life. Around 80% of our business is fibre-based with the remainder mainly comprising flexible plastic packaging solutions. The main impacts of fibre and plastic occur at opposite ends of the value chain. For plastic, the greatest concerns include the end-of-life impacts of plastic pollution in the environment and oceans. For fibre, the biggest impacts are at the start of the value chain during harvesting of wood and fibre.

We direct our attention and resources towards partnerships along the value chain which will enable us to drive progress. Our Sustainable Development Committee and Executive Committee review our key engagements and partnerships annually and evaluate the progress we are making.



We engage with a wide range of stakeholders to drive positive change and eliminate plastic waste in the environment. We are supporting the transition to a circular economy through collaboration with initiatives like the World Business Council for Sustainable Development (WBCSD) Forest Solutions Group, 4evergreen, CEFLEX, Flexible Packaging Europe and the Ellen MacArthur Foundation's Global Commitment initiative.

Target: Progress made through our partnerships and stakeholder engagement activities every year

The extensive engagement we carried out to develop our MAP2030 commitments identified a clear need for a target on partnerships to underline the essential contribution of collaboration to unlocking the opportunities of a circular economy to drive change at scale. We have developed a roadmap for delivering this target based on a qualitative review of key engagements including continued engagement with existing partners and potential new partnerships.



ELIMINATE UNSUSTAINABLE PACKAGING TOGETHER

Working together to drive change



4evergreen
perfecting circularity together

Developing the fibre-based value chain

We have continued to participate actively in 4evergreen, a cross-value chain alliance hosted by Cefi to boost the role of fibre-based packaging in a circular economy and a climate neutral, sustainable society. The goal is to raise the overall recycling rate of fibre-based packaging to 90% by 2030 with a focus on packaging types that have a low current rate of recycling, in particular household and on-the-go food packaging. By the end of 2020, the recycling rate of fibre-based packaging in Europe was already at 82.3%.¹⁰

Over 90 members are now involved, ranging from waste sorters and recyclers to non-fibre material suppliers, manufacturers and consumer brands. There are four technical workstreams developing: a recyclability evaluation protocol looking at what is best practice for recycling systems in different regions; designing for circularity guidelines; guidelines for improved collection and sorting; and innovation. Mondi is actively participating in all workstreams.

In 2021, the new 'Circularity by Design' guideline for fibre-based packaging was developed along with guidelines for improved waste collection and sorting. First outcomes are expected to be published in 2022.



**Global
Commitment**

Partnerships for circular plastics

We signed up to the Ellen MacArthur Foundation Global Commitment in 2018, committing to achieve 100% reusable, recyclable or compostable plastic by 2025. The threshold used by the Ellen MacArthur Foundation to prove recycling or composting works 'in practice and at scale' is a 30% recycling/composting rate achieved across multiple regions, collectively representing at least 400 million inhabitants. By using this definition, Mondi has not reported progress on its recyclability metric. However, we reported 28% of our plastic packaging as designed for recycling based on the CEFLEX guideline. We have focused our product development on structures that contain 30%–50% post consumer resin (PCR), as requested by relevant customers and in support of our Global Commitment target to have 25% of plastic packaging from recycled content (where it does not compromise functionality or food health requirements). For example, we have a project using mechanically-recycled PCR for non-food and another using chemically-recycled resin for food packaging to comply with food safety requirements. We are collaborating with petrochemical companies to explore chemical recycling and mass balance certifications like ISSC Plus. Six Mondi sites were ISSC certified in 2021. The main challenges remain a lack of consistent quality of mechanically recycled PCR and lacking availability of chemically recycled PCR-based polyolefin. Acceleration of product development and growing the share of chemically recycled packaging material will require more industry investment to increase the volumes available and lower the significant price premium for this material. The 2021 Global Commitment Progress Report is available [here](#).



Advocating for flexible packaging

FPE plays an advocacy role for the European flexible packaging industry at a regional and international level. FPE deals with a wide range of issues relevant to the flexible packaging industry, most notably food contact, sustainability and environmental issues. In 2020, FPE launched its vision for flexible packaging in a sustainable Europe. The vision establishes four main goals which are: 1) designing flexible packaging for full effectiveness and minimum environmental footprint; 2) circularity for flexible packaging; 3) zero tolerance of leakage and littering into the environment; 4) and speeding up progress with cooperation. We have been a member of FPE's sustainability committee since 2004. In collaboration with FPE and other industry partners, we are contributing to the development of the PEF Product Category Rules for flexible packaging with a supporting study.



For industry insights from our partners 4evergreen and FPE, see [page 14](#)



A circular economy for flexible packaging

Our long-term engagement with CEFLEX, a pan-European multi-stakeholder consortium with over 180 members, continues to evolve. CEFLEX is working to make all flexible packaging in Europe circular by 2025. We are participating in three of the seven work streams: design guidelines, sustainable end markets and facilitating technologies.



Towards a circular economy for labels

We joined Circular Economy for Labels (CELAB) in 2020 to facilitate collaboration to enable the recycling of self-adhesive labels. CELAB is an industry-led cross-value chain initiative founded by companies in the self-adhesive label industry to create greater circularity for its products. CELAB has three branches: EU, North America and Global and is continuing to consider expansion in other regions. We are active on the Board of CELAB Global and engaged in technical work streams in Europe and North America addressing data mining, logistics and recycling solutions.

¹⁰ Source: Eurostat, <https://ec.europa.eu/eurostat/databrowser/view/ten00063/default/table>



ELIMINATE UNSUSTAINABLE PACKAGING TOGETHER

Reflections and outlook

Developing more sustainable packaging with the World Food Programme

In February, we announced a three-year, US \$1 million partnership with the World Food Programme (WFP). Our aim is to improve quality standards for the WFP's packaging while minimising environmental impacts by drawing on Mondi's leading packaging expertise and financial contribution.

The WFP works to end hunger and help communities achieve food security. Fit-for-purpose packaging plays a crucial role in delivering nutritious food over a long and complex humanitarian supply chain while reducing food waste and environmental impacts.

Our extensive packaging capabilities and R&D infrastructure will enable the WFP to explore sustainable packaging solutions without compromising on essential functionality in different climates.

This is critical to their operations. Over the next three years, we will develop robust and effective guidance for WFP's global network of food manufacturers and local suppliers looking specifically at the effectiveness of WFP packaging (corrugated solutions and flexible packaging) to reduce food loss while aiming to help reduce WFP's environmental footprint. We will also share insights with the wider humanitarian community.



For more details on our partnerships and collaborations, see our [Stakeholder Engagement Index](#)

Note: WFP does not endorse any product or service.



"Each year, the World Food Programme reaches more than 100 million people with life-saving, life-changing food and other assistance. Working across the globe in often difficult environments, we rely on dedicated partners like Mondi to help create innovative solutions to the complex challenges we face every day."

Tim Hunter,

Director of Private Sector Partnerships and Fundraising, WFP



Promoting transparency to drive meaningful change

We support and participate in a wide range of external benchmarking initiatives to promote transparency and improve our performance. CDP is a global disclosure system which drives transparency of companies' climate change, deforestation and water security impacts. In 2021, Mondi was just one of just 14 companies from over 13,000 who were rated to achieve a 'Triple A' rating across all three CDP reports. EcoVadis is a platform that enables companies to assess the environmental and social performance of their suppliers. We have a platinum rating and have consistently scored in the top 1% globally for five consecutive years.

Performance against our target

Our performance is not about the number of engagements but the quality of those engagements and the impact they achieve. It can be challenging to get agreement and drive progress in forums involving many different organisations operating across the value chain, but we are seeing progress. We remain committed to sharing our expertise and enthusiasm to unlock new opportunities for our business and our industry, ultimately to benefit the whole of society.

Reflecting on 2021

This past year has shown that innovation and collaboration are thriving, despite ongoing travel restrictions due to COVID-19. Consumers and brands are looking for more sustainable solutions and we can catalyse systemic change at scale by working together across the value chain. Brands want to offer their customers low carbon, recyclable and renewable solutions. Manufacturers need to make this part of the design process.

And as innovation drives new solutions to reduce our dependency on fossil fuels, waste collection, sorting and recycling streams must evolve to capture materials and make them useable again in a circular system that eliminates waste. Last but not least, governments must support the transition by providing a regulatory environment that incentivises and rewards companies who act on climate and offer sustainable solutions.

Forests were a key part of the agenda at COP26, the United Nations Climate Change conference held in November 2021. We saw widespread calls for nature-based solutions to climate change and will continue to explore opportunities to develop and promote best practice with our partners. The 'business pavilion' at COP reflected the increased recognition that public, private and voluntary sectors must each do their part and work together to tackle drivers of climate change, protect our natural resources and eliminate waste.

What's next?

- Continue with our key engagements to drive progress towards eliminating unsustainable packaging, particularly through our multi-stakeholder and cross-value chain collaborations
- Support the drive to develop more harmonised approaches to collection, sorting and recycling across countries and regions
- Use insights from our internal benchmarking to develop innovative, sustainable alternatives to products that are not recyclable or compostable at scale today and to encourage our customers to make the transition to circular driven solutions



CREATED BY EMPOWERED PEOPLE

An empowered and inclusive
team that contributes
to a better world

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UPSKILLING FOR LONG-TERM EMPLOYABILITY

With around 26,500 people working in over 30 countries, we need to inspire a global workforce and enable them to develop the skills they need now and in the future. We aim to be an employer of choice by engaging and developing our people to realise their unique potential. This is how we support long-term employability and empower our business to succeed. To do this, we anticipate and respond to the changing requirements of society and our industry by creating upskilling programmes which support the personal growth of every Mondi employee.

Commitment

Build skills that support long-term employability

Target

Enable our employees to participate in upskilling programmes

● On track

Linked to SDGs:



Read more about our contribution to the SDGs in our [SDG Index](#)

Digitalisation, automation and augmentation will shape the future workplace and we must understand what capabilities are missing based on what we know about how jobs will change. For example, some manual jobs will be transformed through automation and digitalisation. We are developing skills programmes that enable everyone to build the understanding and capabilities we need to deliver value sustainably, now and in the long term.

Leveraging the power of our employees

To progress against our MAP2030 commitments, we established a cross-functional working group to examine current practices and identify desired behaviours, barriers and enablers. These defined activities, frameworks and processes informed our roadmap for reaching our MAP2030 commitments.

By identifying critical roles in our operations and focusing on succession planning, we can support the long-term success of our business in light of digitalisation, technological developments, external labour market scarcity and skills shortages. We use this understanding to create targeted programmes to enable employees to acquire and develop new skills to meet our strategic targets and support individual career paths.

Many operations also offer local training and development options dedicated to the needs of their employees and businesses.

The individual learning journey of each employee is supported with diverse learning opportunities that are continually refined based on business need, employee feedback, best practices, trends and new technologies. Our aim is to develop high-performing and mobile employees and we use development centres and behavioural assessments to help tailor their individual development.

Individual Development Plans (IDP) are a tool for employees to reach their short and long-term goals by defining a development path according to individual needs.

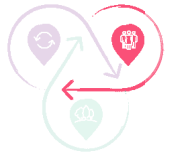
Mentoring and coaching also play an important role in personal and professional development at Mondi. Transparency, assessment and feedback is key to supporting personal development. Performance and Development Reviews (PDRs) and 360° feedback enable people to understand how their behaviours are perceived and identify strengths and areas for improvement.



“We are facing increasing competition for talent. We need to become super attractive with the clear purpose to create solutions that are sustainable by design.”

Thomas Ott,
CEO, Flexible Packaging and Engineered Materials





UPSKILLING FOR LONG-TERM EMPLOYABILITY

Building skills for the future

Target: Enable our employees to participate in upskilling programmes


With changes in digitalisation and technology, we are evaluating which jobs are at risk due to automation, augmentation or other significant technological changes. This understanding informs job-specific initiatives, including reskilling and upskilling employees. Our commitment is to enable our employees to take part in the upskilling programmes they need in order to be more fulfilled in their jobs and to support long-term employability.

Mondi Academy e-learning campus

Mondi Academy is our global learning hub which comprises a Group-wide training network, including local academies (currently in the Czech Republic, Poland, Russia, Slovakia, South Africa and the United States). It is also a platform that drives exchange and collaboration across business via programmes, such as communities of experts, functional academies as well as an active pool of internal trainers.

Digital learning tools and e-learning are provided through the Learning Management System for Mondi employees globally. In 2021, we launched the Mondi Academy e-learning campus that can be accessed anytime, from anywhere. This new way of learning is tailored to the needs of employees and the business. It provides maximum flexibility, accessibility, interactivity and gamification, serving different learning styles and encouraging self-driven and self-paced learning.

Alongside Mondi Academy courses and the e-learning campus, the Mondi Learning library offers employees access to eBooks and audio learning in various categories. Additional upskilling offered to our employees includes external education, on-site and on-the-job training. Mondi offers a wide range of different learning and development opportunities to help develop knowledge around Mondi products, business insights, people skills, innovation and trends impacting strategic business areas with a special focus on sustainability.

 Learn more about our EcoSolutions and Sustainability training programme on [page 28](#)


Refreshed leadership programme for First Line Managers

First Line Managers are responsible for cascading necessary information to their teams, communicating requirements and ensuring two-way information flow. They are the link between the production floor and strategic decision-makers. Since 2010, more than 1,200 Mondi managers have successfully participated in the First Line Managers' programme and 52 managers took part in 2021. Offered in local languages, the training focuses on the challenges of leadership and the importance of strategic focus on topics, such as sustainability, diversity and inclusion (D&I). It is delivered through group trainings, individual coaching and e-learning. Content was refreshed in 2021 to increase the focus on agile leadership and people skills, such as empathy and listening, giving guidance and feedback and fostering team collaboration. Some operations adapted the training to be delivered online during the pandemic.

Unpacking opportunities for the next generation of leaders

NEXGEN is a new learning and development platform designed to identify, develop and inspire our next generation of leaders in our plants and mills. The initiative was co-created with the Corrugated Packaging business unit as preparation for future positions to foster D&I and promote people rotations within Mondi. The development and learning stream combines individual and collective elements. NEXGEN fellows work together in cross-functional teams to tackle real business challenges based on principles of agile project management.

In 2021, more than 50 employees were nominated for NEXGEN, 25 of whom were selected to take part in the NEXGEN development stream. One-third of the participants were women. The initiative is currently rolled out in Corrugated Packaging, Kraft Paper and selected Group functions. It will be extended to Functional Paper and Films in 2022.

 Find out more about NEXGEN [here](#)





UPSKILLING FOR LONG-TERM EMPLOYABILITY

Reflections and outlook

Performance against our target

In 2021, around 8,800 employees had access to the Performance and Development Review (PDR) process (2020: 8,400), with 8,600 completing their review using the online system (2020: 7,980). The discussions are an opportunity for employees and their managers to reflect on individual performance, give feedback and set goals. The review process is available throughout the year, enabling an agile adaption of goals and regular feedback. Twice a year, a systematic review process is triggered automatically. The opportunity to develop an Individual Development Plan (IDP) was used by 69% of employees with access to the system. 616 employees received 360° feedback in 2021 (2020: 355).

All our employees are encouraged to participate in upskilling programmes offered by the Mondi Academy and local operations. In total, our employees and contractors completed 741,700 hours of training in 2021 (2020: 617,470), including 46% of hours dedicated to safety training. We had 26,200 Mondi participants attend training offered by Mondi Academy international and local operations, with a 21% female participation rate. Our EcoSolutions and Sustainability Programme was offered in addition to the Mondi Academy initiatives, with 2,780 participants joining 30 internal online training sessions.

Find our consolidated performance data [here](#)

Group-wide training

Including new acquisitions

	2021	2020
Employee and contractor time devoted to training and development	741,700	617,470
Average training per employee (including safety training for contractors) per year	28 hours	24 hours

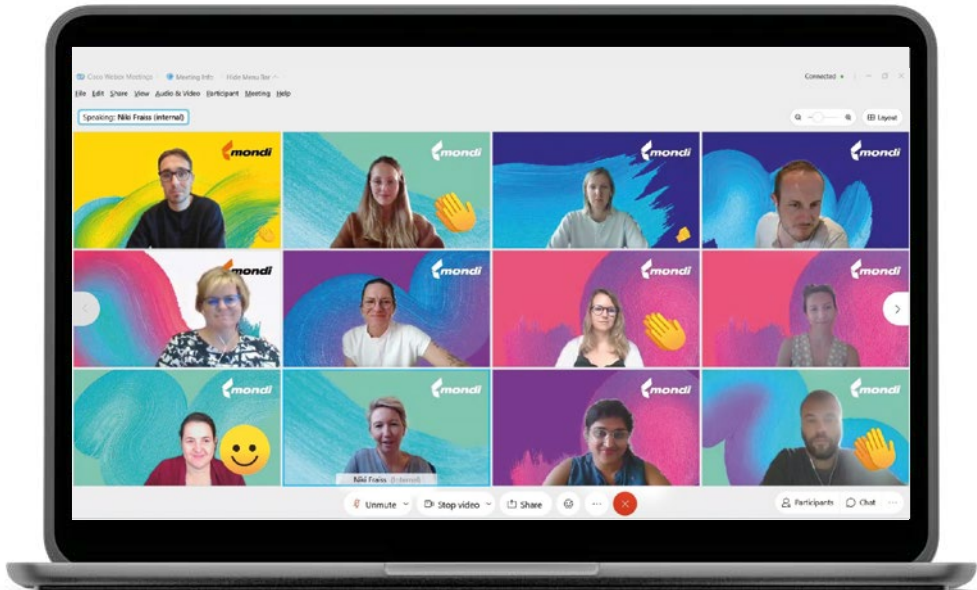
Total training includes all local vocational, Mondi Academy, health and safety and EcoSolutions and sustainability training.

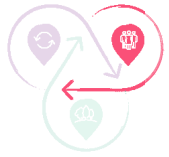
Reflecting on 2021

Our long-term ambition to build skills that support employability has driven increased training hours, uptake of IDPs and PDRs and improved training options, all of which will support our future success. However, 2021 was another challenging year with many office employees working remotely and the need for feedback and support increasing. Due to travel restrictions, most of the learning and development offerings were online or in a hybrid format. In light of this, we recognised that new skills needed to be developed, such as leading remotely, giving regular virtual feedback and using digital tools. Collaboration and wellbeing remained a focus along with the need to integrate D&I and sustainability into our overall learning portfolio.

What's next?

- Continue to identify critical skills we will require and develop learning and development opportunities in response
- Maintain succession planning as a key activity to make sure we have a strong pipeline, building on development programmes, including international graduate programmes, young talent programmes and future leader programmes
- Further promote the take up of IDPs as key to individual career journeys





PURPOSEFUL AND INCLUSIVE WORKPLACES

Our role as an employer is one of our main contributions to society. We want to support our employees to realise their individual purpose and see their contribution to Mondi's purpose to be sustainable by design. A diverse workforce thinks more creatively and responds better to local contexts, changing environments and different customer needs.

Commitment

Provide purposeful employment for all our employees in a diverse and inclusive workplace

Targets

Achieve 90% Purpose Satisfaction score in our employee survey

● On track

Achieve 90% Inclusiveness score in our employee survey

● On track

Employ 30% women across Mondi

● On track

Linked to SDGs:



Read more about our contribution to the SDGs in our [SDG Index](#)

Our focus on inclusion aims to increase our diversity and promote a sense of belonging for employees of all backgrounds, enabling broader perspectives and more creative problem solving. This benefits our whole organisation as well as our customers and communities.

Developing our inclusive approach

Our commitment to providing purposeful employment is embedded in our culture and delivered through initiatives spanning leadership, personal development and employee engagement. Equal opportunity is a priority and we have zero tolerance for discrimination and harassment. This is addressed by our [D&I Policy](#). We are a signatory of the UN Women's Empowerment Principles and have committed to take action to promote its seven principles.

Our D&I taskforce shapes our approach and is supported by Executive Committee members via the D&I Steering Committee, which provides management attention, sponsorship and guidance. We invest in related training to develop a diverse workforce and raise awareness of Mondi's commitment.

While our policies and processes enable and encourage gender equality, we need to do more to ensure our people are hired, paid, retained and advanced fairly and equitably across the Group. Recruitment activities are aligned with our D&I Policy to promote diversity and ensure fair and non-discriminatory work practices for recruitment and succession planning. To confirm our recruiting activities are transparent and fair, we are implementing a new global recruiting guideline that explicitly addresses issues around fairness and inclusion. This will support hiring managers and human resources colleagues to critically reflect on hiring practices and potential improvements.

Our global workforce

We aim to include employees from the local population in our senior management teams to better understand and reflect local needs and benefit from diversity of thought among our leadership. As we operate in over 30 countries, the definitions of diversity and its dimensions cannot be generalised, including ethnic backgrounds definitions and descriptions. For example, at the end of 2021, 67% of Mondi South Africa's management team (8 out of 12 Operational Committee members) were individuals from previously disadvantaged backgrounds (2020: 64%, seven out of 11).

Most activities at Mondi are performed by our own employees and there are not significant variations in the numbers of employees reported during the year. The exceptions are harvesting activities at our forestry operations and maintenance shuts at our pulp and paper mills, which can result in considerable variations in the contractor numbers.



In 2021, we had an average of 15,462 contractors across the Group (2020: 14,539). For example, the thousands of contractors involved in the extended shut down of our mill in Richards Bay (South Africa).

Employee numbers in 2021 across our significant locations of operation*

	Significant locations (total)		Europe		Russia		South Africa		North America	
	Total	Female %	Total	Female %	Total	Female %	Total	Female %	Total	Female %
Total employees	18,458	21%	11,777	19%	4,588	26%	1,237	20%	856	16%
Permanent employees	17,351	20%	11,058	19%	4,234	25%	1,203	19%	856	16%
Temporary employees	1,107	26%	719	23%	354	30%	34	32%	0	0%
Full-time employees	17,955	20%	11,324	17%	4,586	25%	1,194	20%	851	16%
Part-time employees	503	60%	453	66%	2	50%	43	12%	5	20%
New employee hires	2,210	26%	1,448	27%	481	23%	89	28%	192	22%
Employee turnover	1,675	23%	1,034	20%	318	29%	117	26%	206	23%

* Figures represent almost 70% of employees, including plants/mills with a combined annual sales turnover of more than €70 million, located in Austria, Bulgaria, Czech Republic, Finland, Germany, Hungary, Mexico, Poland, Russia, Slovakia, South Africa, Sweden, Turkey and the US and Group offices in London (UK) and Vienna (Austria). Around 30% of employees are not yet represented in this table and we are assessing Mondi's central human resource information system to improve our coverage



PURPOSEFUL AND INCLUSIVE WORKPLACES

Connecting with our employees

Target: Achieve 90% Purpose Satisfaction score in our employee survey

Our 2020 employee survey highlighted the need to improve the emotional connection of our employees to Mondι. We want people to feel proud to work for Mondι and we aim to provide them with purposeful employment. We first measured our Purpose Satisfaction score in our 2020 employee survey, resulting in an overall score of 78%. This index comprises questions covering development opportunities, pride to work for Mondι, recognition and personal accomplishment, among others. Our ambition is to achieve a 90% Purpose Satisfaction score by 2030.

Using employee insights to shape MAP2030

The outcome of our 2020 employee survey helped shape our MAP2030 framework and many of the activities highlighted in this report. Two key areas identified for improvement in the 2020 survey were recognition and strengthening the pride of colleagues in Mondι. In response, we improved best practice sharing between our locations, developed communication and engagement campaigns and established a cross-country Employer Branding focus group. These activities are complemented with a broad range of local activities. We are also in the process of redesigning the employee survey to become a more flexible process that reflects our MAP2030 ambitions – for example, by exploring ways to make pulse surveys more flexible and allow local adaptation.



Celebrating success

Understanding and showing appreciation for each other's contribution is an important aspect of internal collaboration. The 'You make Mondι' recognition scheme values individual contribution by enabling employees to share their appreciation of colleagues through electronic or printed cards.

Demonstrating purpose through authentic storytelling

To showcase how employees experience purposeful employment, we have encouraged people to become ambassadors through authentic storytelling. We are using video to share the careers, roles and development of Mondι colleagues. This supports our aim to attract talented people who feel inspired by our purpose. We produced a new video – Grow.Create.Inspire. Together. – which explains how we live by our purpose, values and commitments.



Watch the video [here](#)

Performance against our target

With the measures we have implemented since the survey and further initiatives planned, we are confident that we will see a positive development in our Purpose Satisfaction score in our future employee surveys, which are held every two years.

Target: Achieve 90% Inclusiveness score in our employee survey

We work together across our global business to create an inclusive environment where difference is valued and embraced. Our aim is to create equal opportunities for people from all walks of life and across all aspects of gender, race, ethnicity, age and sexual orientation. Our 2020 employee survey included a set of questions covering respect, fairness and trust to evaluate our approach towards improving D&I. The result was a 79% favourable score, which is the baseline for our ambitious target of 90% by 2030.

Embedding D&I in our global business

Our aspiration is to create an inclusive culture where all employees can grow and contribute to Mondι's success, based on their individual backgrounds, experience and ideas.

In 2021, we consolidated our D&I activities and hired an experienced D&I manager to lead and drive progress. We created a roadmap for delivering our MAP2030 commitment, including plans to evolve our D&I strategy, develop leaders as D&I change agents and establish a global community to drive D&I initiatives. These aims will be achieved through community building, learning and development, and supporting targeted and fair recruitment practices.

Developing D&I capabilities

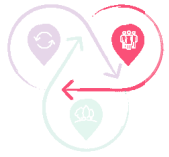
We invest in recruiting and developing a diverse and agile workforce. All Mondι Academy programmes include elements designed to increase intercultural competencies and D&I awareness. Other initiatives include mentoring (and reverse mentoring), conscious inclusion and global leadership training.

Conscious inclusion training is designed to help employees and management become more mindful of their unconscious perspectives and biases and equip them with practical actions they can take to support an inclusive workplace.



"D&I isn't just about doing the right thing. Our D&I journey is hugely important to sustain the level and quality of workforce that Mondι needs to thrive."

Sara Sizer,
Group Communication & Marketing Director



PURPOSEFUL AND INCLUSIVE WORKPLACES

Increasing representation of women

The training was completed by 123 employees in 13 teams in 2021 (2020: 97 employees in 10 teams). An example of communicating and raising awareness of inclusive behaviours are our 'Eight steps towards inclusive behaviour' posters. Available in 13 languages, they provide a constant reminder to check our own behaviours and biases.

We have partnered with myAbility at our corporate office in Vienna, since 2018. myAbility is a social business which brings together companies and people with disabilities to foster inclusive workplaces. Through the myAbility talent programme, qualified students shadow Mondi employees, raising awareness of how to be more inclusive when working with colleagues with disabilities and enabling students to gain first-hand experience and contacts to help their future careers.

Performance against our target

We first measured inclusiveness at Mondi in our 2020 employee survey with a 79% Inclusiveness score. This is now our baseline for driving improvements to achieve 90% by 2030.

Target: Employ 30% women across Mondi

Increasing the representation of women at all levels is a strategic priority in the traditionally male-dominated forest products and packaging sectors. To establish an ambitious but realistic target, our goal of 30% representation of women across Mondi was derived by analysing labour market data and education statistics as well as internal data such as the 2020 baseline of 21% women and turnover rates. There are three main areas that influence the participation of women in our workforce: availability of women in the labour market which is driven by educational and vocational decisions and constraints; Mondi's attractiveness as an employer for women including the quality of our employer value proposition; and our company culture and leadership behaviours.

Transparent recruitment and development

To reach our new ambition, four out of every ten new hires will need to be women as of the 2020 baseline. Ensuring equitable processes to hire and promote diverse talent, including women, and developing a diverse succession pipeline will be key. We are critically reflecting on our current recruitment practices from the language used in job adverts and selection processes to decision-making and making offers. Employees with potential for future development are identified through roundtable processes that include time for reflection on biases and hidden talents to ensure we take care to give fair consideration to everyone.

Showcasing our inspiring women

Role models show what is possible and inspire others. We share stories of our female role models internally and externally to express how proud we are to have these trailblazers as our colleagues. Examples range from female CEOs ranked among the 50 most powerful women in business in their country to first female paper machine operators and other inspiring women at Mondi.

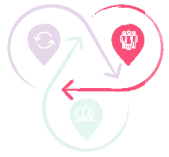
Mondi professionals in Germany and Austria can participate in WoMentoring, a mentoring programme in cooperation with Club alpha. It offers young professional women the opportunity to connect with experienced women from different industries. Since the beginning of the cooperation, 15 mentees and 12 mentors have been engaged.

Our businesses around the world develop their own initiatives to support our global ambition. For example, our employees have established the Mondi Professional Women's Network in Austria, the Female Leaders Network in Poland and a diversity network at our paper bag business in the US.

Providing a family-friendly workplace

We support all employees to fulfil their career ambitions during and after parental leave. Guidance, training and flexible working packages help people return to their roles and some operations support or provide child day-care programmes and facilities. Our efforts are appreciated internally and acknowledged externally. For example, our Frantschach mill (Austria) pictured below, was judged to be a Leading Employer 2021, becoming one of the top 1% of all employers in Austria, and honoured as a 'Family-Friendly Workplace' by the Austrian Federal Minister for Women, Family, Youth and Integration and Mondi Štětí (Czech Republic) received the Sodexo Employer of the Year award and Mondi Simet (Poland) received a medal from the 'Employer with Heart' social campaign for inclusion.





PURPOSEFUL AND INCLUSIVE WORKPLACES

Reflections and outlook

Unpacking development opportunities for female managers

To support female talent and gain fresh insights from thought leaders outside Mondi, we partnered with the international initiative, 'the female factor'. This is a professional network of over 20,000 women from a variety of companies and organisations.

The global network encourages members to learn, grow, network and exchange views through online and virtual events, including a joint panel discussion on Skills of the Future in 2021. Three female Mondi executives are actively engaged as mentors and panellists and more than 20 Mondi women all over the globe have benefited from mentoring relationships with international executives who support them in their individual and professional growth.



Performance against our target

At the end of 2021, 21% of employees were female (2020: 21%) and there were four female directors (44%) on the Mondi Board. Female representation on our Executive Committee is 33% (2020: 33%) and the proportion of female direct reports to the Executive Committee is 30% (2020: 29%).

Find our consolidated performance data [here](#)

Reflecting on 2021

We have started our journey with ambitious commitments and targets for the coming years. The initiatives we have put in place will take time to show results and we will track progress closely to keep a constant focus on where we can improve. Our MAP2030 commitments have generated a lot of interest and we must consider the qualitative goals that are behind the quantitative objectives to keep sight of the big picture. Our renewed commitment to purposeful employment, D&I represents our aspirational ambition which takes us beyond simply achieving representation (diversity by numbers) towards establishing a truly inclusive and welcoming culture where all employees can realise their true potential.

We are developing new frameworks and tools to enable our operations to progress against our targets. This includes providing training, guidance and awareness-raising to support a culture of development and exchange where everyone feels included and has access to learn new skills. At the same time, we must remain attractive as an employer and intensify our efforts to attract girls and women into technical and manufacturing education and careers. This awareness-building and broadening of our talent base will be crucial to our future staffing.

What's next?

- Continue to define concrete initiatives aligned with our D&I strategy to provide a purposeful and inclusive work environment
- Mainstream D&I and broaden our D&I community by raising awareness and fostering personal growth among all managers and employees
- Evolve our 2022 employee survey to provide a more flexible process and find new ways to engage frequently to understand employee needs, particularly related to purpose, inclusion and engagements



SAFETY, HEALTH AND MENTAL WELLBEING

Keeping people safe and healthy is a moral and a business imperative that applies to all who work for and on behalf of Mondi. Our operations involve high-risk activities and providing a safe and healthy working environment is a minimum expectation of our stakeholders.

Commitment

Create an environment that enables a positive work-life experience, valuing our safety, health and mental wellbeing

Targets

Zero fatalities

● On track

Zero life-altering injuries

● Slightly behind target

15% reduction of total recordable case rate

● On track

Support our employees in pursuit of a work-life experience that enhances their wellbeing

● On track

Our operations drive awareness of and take measures to improve health and mental wellbeing

● On track

Linked to SDGs:



Read more about our contribution to the SDGs in our [SDG Index](#)

Looking after ourselves and each other is fundamental to our culture, mindset and daily conduct. We take a holistic view, recognising safe behaviours both at work and at home.

We seek to create a positive work-life experience that enhances performance, attracts and retains talent and supports the physical and mental health and wellbeing of our employees and contractors in our offices, plants, mills and forestry operations.

Improving employee safety, health and mental wellbeing

Our MAP2030 commitments and core values of Performance, Care and Integrity hold us accountable for creating a working environment that values safety, health and mental wellbeing. We aim to be among the best in class for developing tools and initiatives to improve the safety and health of all those involved in our operations.

Our safety approach centres on a 24-hour safety mindset and managing top risks (read more in our case study [here](#)). We are shifting our focus from traditional safety, which focuses mainly on controls, to addressing social psychology and cultural elements to drive continuous improvement in our safety performance.

To monitor and improve our safety performance, we use 'current' and 'lead' indicators in addition to traditional 'lag' indicators. This monitors proactive efforts to address risks before an incident occurs. Performance against these indicators forms part of our senior managers' bonus scheme and are revised annually based on the previous year's performance. We assess trends and completion of lag and lead milestones as well as systems audits against ISO 45001.

Our aim is to build the best possible environment, processes and structures to enable employees to have a positive work-life experience and enhance their wellbeing. We are developing flexible working models and increasing efforts to give all employees access to assistance programmes and support, with a strong focus on mental wellbeing.

Developing our global safety network

Our senior safety and health network collaborates closely with site Safety, Health and Environment (SHE) teams to meet commitments on safety and occupational health. Chaired by the Group Head of Safety and Health, the network is made up of business unit and business segment SHE managers who meet quarterly to address issues and align efforts on the Safety and Occupational Health Strategic Plan approved by the Executive Committee. They meet with safety and health (SHE) professionals from operations to facilitate cascading of information, alignment across sites and employee participation and consultation.

Site-level committees oversee local performance, assess incidents and support departments to ensure continuous improvement and raise issues of concern or grievances related to safety and occupational health. Each operation has employed a dedicated person or people responsible for safety and health who attend specific trainings to ensure alignment.

Targets: Zero fatalities, zero life-altering injuries and 15% reduction of total recordable case rate

When an incident occurs, it can be devastating to the injured, their families and colleagues. Regrettably, while being among the safety leaders in our industry, we can still experience fatalities and life-altering injuries.

We are committed to going beyond industry-minimum requirements to ensure our employees and contractors return home safely, every day. Our target of a 15% reduction in total recordable case rate, set against our already impressive 2020 baseline, implies a 1.5% reduction per year.

Developing a 24-hour safety mindset

A large proportion of the injuries we see in our operations are connected to the mindset of our employees and contractors. We promote a 24-hour safety mindset and strive to bring the unconscious to the conscious – thinking about the work we do before starting to ensure it is done safely. To promote teamwork and engagement, we started to roll out an engagement board process in 2020. It is designed to help our leaders to engage with employees and contractors with a focus on social psychology of risk elements. The process has been well accepted at sites and adopted by other disciplines including engineering, production and projects. COVID-19 restrictions resulted in a slower roll out than was planned and progress will continue in the coming years.




SAFETY, HEALTH AND MENTAL WELLBEING

Assessing risks and engaging our people

Facilitating conversations about safety on the shop floor

The 'Communication Corner' is a concept developed and launched by the Corrugated Solutions safety and health team, supported by the Continuous Improvement, Operations and Quality teams. These corners provide a convenient and appropriate environment, as close as possible to the production area, to allow time-effective and interactive conversations to take place on the shop floor. Engagement Boards, a tool to help our leaders engage with employees and contractors considering the social psychology of risk, are displayed at a prominent place to allow easy accessibility and use of the tool.

 Read more about this concept [here](#)



Raising standards through certification and management systems

The safety and health of all our employees and contractors is covered by our management system, which includes our Safety and Health Policy, Practice Notes, methodologies and initiatives. These systems are implemented based on recognised risk management standards and guidelines. 92% of our mills (12 of 13) and 75% of our converting operations (66 of 88) have ISO 45001. All employees and contractors working on our sites are required to adhere to policies and procedures as set out by our management systems.

Our operations and equipment are subject to ongoing internal and external audits, designed to identify strengths and weaknesses and to guide necessary changes. Regular audits of plant and equipment standards help drive improvements in process controls and systems. In 2021, we carried out 83,333 safety audits against a target of 66,309. They included management risk-focused audits, first-line manager task audits and peer observations. More than 98% of resulting actions were completed by their target date.

Embedding a risk-based approach

Risk assessment is central to our approach. Operations are required to consider the top three risk controls – elimination, substitution and engineering – before looking to administrative controls or issuing personal protective equipment (PPE). Employees are trained and engaged during risk assessment processes and assessments are revised at predefined frequencies, when changes are implemented or because of an incident.

In 2021, each operation identified their top risks and developed management plans to engineer them out of the business. Where this was not feasible or possible, they introduced robust controls and procedures to reduce the risks. Some actions had to be postponed due to COVID-19 and will be followed up when possible. Since implementing this approach in 2013, we have engineered out many significant risks, helping to prevent safety incidents.

Our 'Nine Safety Rules to Live By' address hazards that pose a risk of high-consequence injury: working at heights; mobile plant; handling chemicals; confined spaces; working in forests; permit to work activities; lifting activities; energy and machinery isolation; and moving and rotating equipment. The rules are supported by Practice Notes and methodologies to ensure a practical and easy-to-understand approach.

In 2021, separate working groups chaired by members of the senior safety and health network team continued to develop or update Practice Notes for high-risk topics, including:

- Safety Requirements for Paper Machine Drying Sections;
- Personal Protective Equipment (PPE) and Jewellery;
- Management of Change;
- Safe Wastewater Treatment Plant Hazardous Substances Handling;
- Safety Requirements for Handling Narrow Width Reels; and
- Substance Abuse.

Additional focus topics have been selected and working groups established to address them in 2022.

Incident investigations

Our incident investigation methodology (MICE) guides the reporting and investigation of all incidents including major close calls and injuries. We assess and monitor key trends in incident categories including types of injuries and experience of employees or contractors. To prevent reoccurrences, we share details of investigations through management reports and incident notices.

Our employees and contractors have the right to refuse to work should their safety and/or health be compromised. They are protected against reprisals through SpeakOut, our confidential platform for reporting grievances (see [page 78](#)).

We have revised our investigation methodology to include contributing psychological and cultural factors. The senior safety and health network team attended relevant training and were involved in the revision of the methodology, which will be rolled out across Mondri in 2022.

Engaging new acquisitions and contractors

When we acquire new assets and operations, SHE professionals form part of the acquisition team to ensure the integration into Mondri systems, methodologies, risk assessment process, culture and approach to safety and health. We commenced integration of our new Turkish corrugated solutions operations acquired in 2021 and continued with the integration of our Kuopio mill in Finland to embed our high standards.



SAFETY, HEALTH AND MENTAL WELLBEING

Working with contractors

Developing Safety Ambassadors

Our Safety Ambassador Training programme, launched in 2021, trains volunteers from our Group Technical and Sustainability team to provide additional support to SHE teams and line managers at plants during high-risk projects and annual shut periods.

Link to full online case study about Safety Ambassadors [here](#)



Our contractors are employed by companies with varying safety and health standards and cultures. We engage in open and honest dialogue and support them to manage safety and health risks and align with Mondi requirements. We appoint contract managers as facilitators between Mondi SHE professionals and contracting companies to provide information and guidance, monitor contractor safety performance and support contractors to improve practices. Our six-step process is set out in a Practice Note to guide integration of safety and health requirements into contractor management activities.

We continue to deepen our engagement with contractors, especially during large projects and the annual shuts to eliminate fatalities and serious injuries. For example, in 2021 Mondi Uncoated Fine Paper embarked on a three-year Contractor Safety Programme to develop new ways to improve overall safety performance.

Safe maintenance shuts

Our mills are subject to scheduled annual shuts during which machinery and equipment is maintained, replaced or upgraded. Other complex and large projects also involve non-routine work, with many employees and contractors working on-site at the same time. Some of our highest risk activities occur during these times and we focus strongly on pre-shut risk assessments, engaging with our contractors and providing support and guidance during the activities on-site. As a result, we have seen a reduction in the severity of the injuries sustained during these shuts and projects.

Annual shuts and major projects in 2021 saw between 150 and 4,700 contractors working on-site at any one time. Overall, we achieved a good shut performance with only 23 recordable cases and zero serious injuries during almost 4.0 million hours worked by over 15,000 contractors. We undertook an extensive shut and rebuild project in Richards Bay (South Africa) during which high risk activities were conducted by thousands of contractors.

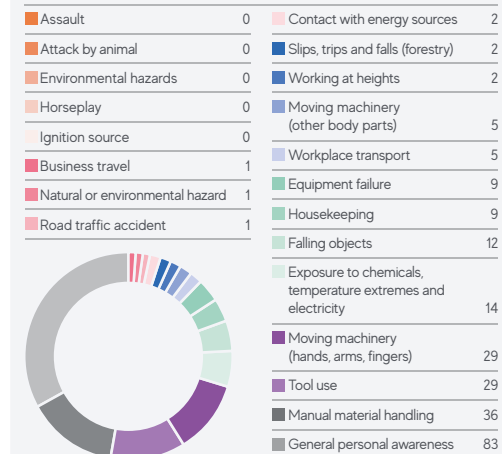
Read more online [here](#)

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

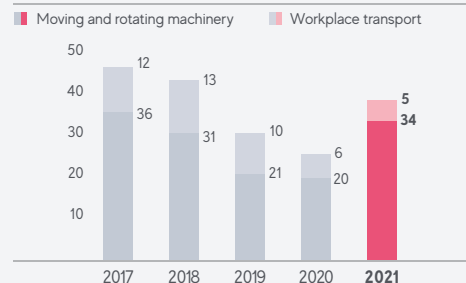


The total number of hours worked (employees and contractors) in 2021 was 77.6 million hours (2020: 74.5 million hours). Although we do keep record of COVID-19 cases, we do not include them in any of our key performance indicators

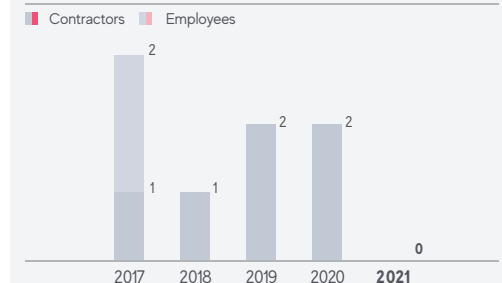
Total recordable cases by injury classification (cases)



Injuries from high-risk activities (cases)



Total fatalities of contractors and employees (cases)





SAFETY, HEALTH AND MENTAL WELLBEING

Embedding a safety culture

Safety training and skills development

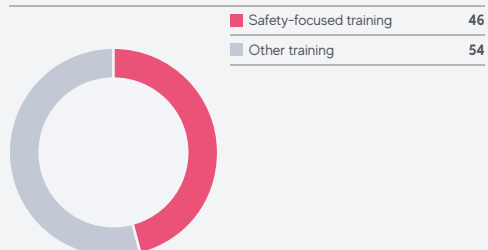
Our training and skills development programmes cover all aspects of safety and health. Training is offered in a range of formats, from formal to on-the-job training to toolbox talks. In 2021, we delivered 290,102 (2020: 218,187) hours of general safety training and 39,943 (2020: 42,207) hours of critical safety training against a target of 167,510 hours. Due to the COVID-19 pandemic, training programmes for the SHE professionals and first line managers were put on hold until circumstances permitted.

All safety and health colleagues are required to complete the dedicated programme for SHE professionals by 2023. It consists of five modules spanning 12 days of training and attendees submit a post-training project as part of a final evaluation. 89 people have now attended the fifth module of the programme, and 1,566 people have attended the three-day first-line managers training programme. Roll out of Module Six of the programme, covering our new focus on social psychology of risk, will commence in 2022.

Performance against our targets

We had 240 recordable cases in our operations (excluding acquisitions) in 2021; 176 related to employees and 64 to contractors (2020: 217; 157 related to employees and 60 to contractors).

Coverage of safety in training hours (%)



This equates to a TRCR of 0.62; 0.74 related to employees and 0.43 related to contractors (2020: 0.58; 0.68 related to employees; and 0.43 to contractors). This represents a 6.2% increase compared with our 2020 baseline of 0.58. We have achieved our TRCR milestone for 2021, which was set at 0.62 to allow for the longer annual shut planned for the last quarter in Richards Bay mill. The shut included a recovery boiler rebuild, involving many contractors with additional risk and working hours.

There were no fatalities in 2021 but one of our contractors unfortunately experienced a life-altering injury in January 2021. The contractor slipped during winter conditions while disembarking from a harvester in our forestry operations in Finland, losing a finger as a result. To prevent reoccurrences, the operation has reviewed the clothing and jewellery policy to address the wearing of rings. In January 2022, a life-altering injury occurred, when an employee lost four fingers while working on rotating equipment. The incident was investigated and actions were taken to prevent reoccurrences.

Find our consolidated performance data [here](#)

Target: Support our employees in pursuit of a work-life experience that enhances their wellbeing

Target: Our operations drive awareness of and take measures to improve health and mental wellbeing

The challenges of COVID-19 highlighted the need to focus on supporting employees' work-life experience and mental wellbeing. Any workplace can be stressful and higher stress reduces concentration and slows reaction time. This can lead to a higher risk of incidents and impact the physical and mental health of employees and contractors. It explains why it is so important to be aware of stress and to build resilience in our private and professional lives.

Our target reflects the strategic importance Mondi places on developing a working culture that meets the needs of employees.

Developing a Flexible Work Framework

With many non-production employees working remotely during the pandemic, we were able to test the cultural and practical possibilities of employing a more flexible working model at Mondi. We established a taskforce who worked together to develop a new Flexible Work Framework.

The new framework will cover all Mondi colleagues regardless of whether they work in an office, plant mill or in forestry.

While options will depend on the requirements of each job and workplace, as well as business requirements and team dynamics, flexible working isn't just about location – it's also about when we work and how much we work.

The first part of the Remote Work Framework is being published in specific countries based on the respective COVID-19 situation. It contains an umbrella Group policy covering topics such as remote working along with appendices for individual countries to take local legal aspects and operational specifications into consideration. The policy is supported by guidelines on remote workplace safety to ensure that working from home and other locations does not compromise our high standards of employee safety and wellbeing.

#strongertogether: Rising to the challenges of the pandemic

The hashtag #strongertogether, created in 2020 as a symbol for Mondi employees' solidarity and support for each other in difficult times, soon became adopted across the business. What started with a simple word became a global movement in 2021. Many colleagues were inspired by the solidarity and support which included video messages from Mondi leaders, expert session talks related to mental wellbeing and ways to cope during the pandemic, local initiatives and sharing of personal stories.

The initial focus was on how our colleagues rose to the challenges of the pandemic, providing essential goods in many cases. This contributed directly to the MAP2030 commitment of providing purposeful employment.

In 2021, the focus shifted to wellbeing as the pandemic restrictions remained in place. Intranet communication on aspects of mental health and wellbeing, including sessions led by the specialists from the Employee Assistance Programme (EAP), achieved high levels of engagement and contributed directly to our decision to set a MAP2030 target to support employees in having a work-life experience that enhances wellbeing.





SAFETY, HEALTH AND MENTAL WELLBEING

Supporting wellbeing and flexible working

Employee Assistance Programme

The Employee Assistance Programme (EAP) is a 100% confidential telephone hotline provided by an external company of qualified counsellors and advisers. It can be used by Mondi employees and their families free of charge and around the clock, 24/7/365. Qualified counsellors provide support on a wide variety of topics such as stress, mental health and addiction.

In 2021, the EAP was expanded to cover eight more countries bringing total coverage to 22 countries. Together with programmes in the US and South Africa, 97% of Mondi colleagues worldwide can now rely on an EAP-equivalent system for help and support. This helps support our commitment to raise awareness of mental illness and improve mental health.

Promoting occupational health and mental wellbeing

Occupational health programmes are in place at all our operations to eliminate health risks, prevent occupational illnesses and disease, and provide a healthy working environment. Programmes include optimising ergonomics, providing regular health screening, reducing noise impact and conducting occupational health hygiene surveys. We have developed action plans to manage these risks using a hierarchy of controls such as reducing the noise before issuing hearing protection. In 2021, we published guidance on physical exercise, nutrition, positive mindset, social interaction and home-office ergonomics.

Other initiatives to promote health and wellbeing include mobile health clinics in South Africa (see [page 81](#)), health bus for all Austrian locations, on-site health and wellbeing facilities such as our healthcare centre at Syktyvkar (Russia) and fitness centre at Frantschach (Austria), and promotion of sports, health and recreation such as the Štětí (Czech Republic) 'Mondi for Life' initiative. Independent on-site medical clinics and/or doctors are located at some of our mills and service providers offer occupational health services at other locations.

To keep employees safe and encourage vaccination against COVID-19, we have established vaccination and testing facilities at several Mondi operations. We also ran educational and awareness campaigns and provided psychological support to address anxiety of employees and families.

We raise awareness of diseases such as HIV/AIDS, diabetes and tuberculosis among the people who work for us. We encourage testing, counselling and treatment for employees and contractors and offer education to avoid infection of others. At our South African operations, we facilitate access to free voluntary counselling and testing (VCT), anti-retroviral treatment (ART), and the central chronic medication dispensing and distribution (CCMDD) Program.

Our peer support programme trains employee and contractor representatives to engage with and train the workforce on health issues. Due to the COVID-19 pandemic, there was less HIV counselling and testing in 2021 with 2,280 employees and contractors participating in the HIV/AIDS voluntary programme in our South African operations (2020: 2,951), and 1,435 (2020: 1,532) opting for testing.



MAKING A DIFFERENCE DAY 2021

Making a Difference Day

Making a Difference Day (MADD) is our annual Group-wide event that encourages people to take personal action and to improve our safety, health and sustainability performance. In 2021, MADD took place across most of Mondi's locations. This year's topics included: working safely with mobile plant and moving and rotating machinery; taking care of our hearing; reflecting on our mental health and supporting colleagues in difficult situations; managing waste generation, recycling and disposal; avoiding environmental incidents and complaints; reviewing the extent to which our teams reflect local communities; and inclusive behaviour.

Promoting mental wellbeing

We aim to support employees to manage stressful situations like the personal and professional challenges posed by COVID-19. In 2021, we ran a series of webinars on mental wellbeing hosted by EAP experts to show how we can stay mentally healthy and optimistic, and overcome current challenges caused by the ongoing COVID-19 pandemic. Topics included parenting in the pandemic, how to achieve a better work-life balance and ways to maintain motivation. More than 800 colleagues joined the webinars in 2021. Awareness for mental health campaigns in operations were also included in our MADD with local initiatives including webinars, psychological on-site support, management talks and more.



SAFETY, HEALTH AND MENTAL WELLBEING

Reflections and outlook

Performance against our targets

Monitoring performance against this commitment is not simple. Quality of work-life experience and wellbeing is very personal to each individual and mental wellbeing is difficult to define and measure as a KPI. To assess the progress we are making, we need to understand the views of our employees. We are developing a more flexible approach to do this through our employee survey (see [page 40](#)). In terms of increasing the accessibility of help and support, 97% of Mondi colleagues worldwide can now rely on an Employee Assistance Programme.

Reflecting on 2021

The agility and resilience of our on-site operations has been crucial for keeping our mills and plants running during the pandemic. This was only possible due to the outstanding commitment and adaptability shown by our employees in manufacturing operations, many of whom worked with flexible shift schedules and filled in for colleagues when needed so that we could continue to produce essential products for our customers.

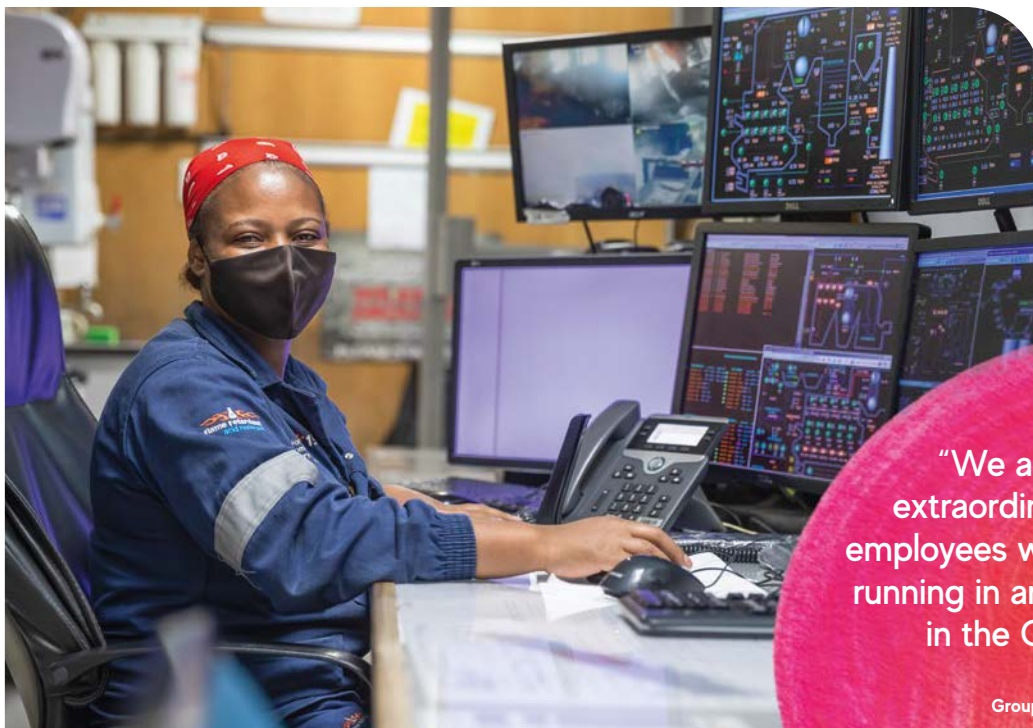
While COVID-19 slowed implementation of some of our safety and health tools and training, we delivered many online training sessions in 2021. Close collaboration between the senior safety

and health network team and the site SHE teams guided and supported operations and contributed to continuous improvement in managing safety and health issues. As a result, we are seeing an improved understanding of the social psychology of risk and a shift in mindset of those that have been trained in some of the modules. We also continue to see an improvement in working relationships with contractors and the standards followed at our sites.

Work-life experience and wellbeing is very personal and the experience and wellbeing of each individual is difficult to define in a single metric. We need a flexible way to engage with people on a more regular basis to be agile in reacting to their needs and we are adapting our employee survey to achieve this. One challenge is to reach all our people both on-site and remotely to maintain team cohesion. We have developed training and tools to enable our leaders to adapt how they engage with their teams, including remote leadership trainings. Positive feedback and uptake of Mondi's offer of employee assistance gives a good indication that we are on the right track in raising awareness of mental illness and improving mental health.

What's next?

- Continue to develop and implement tools to increase understanding of social psychology of risk and drive improvements across all aspects of risk and safety
- Develop frameworks and practices for operations which incorporate concepts of mental health and wellbeing to ensure projects are designed with consideration of the impact on people
- Continue to roll out and raise awareness of assistance programmes and culture initiatives in support of mental health
- Continue to explore aspects of flexible working such as when we work and how much we work as the next phase of our Flexible Working Framework



"We are grateful for the extraordinary efforts of all our employees who kept our operations running in another challenging year in the COVID pandemic."

Brian Darlington,
Group Head, Safety and Health





TAKING ACTION ON CLIMATE

Climate resilience through
our forests and operations
for the future of the planet

Reduce greenhouse gas emissions	50
Maintain zero deforestation	58
Safeguard biodiversity and water resources	63



REDUCE GREENHOUSE GAS EMISSIONS


We know that the impacts of climate change are widely recognised and COP26 highlighted that. The pace of change is proving a challenge for governments as they plan their future programmes.

Commitment

Reduce our greenhouse gas (GHG) emissions in line with science-based targets

Targets


Reduce our Scope 1 and 2 emissions by 34% per tonne of saleable production by 2025 and 72% by 2050 from a 2014 base year

 On track

Reduce Scope 2 GHG emissions by 39% per MWh by 2025 and by 86% by 2050 from a 2014 base year


 On track

Set a science-based Scope 3 reduction target by 2025

 On track

Linked to SDGs:



 Read more about our contribution to the SDGs in our [SDG Index](#)

The private sector plays a critical role in tackling the climate crisis, setting targets, creating ambitious initiatives and reducing greenhouse gas (GHG) emissions, thereby helping to drive the transition to a low carbon economy.

Taking committed steps to reduce our GHG emissions will help minimise our contribution to climate change and improve efficiency as we reduce our energy use and deliver value through sustainable solutions. As part of our ongoing review of performance and recognising that our manufacturing is energy-intensive, we have revised our previously approved science-based reduction targets (SBTs) and committed to set a more ambitious Net-Zero science-based target by 2050, in line with the Science Based Targets initiative (SBTi) guidelines for a Net-Zero commitment. This means that we have clear action plans to reduce GHG emissions in line with a 1.5°C scenario and have set a Scope 3 target for our indirect emissions. While awaiting validation of our Net-Zero commitment by the SBTi, we signed up to the UN Business Ambition for 1.5°C, the world's largest and fastest-growing group of companies committed to taking urgent climate action aligned with 1.5°C and Net-Zero.

Our primary direct carbon impact occurs through combustion of fuels to generate the energy required for our manufacturing (Scope 1). We also purchase energy (Scope 2) and have indirect GHG emissions throughout the value chain mainly as a result of our purchase of raw materials, fuels and transportation (Scope 3). We are acting across all three Scopes and working closely with our partners to achieve reductions in our business, our customers and our sector.



“The climate crisis is the most urgent risk facing society and businesses must take decisive action to mitigate their impact. Our adoption of science-based targets in line with 1.5°C is an important milestone in our journey to Net-Zero.”

Andrew King,
Group CEO



REDUCE GREENHOUSE GAS EMISSIONS

Setting targets in line with climate science

Our science-based approach to reducing emissions

Ambitious targets drive innovation and transform business practices. Our MAP2030 Climate Action roadmap supports the transition to a low carbon economy by reducing our carbon footprint across the whole value chain and shifting to low carbon energy. We use a science-based approach to set targets that are in line with climate science and the SBTi's new Net-Zero standard.

Scope 3 emissions will be included in our new science-based GHG reduction target (see [page 56](#)) which is under development. These include purchased goods, fuels, services and upstream and downstream transportation, which together make up more than 95% of our total Scope 3 emissions. The reduction target will also consider categories such as commuting and business travel. In addition, we are committed to zero deforestation in our wood fibre supply chains (see [page 58](#)) and to maintaining carbon sinks in forestry through continuing to implement best forest management and silviculture practices.

We continue to advance our understanding of climate-related risks and opportunities and to evolve our transparent reporting, in line with internationally accepted recommendations such as the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).

See our [Integrated report](#) for our full TCFD disclosure

Target: Reduce our Scope 1 and 2 emissions by 34% per tonne of saleable production by 2025 and by 72% by 2050 from a 2014 baseline

Our current science-based targets were developed as part of our Climate Savers membership and approved by the SBTi in 2019. This science-based reduction target covers more than 95% of the total Scope 1 and 2 GHG emissions¹ of our pulp and paper mills and aligns with the pulp and paper sector reduction pathway under a 2°C scenario within the Sectoral Decarbonisation Approach. At the end of 2021, we committed to a science-based Net-Zero GHG reduction target² and started to develop more ambitious short- and long-term science-based targets aligned with a 1.5°C scenario and including our Scope 3 emissions. After validation by the SBTi, we will publish our updated Scope 1, 2 and 3 targets.

Reducing emissions through energy-related investments

Modernising our operations and investing in best available techniques makes good business sense, including financial benefits when considering carbon pricing and taxes.

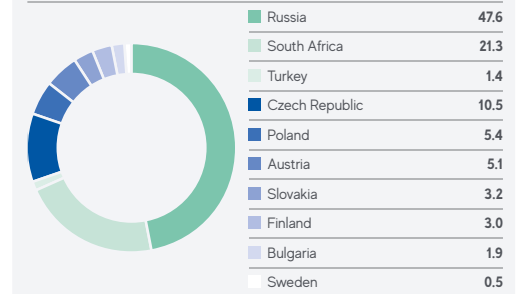
We have established a cross-functional MAP2030 Climate and Environment working group to develop and oversee the implementation of our Climate Action roadmap towards our 2025 milestone. The working group has developed KPI performance cards to track progress against our targets.

When we evaluate capital investment projects, we consider the impact on the Group's GHG emissions. We consider energy efficiency projects on an ongoing basis. We assess their potential financial, energy and GHG savings and contribution to energy security against the investment required. 44% of the Group's Scope 1 emissions are reported in regions with limits on GHG emissions; 27% are covered by the EU ETS and 17% by South Africa's carbon tax.

We combine strategic energy-related investments at our pulp and paper mills with good management practice and best practice sharing. Targeted energy- and efficiency-related investments and improvements are planned in the short, medium and long term across our mills.³ These investments focus on optimising energy and process efficiencies and replacing fossil fuel-based energy with renewable sources.

In 2021, we commissioned new standby boilers at our mill in Świecie (Poland), installed a new evaporation line and tall oil plant at our mill in Syktyvkar (Russia) and upgraded a recovery boiler at our Richards Bay mill (South Africa).

Scope 1 and Scope 2 GHG emissions from our pulp and paper mills by country (%)



European mills are shown in blue

We have invested around €650 million in energy efficiency since 2015 with an additional €400-500 million in the pipeline for energy-related investment projects by 2025.

We have joined a cross-industry working group of 12 medium and large Austrian companies, the WWF CLIMATE GROUP, to support the initiative '1.5°C industry'.⁴ This multi-company working group has collectively achieved savings of more than 1 million tonnes CO₂e.



"We are developing solutions to reduce our emissions and investing in our assets to optimise energy efficiency and increase use of renewable energy."

Mike Powell,
Group CFO

1 The boundary of our targets includes biogenic emissions and removals from bioenergy feedstocks
2 <https://sciencebasedtargets.org/companies-taking-action#table>
3 We define our investments timeframes as short- (up to 3 years), medium- (3-7 years) and long-term (more than 7 years)
4 <https://www.wwf.at/wirtschaft/climate-group/>



REDUCE GREENHOUSE GAS EMISSIONS

Committing to Net-Zero by 2050

GHG emissions (in tonnes CO₂e)

	2021	2020	2014 baseline**	% change 2020-2021
Absolute Scope 1 emissions of mills	3.6 million	3.5 million	4.3 million	1.2%
Absolute Scope 2 emissions of mills	0.45 million	0.43 million	1.0 million	4.5%
Specific GHG emissions of our mills (per tonne of saleable production)	0.63	0.64	0.84	-2.3%
Specific Scope 1 emissions of our mills (per tonne of saleable production)	0.56	0.57	0.69	-2.6%
Specific Scope 2 emissions of our mills (per tonne of saleable production)	0.07	0.07	0.15	0.5%

* The specific GHG emission of our mills per tonne of saleable production includes GHG emissions related to manufacturing (0.50 t/t) and to energy sales (0.13 t/t)

** For the calculation of the specific 2014 baseline, we excluded divested mills; the absolute 2014 figure includes divested mills

Setting a meaningful Net-Zero target

Tackling the climate crisis requires bold, ambitious targets supported by credible science-based action. We have been working hard to understand what a Net-Zero target would mean for Mondi and, more importantly, what action we can take to achieve it. As a first step, we have focused on reducing our GHG emissions in the short term. Our performance is ahead of our current science-based GHG reduction target requirements, which has supported our increased ambition.

Our efforts to reduce our Scope 1 and 2 emissions have provided a firm foundation and we are now revising our existing Scope 1 and 2 Science Based targets to be more ambitious, in line with a 1.5°C scenario.

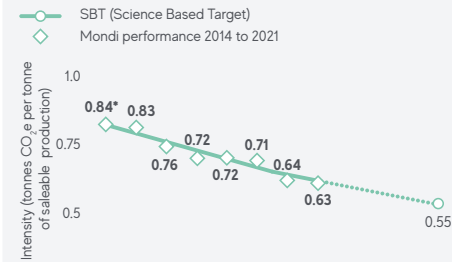
In addition to reducing our own emissions we have also made progress on setting a science-based Scope 3 reduction target which will support our efforts to address GHG emissions across our value chain.

Our Net-Zero plan outlines a proposed ambition and the resulting actions required across our operations, our supply chain and our products.

Performance against our target

The Group's total Scope 1 GHG emissions are predominantly due to the energy generation in our pulp and paper mills and energy sales. In 2021, we reduced the specific Scope 1 GHG emissions of our mills by 2.6% to 0.56 tonnes CO₂e/t in 2021 (2020: 0.57 t CO₂e/t), mainly due to our investments in our Syktyvkar (Russia) and Ružomberok (Slovakia) mills.

Scope 1 and Scope 2 GHG emissions from our pulp and paper mills Intensity (tonnes CO₂e per tonne of saleable production)



* The 2014 baseline of 0.839 tonnes CO₂e per tonne of saleable production excludes divested mills

GHG emissions from our pulp and paper mills



a Scope 1: Energy sales GHG emission (million tonnes)
 b Scope 1: Production related GHG emission (million tonnes)
 c Scope 2: Production related GHG emission (million tonnes)

Find our consolidated performance data [here](#)



"To prevent the worst consequences of climate change the average global warming must not exceed 1.5°C. Our WWF CLIMATE GROUP unites companies that have recognised the urgency to change and take decisive actions to reduce their GHG emissions. Mondi is one of our network partners shaping the transition to a low carbon economy."

Stefan Ropac,
 Program Manager, WWF CLIMATE GROUP - WWF Austria



REDUCE GREENHOUSE GAS EMISSIONS

Growing our renewable energy

Replacing coal with biomass to reduce our carbon emissions

Our recently completed investment at our Richards Bay mill included upgrading the energy plant, which will reduce CO₂ emissions by around 250,000 tonnes per year, more than half of the mill's annual emissions, and will secure compliance with air emissions regulations. It also will reduce ash generation – a waste stream which currently has to be landfilled. This supports the achievement of our zero waste to landfill commitment reducing waste to landfill by about 23,000 tonnes per year (see [page 31](#))



“This project is part of an ongoing major upgrade at our Richards Bay mill to enhance sustainable operation for the future and support the reduction of carbon intensity in our production processes.”

Wayne Simon,
Operations Director, Mondi Richards Bay



Investing in renewable energy and increasing our self-sufficiency

Our pulp and paper mills generate most of their energy and electricity needs on-site. Energy and related input costs contribute significantly to the variable costs across our pulp and paper mills and converting operations.

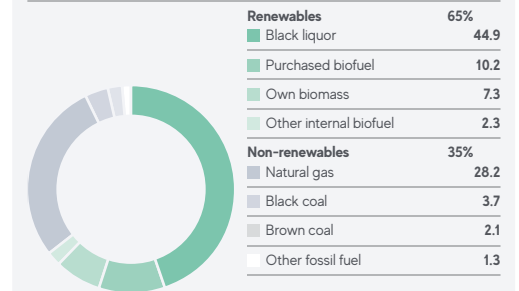
We have been investing to improve the energy efficiency at our plants and shifting our fuel mix to renewable biomass which offers the most significant potential for reducing our GHG emissions. As a result, Mondi has steadily increased its electricity self-sufficiency over time.

In 2021, we purchased 53,190 TJ fossil fuels and used 97,800 TJ biomass to generate most of our energy and electricity on-site in our energy plants. The share of renewable fuels used in our energy plants decreased slightly to 65% (2020: 67%) and our electricity self-sufficiency decreased to 99% (2020: 104%).⁵

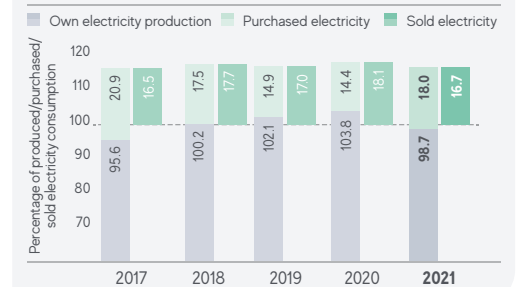
In addition to the energy we need to run our operations, we sell excess heat to external energy users, such as local communities. The energy sold resulted in 0.8 million tonnes of GHG emissions (2020: 0.8 million tonnes) accounting for 21% of the Group's total CO₂e emissions in 2021. We sold 8,628 TJ energy as electricity with a higher share of renewables, to the public grid, or as heat for central heating. For example, in Syktyvkar Mondi supplies heat and warm water to 60,000 people in the nearby Ezhva district of Syktyvkar during the cold winter months.

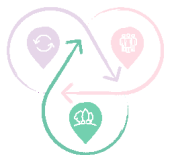
⁵ In our calculation of the electricity self-sufficiency of our mills, we include energy sales from those mills. The total is the average across all our operations, but this does not mean that each individual operation is electricity self-sufficient

Fuel sources for our pulp and paper mills renewable vs non-renewable (%)



Electricity consumption produced/purchased/sold (%)

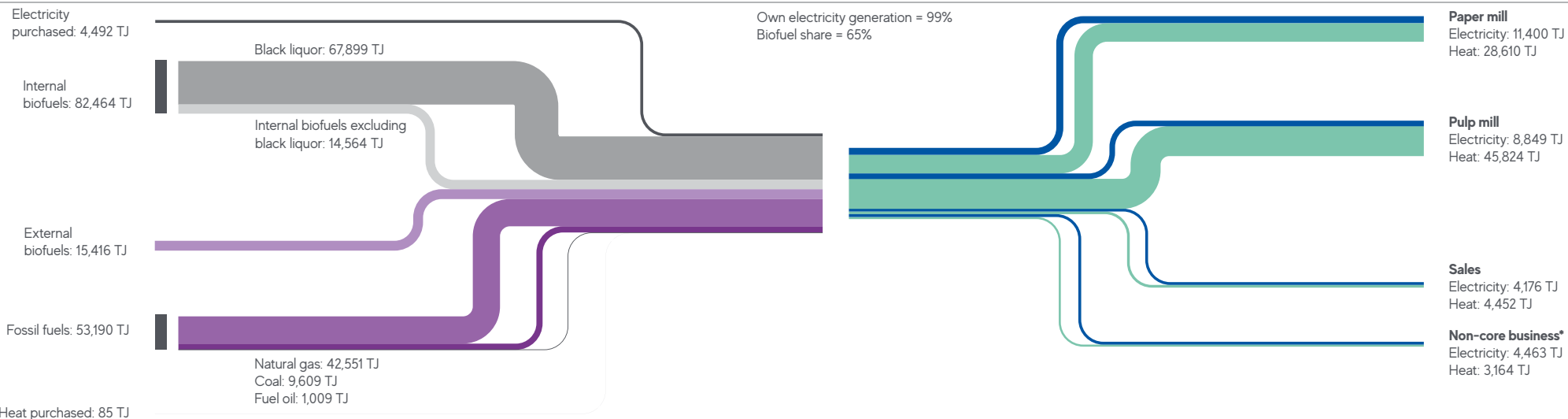




REDUCE GREENHOUSE GAS EMISSIONS

Our energy balance

Energy balance from our pulp and paper mills



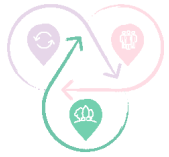
* Including finishing, power generation, utilities and others

- Mondi generates 24,701 TJ of electricity - this is 99% of the electricity required for its manufacturing sites in its own energy plants (including energy generated for sale).
- 4,452 TJ excess energy are sold in form of steam (e.g. for central heating), and 4,176 TJ of electricity are introduced into the public grid.
- 65% of the fuels incinerated in our energy plants are biomass, of which 84% are generated from by-products of the pulp process or from our wastewater treatment plants (e.g. black liquor).

Energy consumption of our pulp and paper mills (in million GJ)

	2021	2020	2014 baseline	% change 2020-2021
Energy consumed by pulp and paper core processes in the form of heat and electricity at our operations	94.7	94.5	90.7	0.2%
Electricity purchased by our mills from external sources	4.5	3.5	7.6	29.5%
Total electricity requirements for producing pulp and paper	20.2	21.0	20.0	-3.4%
Total heat requirements for producing pulp and paper	74.4	73.6	70.7	1.2%
Energy sold to the local grids	8.6	8.3	10.8	4.2%
Total energy sales including green fuel sales	10.2	9.9	12.8	3.2%

The energy Sankey diagram above shows Mondi's purchases and use of biomass and fossil fuels to generate heat and electricity and the sale and use of the energy generated in our operations.



REDUCE GREENHOUSE GAS EMISSIONS

Reducing Scope 2 purchased energy emissions

Reducing emissions through energy procurement

In 2021, our pulp and paper mill at Dynäs (Sweden) signed an agreement to procure renewable electricity generated from hydropower. The agreement enables the mill to avoid around 60,000 tonnes of CO₂e per annum of Scope 2 emissions. The Group's share of renewable energy in the electricity purchased has increased from 5% to 43% and the overall Scope 2 emissions reduced by 3.4%.



43%
of our purchased
electricity is generated
from renewables

Target: Reduce Scope 2 GHG emissions by 39% per MWh by 2025 and by 86% by 2050 from a 2014 base year

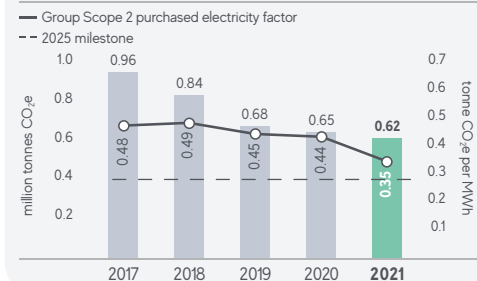
Energy and related input costs contribute significantly to the variable costs of our pulp and paper mills and converting operations. This target allows us to increase our energy self-sufficiency and improve profitability and energy security in light of high uncertainties around future regulation, energy prices and energy availability. Our science-based Scope 2 target has been developed to also cover the contribution of our converting operations in addition to our mills.

Performance against our target

One of our priorities is to reduce the amount of energy we use in our processes, which reduces our need for electricity from external grid providers. We have developed a roadmap to reduce the Scope 2 factor kg CO₂e/MWh of regional electricity purchases. The Scope 2 factor covers the GHG emitted by external energy companies per MWh purchased energy, an important measure for renewable energy.

In 2021, Mondi increased the purchase of electricity from renewables and reduced its Scope 2 emissions by 3.4% to 0.63 million t CO₂e (2020: 0.65 million t CO₂e). The Scope 2 factor of purchased electricity reduced by 20% to 353 kg CO₂e/MWh in 2021 (2020: 440 kg CO₂e/MWh).

Group Scope 2 from purchased electricity



We are investigating long-term power purchase agreements (PPAs) with green electricity providers (e.g. windfarms and photovoltaic energy providers) to further increase our future renewable electricity supply. PPAs may support our roadmap to reduce Scope 2 emissions to nearly zero by 2040. Where no alternative renewable electricity is currently available (for example in South Africa), reduced Scope 2 emissions can be achieved by investing in our mills' electricity self-sufficiency using renewable sources, where feasible.

We have engaged with electricity providers to increase the share of renewable energy in our purchased electricity and reduce our Scope 2 GHG emissions by lowering the CO₂ factor per MWh purchased. 43% of our purchased electricity is from renewable sources (2020: 5%). Our converting operations contribute 29% of the Group's total Scope 2 emissions and are focused on increasing energy efficiency and purchasing electricity from renewable sources. In 2021, we decreased our total Group's Scope 2 emissions by 3.4% by securing renewable electricity at our mills in Dynäs, Ružomberok and Frantschach.

Target: Set a science-based Scope 3 reduction target by 2025

We understand that achieving positive change at scale cannot be done by working only within our own manufacturing boundaries; we must intensify engagement with our partners to reduce emissions across the value chain, especially our suppliers, logistics service providers and customers. Our Scope 3 emissions are estimated to represent 45% of our total GHG emissions and we have committed to develop short- and long-term science-based Scope 3 targets to be approved by the SBTi. This will be an essential part of our new science-based Net-Zero target.

Find our consolidated performance data [here](#)



REDUCE GREENHOUSE GAS EMISSIONS

Setting a Scope 3 target

We started working on a potential science-based Scope 3 reduction in 2020, supported by our WWF Climate Savers engagement.

Our Net-Zero commitment includes both short-term and long-term GHG emissions reduction targets, including Scope 3.

In recent years, we have increased the number of Scope 3 categories we report to provide a more complete picture of our indirect emissions. Our Scope 3 emissions arise mainly from raw materials and fuels, the upstream and downstream transportation of products, with a much smaller contribution from employee commuting, business travel and the disposal of waste. We have applied a materiality threshold of 1% of all Scope 3 emissions.

We aim to achieve a reduction in our Scope 3 emissions by selecting suppliers with higher renewable energy shares and higher recycling rates and by substituting carbon-intensive raw materials. The use of fossil fuels with high Scope 3 factors (e.g. coal) can be significantly reduced by investing in energy efficiency and by replacing fossil fuels with biomass (see the Richards Bay modernisation case study on [page 53](#)). Transport-related GHG emissions can be reduced

by fostering intermodal transport⁶ and selecting of logistics providers with reduced CO₂e emissions.

Engaging with our suppliers

Engaging with suppliers, especially suppliers of raw materials and fuels, is key to reducing our Scope 3 GHG emissions. We will intensify supplier engagement and request carbon footprint data and information on supplier GHG emissions reduction targets and plans to transition to Net-Zero. Carbon-intensive raw materials, for example aluminium foil, will be evaluated to consider the feasibility of substitution with lower carbon alternatives, including the increased use of recycled material.

Transport of our finished products to customers is performed by third-party logistics partners and contributes to the Scope 3 emissions of both Mondi and our customers. Some 206,000 tonnes of product-related transport emissions were emitted in 2021.

Selecting suppliers with ambitious GHG emissions reduction targets will help us achieve our Scope 3 targets along with stricter regulation in the EU.

We will work more closely with our downstream logistics partners to develop transport-related improvement projects together. By selecting shipping companies with lower specific carbon footprints (e.g. those that use train instead of trucks, adopt low carbon transport and improve specific loading capacity, etc.) we have the potential to reduce the transport-related Scope 3 emissions of our products.

Avoided emissions

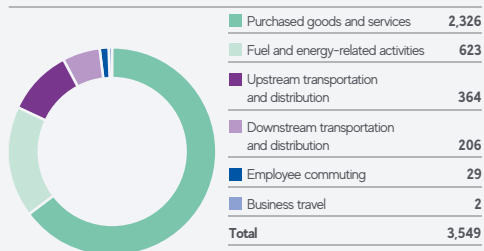
Avoided emissions are emission reductions that occur outside of a product's life cycle or value chain, but as a result of the use of that product. We sell renewable excess energy generated from our pulp and paper processes, usually to the public grid for district heating and electricity use near our mills. This resulted in 42,000 tonnes CO₂e of avoided emissions in 2021. In 2021, we also avoided some 0.12 million tonnes of CO₂e through the sale of approximately 1.60 million GJ green fuels (including pitch fuel, sulphate soap, tall oil and turpentine), which are a substitute for fossil-based fuels. By substituting natural gas with 0.05 million GJ biogas generated in anaerobic wastewater treatment plants at our mills we also avoided 3,000 tonnes of CO₂e.

Using biomethane to reduce transport emissions

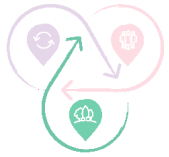
In 2021, Mondi undertook a pilot with marine transport company, CMA CGM, who operate a number of ships with biomethane instead of heavy fuel oil. In the pilot project, the ships transported 66 20-foot Equivalent (TEU) containers of Mondi products in the coastal area of Germany, Spain, Portugal and France, reducing transport-related Scope 3 emissions by about 67% compared to existing transportation methods.



Scope 3 emissions (thousand tonnes CO₂e)



⁶ The transportation of freight is carried out in an intermodal container or vehicle (e.g. truck) and uses multiple modes of transportation (e.g., rail, ship, and truck). No handling of the freight is required when changing modes



REDUCE GREENHOUSE GAS EMISSIONS

Reflections and outlook

Performance against our target

At the end of 2021, the Board approved setting a Scope 3 target as part of our Net-Zero plan. The process of validation of our new Scope 3 target with SBTi has now commenced.

We will publish details of our new Scope 3 short-term 2025 science-based target and our long-term 2050 science-based Net-Zero target once we have received validation by the SBTi.

Our Scope 3 emissions in 2021 were estimated at 3.5 million tonnes CO₂e, a slight increase of 9.1% against 2020, mainly due to an improved data base (e.g. replacing secondary data from publicly available and accepted data sources with primary data from our suppliers).



Find our consolidated performance data [here](#)

Reflecting on 2021

We focused our efforts on developing our Net-Zero plan and our climate action roadmaps to achieve our ambitious targets and we publicly committed to a science-based Net-Zero target. The MAP2030 Climate Action working group meets quarterly to track the impacts of investment projects and other activities on our carbon targets and to update GHG emissions outlook scenarios accordingly.

We also supported the development of the GHG Protocol Land Sector and Removals Guidance, a joint initiative by the WBCSD and the World Resources Institute (WRI), to provide consistent and comparable accounting of carbon removals and emissions related to land use change, land management, manufacturing and products among different sectors. Mondi will participate in pilot testing the new GHG Protocol carbon removals standard in 2022.

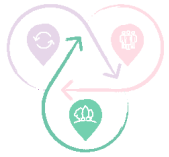
Our cross-functional team, supported by external experts, revised our climate change-related risks and opportunities reporting in line with the requirements of TCFD (see pages 60–67 of our [2021 Integrated report](#)).

We also supported the development of a Forest Sector Net-Zero Roadmap published by the World Business Council for Sustainable Development's Forest Solutions Group and attended COP26 to support the launch of the roadmap.

What's next?

- Work with SBTi to validate our updated Scope 1, 2 and 3 short-term GHG reduction targets and our new long-term science-based Net-Zero targets
- Continue to invest in energy efficiency and fuel change to reduce Scope 1 emissions, especially from our on-site energy plants and through the modernisation of our manufacturing plants
- Intensify engagement activities with partners and suppliers to support our Scope 3 reduction plan
- Continue to engage with electricity providers to further increase the share of renewables of our electricity purchased





MAINTAIN ZERO DEFORESTATION

Our planet is facing a dual crisis of climate change and biodiversity loss which are closely interconnected. Healthy and resilient forests are vital to the circular bioeconomy as a source of low carbon, renewable, recyclable and compostable material.

Commitment

Maintain zero deforestation in our wood supply, sourcing from healthy and resilient forests

Targets

Maintain 100% FSC™ certification in our own forestry landholdings

● On track

100% responsibly sourced fibre with 75% FSC™- or PEFC™-certified fibre procured by 2025 and the remainder meeting the FSC™ Controlled Wood standard

● On track

Implement leading forestry measures to ensure productive, healthy and resilient forests

● On track

Linked to SDGs:



Read more about our contribution to the SDGs in our [SDG Index](#)

Responsible sourcing of wood is key for our business

We are committed to ensuring deforestation-free supply chains and to prioritise sourcing from domestic wood markets across central Europe, South Africa and north-western Russia, and implementing our due diligence management system (DDMS). We do not use indigenous tropical tree species or genetically modified trees, nor do we accept CITES and IUCN protected tree species.⁷

We consume around 17.3 million m³ of wood annually in the form of round wood and wood chips. We manage around 2.4 million hectares of natural forestry landholdings in Russia and around 254,000 hectares of plantation forestry landholdings in South Africa, from where we source around one-quarter of the wood we consume. Nearly three-quarters of our wood is purchased from external suppliers, mainly in central Europe.



We also buy a small proportion of pulp and paper from the market – 0.3 and 0.8 million tonnes respectively.

Sustainable working forests have a critical role in addressing the climate crisis and in securing long-term benefits for society and for landowners. They are central to our business as wood fibre is our most important raw material for producing our sustainable paper and packaging solutions.

Sometimes production landscapes face challenges in terms of the health and resilience of forests due to changing climate conditions such as heavy rainfall, drought, frost and windstorms. Higher temperatures and lower precipitation may increase the vulnerability of forests to pests and diseases. Ensuring the long-term health and resilience of forests starts with proper reforestation of harvested sites followed by effective tending of young forests and their protection throughout the life cycle until the next harvesting.

Using voluntary certification to support sustainable working forests

Our commitment is to use 100% responsibly sourced fibre, with FSC or PEFC certification or compliance with FSC Controlled Wood standard as a minimum. Controlled Wood standards are instrumental in addressing legal, environmental and social requirements through a risk-based approach which is underpinned by third-party country-level risk assessments embedded into our DDMS (see [page 89](#)).

Compared to non-certified forest management systems, we believe FSC and PEFC certification offer the greatest value in terms of increasing sustainable fibre sourcing in the long term. Forest certification schemes work continuously to make their standards more relevant and able to address challenges such as climate change and biodiversity loss. We support these efforts and have been working to enhance quantitative and qualitative aspects of voluntary forest certification using different levers – for example by enhancing certification in our own forestry operations and in global wood fibre sourcing and by enabling adoption of best available knowledge within the standards.

For voluntary forest certification to have an impact on a global scale, most of the forest area needs to be certified. However, only 11% of the world's forests and 38% of industrial roundwood are currently certified.⁸ Encouragingly, there has been noticeably better development of forest certification at scale in the regions where we operate.

⁷ The Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) or the Red List of International Union for Conservation of Nature (IUCN)

⁸ FAO. 2020. Global Forest Resources Assessment 2020. Main report. Rome. <https://www.fao.org/3/ca9825en/ca9825en.pdf>



MAINTAIN ZERO DEFORESTATION

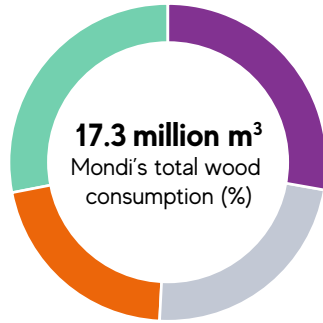
Responsible sourcing of our wood

100% of our wood is sourced from responsible sources with a risk-based approach

Certification provides important assurance

28% FSC™-certified wood purchased

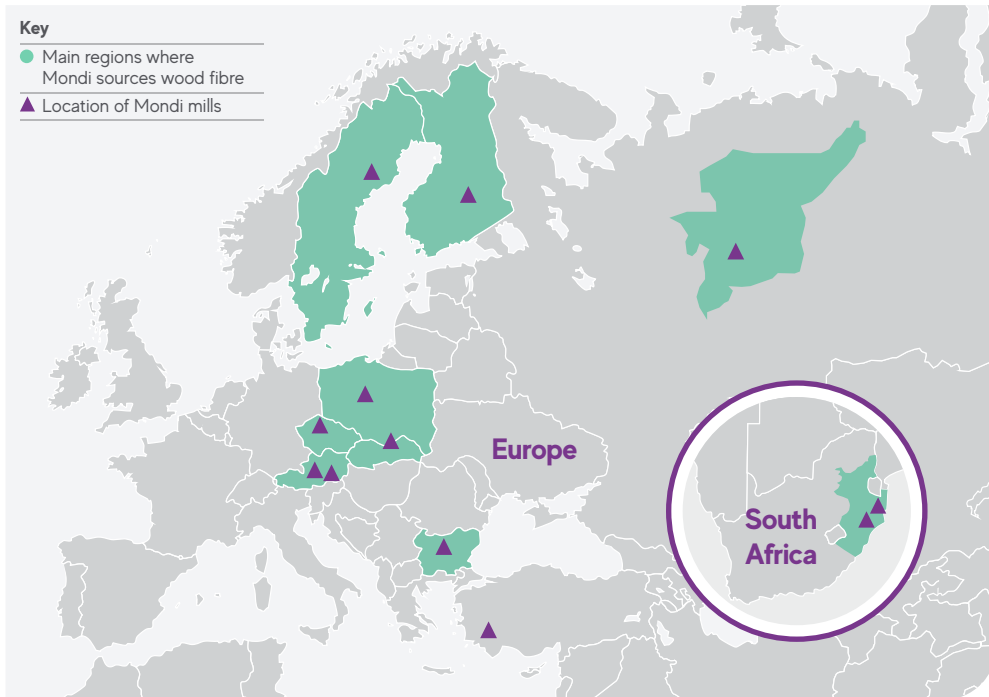
21% FSC-certified wood from our forests



28% PEFC™-certified wood purchased

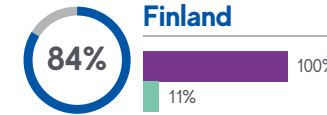
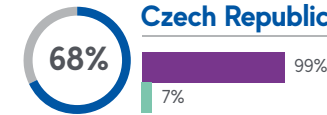
23% FSC Controlled Wood purchased

Key
 ● Main regions where Mondi sources wood fibre
 ▲ Location of Mondi mills

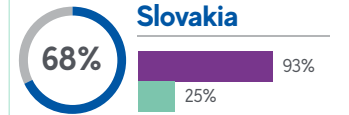
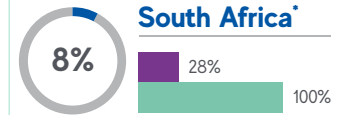


% of certified forests in key countries where we source 90% of our wood

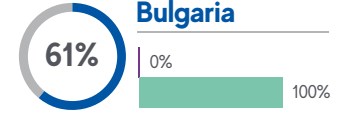
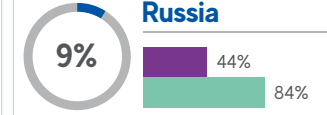
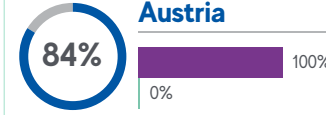
Low risk countries



Medium risk countries



High risk countries



■ % of PEFC-certified forest ■ % of FSC-certified forest ○ Total % of certified forests in each country
 * In South Africa, wood is sourced only from forest plantations, 80% of which are certified (DAFF, 2020)
 Note: The FSC% and PEFC% shows how much of the country-level certified forest area is represented by each certification scheme. The sum may exceed 100% as some forests are certified to both FSC and PEFC.
 Calculated based on FAO, FSC, PEFC (2021)

Benefits of domestic sourcing

With only 11% of forests and 38% of industrial wood globally certified, we aim to make the best use of certified wood from domestic markets. There are a number of socio-economic benefits to sourcing over 90% of our wood from the countries where our mills are located (see countries listed above):

- Contributing to the local economy and livelihoods
- Shorter transportation distances with lower GHG emissions
- More resilience and transparency in terms of our supply chain





MAINTAIN ZERO DEFORESTATION

Scaling up voluntary forest certification

Target: Maintain 100% FSC™ certification in our own forestry landholdings

Credible third-party certification based on integration of complementary certification schemes is an essential part of our management approach. It ensures that our forestry operations comply with internationally recognised benchmarking for sustainable forestry, including environmental management.

We started to implement voluntary forest certification in our forestry operations in Russia and South Africa over 20 years ago when FSC certification first became prominent. We reached the milestone of 100% of our forestry landholdings FSC-certified in 2009 and have successfully maintained this comprehensive level of certification ever since.

Continuous improvement of our management systems

Maintaining 100% certification implies continuous efforts to maintain standards. We ensure timely certification of newly acquired landholdings – normally within one year after the time of approval of a forest management plan. We also ensure timely transition to new versions of certification standards.

We can achieve significant impact by using our forestry landholdings to develop best available practices and practical guidelines and actively participate in testing new requirements of certification standards. For example, in 2021 FSC Russia recognised Mondi's long-term efforts to create a programme of community engagement and development as a practical example of how the complex social requirements of forest

management certification can be implemented in real life.⁹

In addition to FSC, we have also worked to integrate complementary certification standards into our forestry management systems in Russia and South Africa. This has enabled us to gain first-hand experience of working with different certification schemes which, in turn, has supported our use of certification standards in our external wood sourcing decisions.

Performance against our target

We have maintained 100% of our own forestry landholdings as FSC-certified complemented by other certification schemes.

In Russia, we extended our forestry landholdings to 2.4 million hectares by leasing an additional 229,000 hectares in 2020 and 161,000 hectares in 2021. The vast majority of new areas are included in the scope of our existing FSC and PEFC certificates. We are preparing the remaining 36,000 hectares for certification in 2022.

In South Africa, we successfully maintained FSC forest management certification for 254,000 hectares of our landholdings. In 2019 the South African Forestry Assurance Scheme (SAFAS) standard was endorsed by PEFC and in 2021 Mondi South Africa prepared for PEFC certification with the aim of being fully certified in 2022.

Both our forestry operations successfully maintained certification of their environmental management systems according to the ISO 14001 (2015) standard.

Target: 100% responsibly sourced fibre with 75% FSC™- or PEFC™-certified fibre procured by 2025 and the remainder meeting the FSC™ Controlled Wood standard

As a result of sourcing decisions and actions on the ground to support expansion of certification to new areas and suppliers, we have managed to increase the proportion of FSC- or PEFC-certified wood fibre in our supply chain by 10% over the last five years.

Driving progress across our mills

To achieve our new target of 75% by 2025, we considered each of our mills and the availability of certified forests in local wood sourcing regions. Most of the countries where Mondi operates have high demand for certified wood and we face a challenge with limited availability of certified forests in some sourcing regions.

For example Bulgaria, where our Mondi Stambolijski mill is located, limited certified forests are available. Through collaboration with WWF Bulgaria and other partners, we enabled FSC certification of 650,000 hectares of state-managed forests from 2014 to 2020. The overall proportion of FSC-certified forests in Bulgaria has increased from 11% in 2014 to 61% in 2021 which benefits our mill, other wood fibre consumers and suppliers.

Another example is our supplementary wood sourcing from Hungary for mills in neighbouring Austria. To catalyse extension of certified forest areas and increase supply of certified wood from Hungary, managers from our Wood Certification Network worked with PEFC Austria to revise and update the Hungarian national forest certification standard. In 2021, the new standard was endorsed by PEFC in line with its newest sustainable forest management benchmark.

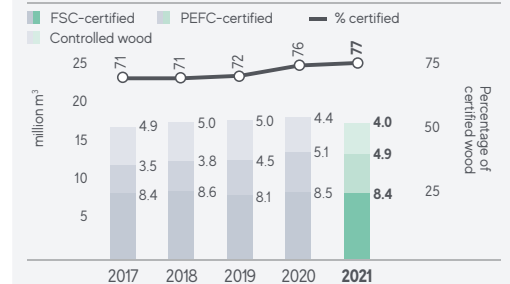
Performance against our target

100% of our wood fibre procured in 2021 was from responsible sources with 77% FSC- or PEFC-certified wood and the remainder being compliant with the FSC Controlled Wood standards.

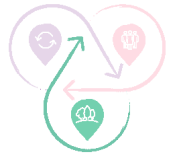
While we saw an unusually high percentage of certified wood procured due to temporary increases in availability in domestic markets since 2020, the average share of certified wood since 2016 was 71%. Domestic markets were impacted by increased availability of wood due to forest calamities.

Find our consolidated performance data [here](#)

Share of certified wood supply in our pulp and paper mills



⁹ FSC Russia, "Green Project of the Year" (only in Russian), <http://green-project.fsc.ru/katalog-proektov/social/proekt-podderzhka-zanyatosti-naseleniya-lesnih-rayonov-komi>



MAINTAIN ZERO DEFORESTATION

Making forests more resilient


Target: Implement leading forestry measures to ensure productive, healthy and resilient forests

We have an opportunity to lead the way in our own forestry operations in South Africa and Russia by developing best practice silviculture and other forest management practices to promote forest growth and resilience. In central Europe, where we source our wood fibre, we don't have a direct influence on land management, and we enable uptake of climate-fit forestry practices through collaboration with partners and suppliers.

Forest certification standards, policies and regulations must evolve in line with science-based guidance on future-proofing forests to ensure their health and resilience. We work with national and international partners to develop and share best practices that underpin the Sustainable Working Forest model. This model looks to secure sustainable yields of timber for the bioeconomy while conserving biodiversity and other ecosystem services. It acknowledges that forests take many forms around the world – from high-yield plantation forests in the south, to vast tracts of lower-yield boreal forests in the north – and that one size does not fit all so a context-specific approach is needed.

Sustainable Working Forests in our own operations

In South Africa, we have developed a comprehensive tree improvement programme as well as silviculture techniques to maintain healthy, resilient and productive tree plantations. We mitigate the risk of catastrophic fires with a robust fire management system.

 [Read more online](#)

In Russia, while protecting the most valuable primary forests, we have established a long-standing programme to support the sustainable intensification of secondary forests. This includes implementation of best practices in logging and reforestation, forest tending and protection to ensure maintenance of large carbon stocks in our forests.

Sustainable Working Forests beyond our managed landholdings

In 2021, Mondi and other members of the WBCSD's Forest Solutions Group (FSG) worked together to develop the 'Forest Sector Net-Zero Roadmap' to convey the transformational role of the forest sector in tackling climate change.¹⁰ The report articulates how sustainable working forests and their products are key to a net-zero economy through three key levers:

- **Decarbonisation:** reducing operational emissions across value chains
- **Sequestration:** increasing carbon sinks in forests and products
- **Substitution:** replacing fossil-based and carbon-intensive materials

Through our membership in the Confederation of European Paper Industries (Cepi), we actively engaged in discussions related to the EU Green Deal, specifically on the EU Forest Strategy and the EU Biodiversity Strategy. The forest sector is in favour of continued active utilisation of European forests by implementing integrated forest management approaches, aimed at enhancing their multiple uses. The alternative policy of setting more land aside for conservation purposes potentially poses long-term risks to forests and the circular bioeconomy, which must first be fully understood.

For example, set aside forest areas of a relatively small size can suffer from a high edge effect, which means that impacts from neighbouring land uses penetrate deep into a conservation area, disturbing microclimate and natural processes and undermining its stability and resilience. Small set aside patches do not have a sufficiently diverse mosaic of natural ecosystems at different succession stages to support self-recovery without management interventions. We believe scientific research will be crucial to inform effective policies and management practices focused on mitigating climate change and reversing nature loss.

Forest growth in Europe

Between 1990 and 2020, total forest area and wood stock in Europe grew with a 21% increase in biomass carbon pools. According to the latest Global Forest Resource Assessment report¹¹, European forests are still growing despite increased rates of forest disturbances such as windstorms and bark beetles in recent years. Timely harvesting and regeneration of forests is key to sustainable carbon dynamics in forests and also enables climate-positive effects downstream the value chain.

Performance against our target

The main threat to forests in our landholdings are forest fires occurring as frequent, high intensity small-scale fires in South Africa and rare, low intensity large-scale fires in Russia. Since 2016 the share of losses caused by wildfires and other natural disturbances in our forestry landholdings in South Africa and Russia was at a minimum level of below 1% from total losses of carbon. Average annual growth also exceeded wood harvesting rates in our landholdings.

In 2021, we finalised an evaluation of the carbon balance in our Russian and South African forestry landholdings as a complementary metric to traditional monitoring of growth and harvest volumes. This calculation showed that our landholdings acted as carbon sinks over the recent years, accumulating carbon stocks. We used IPCC guidelines, best available forest inventory data and science-based coefficients to evaluate carbon fluxes in wood biomass excluding deadwood and soil. We plan to have our carbon balance peer reviewed as a next step.

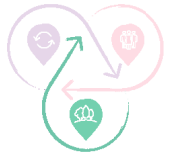


“Climate change mitigation depends on nature-based solutions such as resilient forest-ecosystems and in turn nature relies on the ability of ecosystems to adapt to a changing climate.”

Markus Gärtner,
CEO Corrugated Packaging

¹⁰ <https://www.wbcsd.org/Sector-Projects/Forest-Solutions-Group/Resources/Forest-Sector-Net-Zero-Roadmap>

¹¹ <https://fra-data.fao.org/EU/fra2020/home/>



MAINTAIN ZERO DEFORESTATION

Reflections and outlook

Unpacking opportunities to create climate-fit forestry

In 2021, we announced a three-year partnership with the International Union of Forest Research Organizations (IUFRO) to identify science-based viable responses to climate-related threats to forests and forest-based industries. The IUFRO-Mondi partnership is a global partnership with a pan-European focus. Our aim is to establish a science-business platform through which we can partner to address climate change challenges and identify ways forward for the forestry and business community to ensure a sustainable future.

The partnership will facilitate in-person and hybrid 'Think Tank' meetings that provide access to the latest knowledge on climate change and SDGs and help to identify potential response measures. We will also arrange stakeholder dialogues to share findings and identify future pathways and actions, conduct scientific studies, workshops and promote best practice sharing.

In October 2021, the second partnership 'Think Tank' meeting brought together around 30 scientists and forest industry representatives along the forest value chain. Scientific keynotes were followed by regional reflections and brainstorming, with discussion and identification of research needs. The aim was to improve understanding between science and industry on the key topics with a focus on the Boreal, Continental, Alpine and Mediterranean regions. These topics included the impacts of climate change on forests, critical silvicultural management options and response options along the forest value chain, socio-political frameworks and societal perceptions. We will aim to publish a joint science-based Think Tank summary report which will form the foundation for the first stakeholder dialogue.



"Our partnership with IUFRO will allow us to actively collaborate with the scientific community in a structured way to address climate change challenges, gain broad access to research and convert this into practical applications and improved operations."

Dirk Längin,

Group Head of Fibre Sourcing and Co-Chair of the IUFRO-Mondi Partnership Steering Group



We continue to implement best practice forestry measures in our own forestry landholdings in Russia in line with our Sustainable Working Forests model. Forests are growing in our main sourcing regions and we continue to promote sustainable forest management practices and certification of forests. Our new partnership with IUFRO will combine scientific thinking with operational best practice to identify ways to improve the resilience of our European forests for the benefit of all.

Reflecting on 2021

2021 saw a series of strong debates at global and EU level between policy makers, the forest sector, NGOs and scientific organisations about the long-term role of forests in climate change mitigation and biodiversity conservation.

There is a desire, backed by rapidly evolving EU regulation, to set aside more forests for conservation, meaning they would be unharvested and unmanaged. At the same time, there is increasing market and consumer demand for sustainable, low carbon products, based on renewable and recyclable materials such as pulp and paper.

We recognise the many different stakeholder views on how forests should be managed and conserved. We believe well-informed science can guide us to overcome complex challenges and find optimum solutions. A multi-stakeholder approach is crucial to ensure recognition and adoption of science-based solutions.

We are confident that sustainably managed forests and responsibly manufactured fibre-based products can play a crucial role in managing the climate crisis and meeting society's need for sustainable packaging and paper solutions.

What's next?

- Continue to support development of forest management certification at scale, promoting a balanced approach to the role of sustainably managed forests for wood fibre production, while maintaining their role for climate change mitigation, biodiversity conservation and other ecosystem services
- Build on current science-based collaborations to develop a comprehensive and accurate understanding of the climate change mitigation and adaptation potential in our own forestry landholdings and external wood sourcing areas and products
- Continue to support the development of corporate accounting rules for carbon removals as part of the GHG Protocol



SAFEGUARD Biodiversity AND WATER RESOURCES

Healthy and well-functioning ecosystems are the foundation of life on our planet. Water and biodiversity are key limiting factors for ecosystems' resilience. In the forest sector, the most significant biodiversity and water impacts and dependencies occur upstream, in forestry landscapes and primary processing facilities.

Commitment

Safeguard biodiversity and water resources in our operations and beyond

Targets

Conduct water stewardship assessments at our mills and forest operations by 2025, and implement required actions to address the findings by 2030

● On track

Conduct biodiversity assessments at our mills and forest operations, introducing biodiversity action plans where necessary by 2025

● On track

Linked to SDGs:



Read more about our contribution to the SDGs in our [SDG Index](#)

Having direct access to land and natural resources management at scale is a huge responsibility and a great opportunity; we can use our own practices and learnings to influence the development of best practices in our sector and beyond.

Evaluating our impacts in greater depth

Biodiversity and water stewardship assessments for our forestry operations and mills enable us to manage our impacts and dependencies on nature and support healthy ecosystems around our manufacturing sites and at a landscape level.

Having developed forestry management systems and implemented best practices for environmental management for more than two decades, our aim is to understand their impact and define key actions and metrics to continue to improve and monitor our future performance.



"We are proud of our long-standing water stewardship journey, which started in our operations in South Africa where the issue of water availability is critical. 2021 marked the 30 years since collaboration on wetlands started in South Africa. The WWF-Mondi Water Stewardship Partnership has been instrumental in improving water stewardship culture in our operations and beyond."

Vivien McMenamin,
CEO, South Africa





SAFEGUARD BIODIVERSITY AND WATER RESOURCES

Key principles of our landscape approach

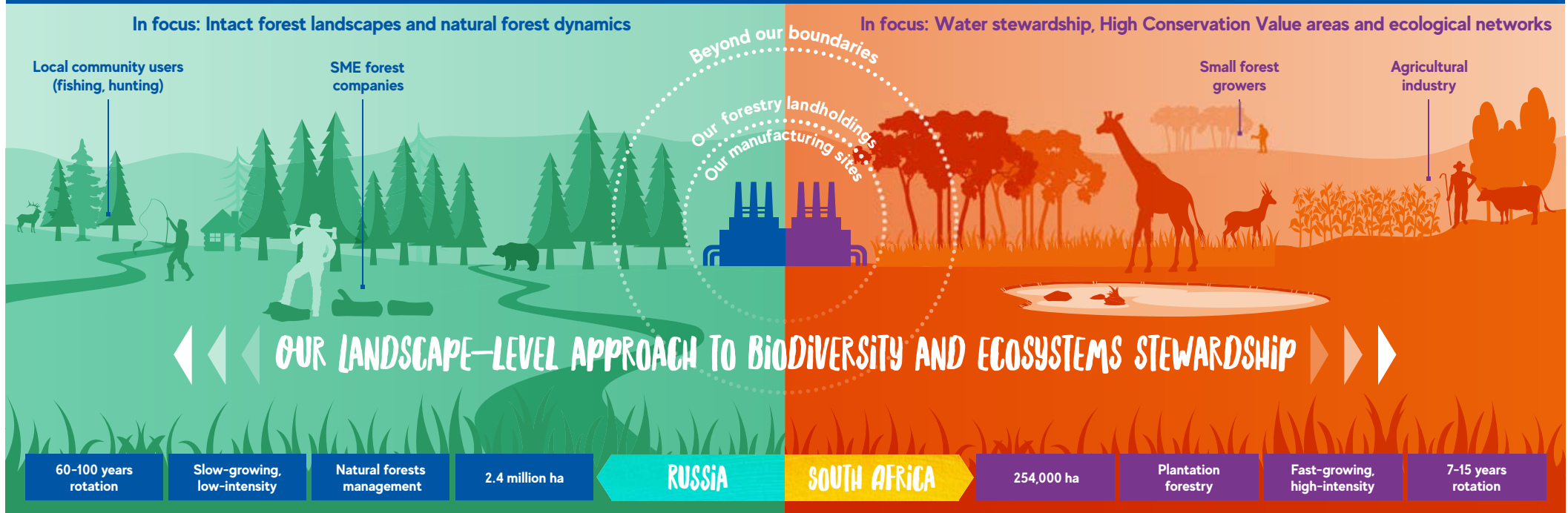
Functioning ecosystems are essential for maintaining the health of our planet, the resilience of our business and the wellbeing of our local communities. We aim to better understand our impacts on nature and safeguard biodiversity in our operations, and beyond, through partnerships.

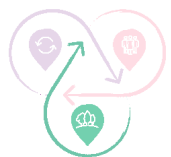
We continued our focus on improving the state of biodiversity and ecosystems through landscape-level multi-stakeholder partnerships, going beyond the boundaries of our operations. Part of our landscape stewardship strategy under MAP2030 includes the further development of local partnerships in Russia and South Africa, in addition to our focus on the responsible management of our own forestry and manufacturing operations.

In 2021, we enhanced our collaboration with local environmental NGOs and scientific institutions. Our aims are two-fold: Firstly, we want to increase access to science-based knowledge on ecosystem stewardship; and secondly, we want to promote practical implementation and effective communication of the best available practices in the landscapes where we operate. While we continue to work with our long-term partners, this year we strengthened our long-standing collaboration with the Institute of Biology of the Komi Science Centre in Russia and completed the first year of our partnership with the Endangered Wildlife Trust in South Africa.

We conducted a review of emerging biodiversity and ecosystem stewardship international frameworks in 2021, which clearly identified a need to develop verifiable tools to measure, monitor and communicate performance of long-term local landscape initiatives. Consultations with our local partners showed that there is a clear recognition of the importance of a precautionary principle and a mitigation hierarchy approach in nature conservation, along with stakeholder engagement and social learning.

We go beyond the fence because nature does not recognise any boundaries





SAFEGUARD Biodiversity AND WATER RESOURCES

Water – a valuable and shared resource

Target: Conduct water stewardship assessments at our mills and forest operations by 2025, and implement required actions to address the findings by 2030

In addition to the impacts of climate change on freshwater ecosystems and water cycles, industrial water withdrawal from freshwater ecosystems can lower the water table, reducing the volume of water available to other stakeholders and impacting the healthy functioning of ecosystems. This can have negative economic and social consequences for local communities. In some locations, the cost of the water we use and treat can be significant and water availability may be a pre-existing risk. We expect more stringent water regulations in the future and we have made water stewardship a priority, especially in water-stressed and water-scarce regions.

Promoting actions across critical water catchments

We work with our partners to develop approaches for evaluating and mitigating the impacts of major land use on water availability and quality of freshwater ecosystems in some critical water catchments where we are located. For over three decades, our partnership with WWF – now the WWF-Mondi Water Stewardship Partnership (WWF-MWSP) – has developed principles for the delineation of wetlands and tools for monitoring their health and functionality. In addition to further developing WWF's Water Risk Filter, our work to bring water-intensive sectors together aims to contribute to water security across several key catchments in South Africa (read more about our water stewardship online [here](#)). In Russia, we have been a long-term partner of the Silver Taiga Foundation's 'Model River Mezen' project, which aims to restore the declining population of the Atlantic salmon population in the catchment.

Mainstreaming water stewardship across our business

We are a member of the Alliance for Water Stewardship (AWS) – a global membership collaboration comprising businesses, non-governmental organisations (NGOs) and the public sector. AWS members contribute to the sustainability of local water resources by adopting and promoting a universal framework for responsible water use – the International Water Stewardship Standard (or AWS Standard) – which drives, recognises and rewards good water stewardship performance. Together with WWF and AWS, we consolidated best available practices to develop a Mondi Group Water Stewardship standard, which we are now in the process of implementing. We will assess all our mills and forestry operations in accordance with the Group Water Stewardship Standard by 2025 and identify appropriate actions, investments and stakeholder engagement activities.

Performance against our target

	Status review conducted
Forestry operations	50% completed
Mills	15% completed

In 2021, we revised the water stewardship assessments already conducted at our South African operations to assess compliance with our new corporate Group Water Stewardship Standard. The criteria include requirements related to the water stewardship policy, plan and strategy, as well as commitments related to water, sanitation and hygiene (WASH).

Our Richards Bay and Merebank mills currently have over 80% of criteria fully or partly fulfilled. The recent assessments identified many of Mondi South Africa's strengths, such as the existing partnerships with stakeholders, which aim to address shared water risks through collaborative action. Mondi South Africa is developing an action plan to address the gaps, such as understanding the water use by other services and evaluating the value created by water stewardship partnerships.

 Find our consolidated performance data [here](#)





SAFEGUARD BIODIVERSITY AND WATER RESOURCES

Protecting ecosystems and biodiversity

Target: Conduct biodiversity assessments at our mills and forest operations, introducing biodiversity action plans where necessary by 2025

Biodiversity loss was recognised again by the World Economic Forum (WEF) in their 2021 report¹² as a top global risk next to climate action failure. The fundamental diversity of ecosystems, species and genes is a prerequisite for nature to be able to successfully adapt to a changing climate. We all depend on goods and services provided by nature and we must take biodiversity conservation seriously and use any opportunity to drive positive change at scale.

Conducting biodiversity status reports and action plans for our forestry operations

We have been implementing biodiversity conservation measures in our forestry operations for more than 15 years. Many of these measures were developed through local partnerships with NGOs and scientists and through our engagement in certification schemes. 24% of our forestry landholdings are managed for conservation purposes.

“We have been implementing biodiversity and ecosystem stewardship measures in our forestry operations for more than 15 years, taking a landscape level approach.”

Gunilla Saltin,
CEO Uncoated Fine Paper

In 2021, we conducted a biodiversity status review of our South African forestry operations. Its purpose was to evaluate the state of biodiversity in the operational landscape and the effectiveness of our environmental management systems.

We engaged a range of local biodiversity experts to inform our review. One of our biodiversity management partners, the Endangered Wildlife Trust, provided an evaluation which we will use to select the preferred tool to benchmark our biodiversity management efforts and outcomes. The biodiversity status review resulted in several key findings and a series of recommendations to improve the effectiveness of our biodiversity management efforts going forward. Priorities to be addressed in the next four years include: (i) clear biodiversity management objectives, targets and SMART KPIs, linked to our agreed biodiversity management critical measures; and (ii) improved data management from monitoring and research efforts to enable better reporting of our performance and improved feedback loops for more effective management action on the ground.

In Russia, we worked with local NGO, Silver Taiga Foundation, to produce practical guidelines on biodiversity conservation in the Komi Republic, which were published in 2020. The guidelines are based on experience from Canada, Sweden and Finland and have been adapted to the Russian boreal forests. In 2021, with support from Mondi and other large forest companies in the region, the Silver Taiga Foundation produced video instructions on biodiversity conservation measures for logging operations, which has made the guidelines more accessible to a wider range of wood suppliers, including SMEs.

As a result of our long-term collaboration with the Silver Taiga Foundation and WWF Russia, we identified and mapped 1.2 million hectares of Intact Forest Landscapes for conservation at a regional level, of which 0.4 million hectares has received formal protection status. Within our own forestry landholdings in Russia, we have set aside 0.6 million hectares for conservation, while we continue to invest in the improved management of our commercial areas.

Conducting biodiversity status reports and action plans for our mills

In 2020, we produced biodiversity status reports for all our pulp and paper mills. This review identified important biodiversity sites around our operations, including protected areas, valuable habitats, Important Bird Areas (IBAs), key biodiversity areas (KBAs), Natura 2000 designated sites and the IUCN Red List of Threatened Species. We considered the direct impacts within a 10 km radius of our mills, as well as sources of pollution from non-Mondi owned operations in the surrounding area to understand the cumulative impacts beyond our own operations.

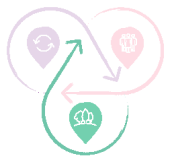


24%
of our forestry landholdings
are managed for
conservation purposes

In 2021, we carried out in-depth reviews of the Kematen and Hausmening mills' (Austria) status reports. We evaluated the potential impacts on protected terrestrial ecosystems located nearby (e.g. Natura 2000 forest) and the possible effects on freshwater ecosystems downstream of the mill (e.g. health of the local trout population). No material issues requiring biodiversity action plans were identified.

In Russia, together with the Institute of Biology of the Komi Science Centre, we finalised an evaluation of multiple studies on biodiversity and ecosystems around our Syktyvkar mill. The study highlighted a low level of environmental impact due to a substantial reduction of air emissions, water use and waste to landfill at the mill. In 2021, we extended our agreement with the Institute of Biology for three years to continue research on topics, such as impacts of water discharges to the river and other hydrology-related issues.

¹² https://www3.weforum.org/docs/WEF_The_Global_Risks_Report_2021.pdf



SAFEGUARD BIODIVERSITY AND WATER RESOURCES

Reflections and outlook

Performance against our targets

	Status review conducted	Actions defined
Forestry operations	50% completed	50% commenced
Mills	100% completed	25% commenced

In 2021, we finalised biodiversity status reviews for all mills and completed in-depth analyses of the findings for three mills in Russia and Austria.

We also conducted a biodiversity status review in the forestry operations in South Africa and started the development of an action plan.

Reflecting on 2021

The proceedings of COP26 once again highlighted the critical role of nature, with a strong call for urgent action to stop nature loss and to reverse the trend and achieve full recovery by 2050.

To help drive this change, a number of international frameworks on nature assessment and accounting are emerging to measure and quantify impacts and progress.

We support the development of these new frameworks in collaboration with other stakeholders. We also need to understand their applicability to the forest sector and to our local context. Initiatives we are supporting include:

- WBCSD's Nature Action Programme,¹³ which focuses on the global biosphere to drive action across government, civil society and business, with a core focus on the land sector, including forestry and agriculture;

- the EU Business @ Biodiversity platform and the Align project,¹⁴ which aim to support businesses, financial institutions and other stakeholders in developing standardised natural capital accounting practices, including a standardised approach to biodiversity measurement;
- the Science Based Targets Network¹⁵ (SBTN), a group of organisations working to shape private sector and city impacts on nature by developing Science Based Targets for Nature. The SBTN approach recognises the importance of setting materiality-based context-specific targets; and
- the Taskforce on Nature-related Financial Disclosures¹⁶ (TNFD), which is focused on delivering a risk management and disclosure framework for organisations to report and act on nature-related risks through target-setting, monitoring and disclosures.

Looking ahead, a key challenge for the forest sector is to develop a shared understanding of the term 'nature-positive' and to jointly explore methodologies for footprint accounting to enable a harmonised approach for the sector.

What's next?

- Finalise biodiversity and water stewardship status reports and action plans for our forestry operations and define a set of high-level KPIs
- Continue rolling out the biodiversity and water stewardship assessments in our mills, identify material issues and set appropriate actions
- Continue to define key principles for our multi-stakeholder and landscape-level approaches to ecosystem stewardship

¹³ <https://www.wbcsd.org/Programs/Food-and-Nature/Nature/Nature-Action>

¹⁴ https://ec.europa.eu/environment/biodiversity/business/align/index_en.htm

¹⁵ <https://sciencebasedtargetsnetwork.org/about-us/>

¹⁶ <https://tnfd.global/about/>





BUILT ON RESPONSIBLE BUSINESS PRACTICES

Underpinning all of our
MAP2030 commitments

Environmental performance	69
Human rights	77
Communities	79
Procurement	85
Business ethics and governance	92

ENVIRONMENTAL PERFORMANCE

Our aim is to be a responsible neighbour and to minimise and eliminate potential negative impacts of our operations on local communities and the environment.

Commitment

We will continually work on improving the environmental performance of our operations to minimise environmental impacts

Targets

100% of our operations will be certified according to globally accepted environmental standards equivalent to ISO 14001 by 2025

● On track

Reduce specific contact water consumption of our pulp and paper mills in water-stressed areas by 5% by 2025 compared to a 2020 baseline

● Slightly behind target

Reduce specific effluent load to the environment (measure COD) by 5% by 2025 compared to a 2020 baseline

● On track

Reduce specific NOx emissions from our pulp and paper mills by 5% by 2025 compared to a 2020 baseline

● On track

Reduce specific waste to landfill by 20% by 2025 compared to a 2020 baseline

● On track

Linked to SDGs:



Read more about our contribution to the SDGs in our [SDG Index](#)

We all have a part to play in protecting the planet. Resource efficiency is relevant to many of our material issues and we're working with partners across our value chain to use finite resources wisely, reverse environmental degradation and develop circular solutions.

What is our impact?

Our manufacturing processes are resource intensive and our environmental impacts arise predominantly in our pulp and paper mills. Most of the energy we use for our processes is generated on-site and, in some operations, also from fossil fuels. This results in greenhouse gas and other air emissions. Our processes also use significant amounts of water and generate waste. We see every emission to water, air and land as a lost resource and landfilling as wasted raw material. Hazardous waste poses a threat to the environment and can create future liabilities, particularly when deposited in landfills.

We drive our sustainability approach through our MAP2030 climate and environment working groups, which identify initiatives to achieve our commitments. This includes investments to modernise our energy plants (e.g. at Syktyvkar and Richards Bay) resulting in improved energy efficiency, increased electricity self-sufficiency and reduced emissions.

We actively engage with external stakeholders to reduce our environmental impact. This includes finding alternative recycling and reuse solutions for waste and developing innovative solutions that support a circular economy.

Best available techniques (BAT) standards are implemented to reduce our impacts, run resource-efficient operations, avoid disturbances and protect the rights of our neighbours and other stakeholders. In 2021, we continued implementing our ambitious Group-wide water stewardship methodology to reduce our freshwater impact, with special focus on regions with higher water risks.

Target: 100% of our operations will be certified according to globally accepted environmental standards equivalent to ISO 14001 by 2025

Management systems and certification

Our Environment Policy outlines the commitments we adhere to, including the principle of resource efficiency and cleaner production. Our operations around the world apply a precautionary approach and comply with all applicable environmental regulations and permits. When an impact is identified, we define mitigating measures to avoid harm to the environment. We record and thoroughly investigate all environmental incidents and complaints.

Environmental management systems support our operations to meet environmental protection standards, comply with legislation and improve reporting and transparency. Our Sustainable Development Management System (SDMS) supports our mills, forest and converting operations to manage their impacts and improve environmental performance. It includes policies, standards and requirements for all aspects of sustainable development. Internal expert networks support the achievement of targets through benchmarking and knowledge sharing.

We have implemented ISO 14001 across all our pulp and paper mills and forest operations. In line with our MAP2030 target to implement environmental management systems at all our manufacturing operations by 2025, we expanded our efforts at our converting operations. In 2021, we established a working group to support us to meet this target.

100% of our pulp and paper mills and forestry operations and 66% of our converting operations were certified to the international environmental management system standard ISO 14001 in 2021. This is a 1% improvement to 70% of the Group's ISO 14001 certification level, increasing from 69% in 2020.



ENVIRONMENTAL PERFORMANCE

Our environmental management system

Environmental audits

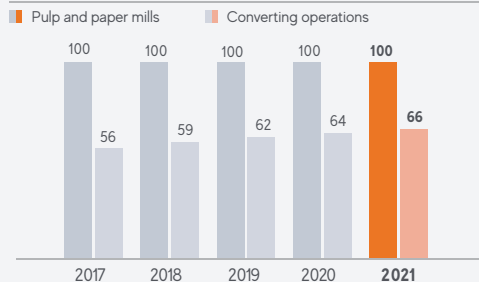
Environmental audits are an integral part of certification and supporting compliance. They are based on local implementation of international standards, such as ISO 14001, and aim to support the compliance of our operations with our standards, highlight opportunities to reduce our environmental impacts and deliver cost savings in resource, waste and energy management. The Group SDMS fulfils the requirements of environmental management systems and individual operations may also develop local, sector-specific environmental management systems, which may be required by their key customers.

Using resources efficiently

We have a responsibility to use resources as efficiently as possible. Embedded within many of our material issues, resource efficiency is fundamental to us achieving our commitments.

The United Nations Environment Programme (UNEP) defines the principles of resource efficiency to which we adhere. By investing in BAT, we have significantly improved our resource efficiency.

Operations ISO 14001 certified (%)



Our approach includes:

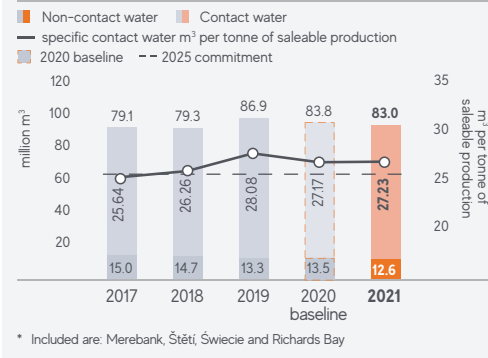
- reducing emissions to air and water;
- encouraging recycling, reuse and substitution of natural resources with secondary raw materials;
- increasing energy efficiency and reducing the energy intensity of processes;
- increasing our use of renewable energy;
- using by-products from our manufacturing processes as renewable raw materials or for energy generation; and
- increasing reuse and recycling of water and using water efficiently and responsibly.

Managing our water impacts

Water scarcity and decreasing groundwater levels are among the most serious risks facing society, with important social, economic, political and environmental implications. Water is vital to our supply chain and production processes and we operate in regions where there are high water-related risks (for example in South Africa). With climate change accelerating the pressure on water, managing its use in a sustainable way and investing in appropriate infrastructure is a priority.

We manage our water impacts by reducing water use and increasing water recycling and reuse. Our approach includes assessing and managing our own water-related risks and conducting basin- and production-related water stewardship assessments. Since 2013, we have invested €75 million in water-related improvements. This includes modernising our wastewater treatment facilities at our Syktyvkar and Świecie mills to treat and return our waste water without negatively impacting water quality and water recycling at our mills. We develop partnerships with other water users to manage risks across entire catchments (see [page 65](#)).

Contact and non-contact water from our pulp and paper mills in water-scarce and -stressed regions*



Monitoring our water footprint

We carefully monitor the amounts of water we withdraw by source, its use as contact or non-contact water in manufacturing and energy generation, and the amounts we discharge into the aquatic environment. Monitoring also includes pollutant parameters of our waste water released to the environment after on-site or off-site waste water treatment. Waste water may only be discharged directly to the aquatic environment when the quality is in line with requirements of local authorities. Pollutant load parameters on all discharge streams that require treatment are regularly monitored. In cases where water from our operations is directly released to the aquatic environment (for example clean cooling water from the energy plant), we monitor several parameters to ensure these water streams are not carrying pollutants. At some of our pulp and paper mills, we treat waste water from third parties in our own wastewater treatment plants.

Improved water recycling

At our Świecie mill, we increased the recycling of cooling water from a boiler. Initially, the flue gas fan motors' cooling water was released via the sump to the sewage through an overflow channel. By installing a pump with a submersible sensor and using the existing pipeline to the cooling tower, about 40 m³/h of water on average is now returned and ready for further use. The overall saving is about 300,000 m³/year of fresh water.

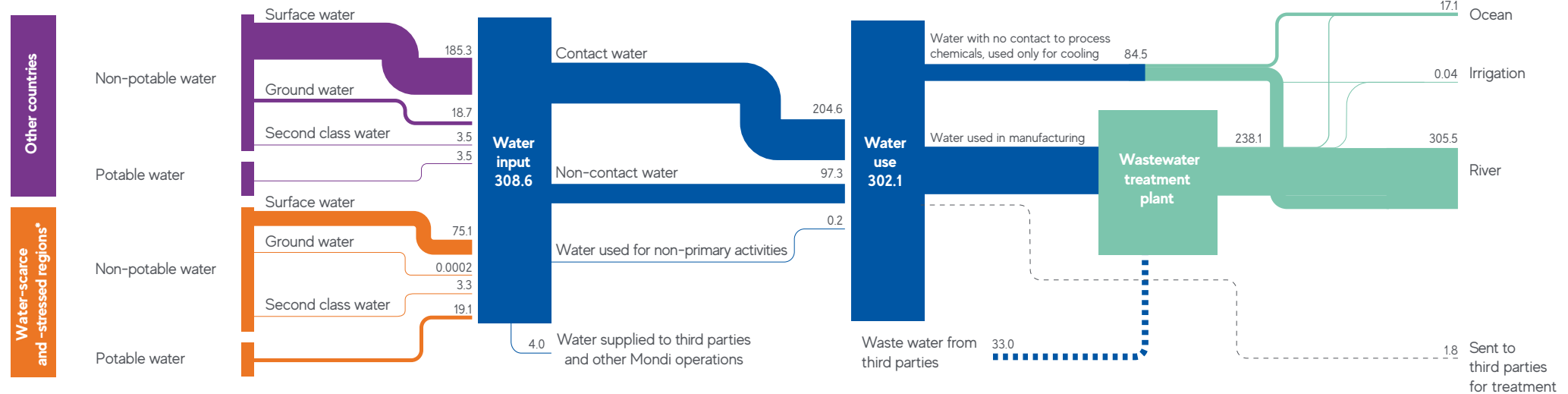


ENVIRONMENTAL PERFORMANCE

Our water use – from input to output

Water use (million m³)

Sources



* Pulp and paper mills in Czech Republic, Poland and South Africa

– 88% of the water we use in our operations for contact water or for cooling is released back to fresh water (e.g. rivers, lakes), 6% is sent to the ocean, 6% is released with our products (e.g. humidity of paper) or evaporated at our energy and manufacturing sites

– The water used in our manufacturing process, 206.9 million m³, and water received from third parties, 33.0 million m³, is treated in our own and/or external wastewater treatment plants to fulfil all permission requirements

– 84.5 million m³ of non-contact water used in our energy plants, has not been in contact with process chemicals, but has been monitored to ensure that it is suitable for discharge to the receiving water body

Target: Reduce specific contact water consumption of our pulp and paper mills in water stressed areas by 5% by 2025 compared to a 2020 baseline

Reducing our water use

We aim to avoid any negative impact of our operations on water availability within the catchments where we operate by reducing water use and increasing water recycling. Withdrawal of water by our operations from freshwater ecosystems can impact the environment by lowering the water table,

reducing the volume of water available to other stakeholders – such as farmers and communities – and altering the ability of the ecosystem to perform its natural functions. This may have negative economic and social consequences for local communities. The cost of the water we use and treat as waste water can be significant and uncertainties over water availability is a risk factor in some locations.

Our pulp and paper mills are our most significant water users. We have set a context-based target to reduce the specific contact water use at our mills in water stressed areas by 5% by 2025.

This target is in line with our water stewardship approach which is focused on water stressed regions.

Understanding the impacts of water withdrawal

We have established a working group to evaluate the longer-term water reduction required to reach our 2025 target. It is focused on identifying opportunities for water reduction and reuse by benchmarking and introducing best practice and BAT standards at our operations, predominantly in

water stressed areas. We consider water availability using local historic, current and future outlook data (for example provided by FAOSTAT¹) and data provided by utility companies and governments. We also look at catchment-wide water quality and availability parameters and assess risks that result from water discharge from our manufacturing sites using the WWF Water Risk Filter.

¹ <https://www.fao.org/faostat/en/#home>



ENVIRONMENTAL PERFORMANCE

Monitoring air emissions

Performance against our target

In 2021, specific contact water consumption of our pulp and paper mills in water-stressed areas slightly increased by 0.2% compared to the 2020 baseline. This was mainly caused by operational instabilities at our Richards Bay mill in South Africa. However, we could achieve some reduction in contact water consumption by successfully introducing several water-efficiency projects at our mills in Świecie (Poland) and Štětí (Czech Republic) (see case study on [page 70](#)).

Find our consolidated performance data [here](#)

Target: Reduce specific effluent load to the environment (measure COD) by 5% by 2025 compared to a 2020 baseline

Treating our waste water

We closely monitor the volume and quality of the waste water we discharge to minimise its impact on the aquatic environment. We treat waste water from production in wastewater treatment plants and release it at a quality level that is in line with the local regulatory requirements.

The chemical oxygen demand (COD) is a measure of organic contamination in water and waste water. Our MAP2030 commitment is to reduce the specific load (COD) of waste water by 5% by 2025 through modernisation of our wastewater treatment plants. This target was developed in cooperation with experts based in our operations who have identified targeted improvement projects.

Performance against our target

We achieved a specific COD reduction of 10.9% compared with 2020. The biggest reduction was achieved by Syktyvkar as a consequence of the wastewater treatment plant modernisation.

Target: Reduce specific NOx emissions from our pulp and paper mills by 5% by 2025 compared to a 2020 baseline

Reducing air emissions

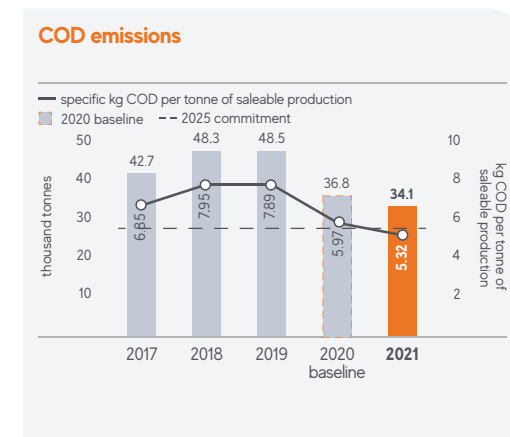
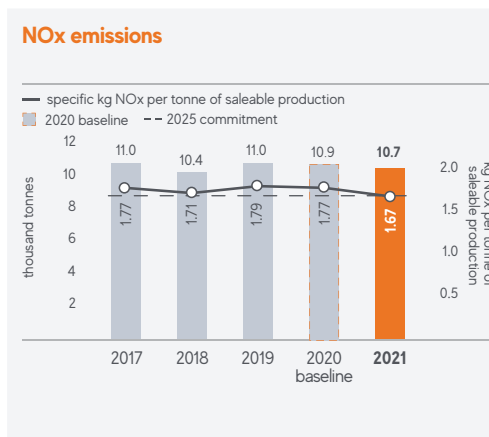
Thanks to innovation and investments in modernising our plants, we're taking real action to minimise the impacts of air emissions resulting from our operations, including those affecting local communities.

Air emissions associated with the combustion of fuels for energy production are a challenge for all energy-generating processes. Emissions of nitrogen oxides (NOx) generated by incineration of fossil fuels and biomass, for example, can cause damage to forests, crops and other vegetation by acidification of soils. Eutrophication of water may reduce water quality, impact biodiversity and affect human health. N₂O, a by-product from the combustion process, is a significant greenhouse gas.

Our recovery, bark and auxiliary boilers and our lime kilns are significant sources of air pollutants, including dust, NOx, SO₂ and CO₂. In some cases, they emit sulphur-containing gases that smell (for example total reduced sulphur gases), despite high-efficiency combustion and efficient flue-gas cleaning. This can cause an odour nuisance for people living nearby.

Unpacking our investment opportunities

We have set a target to reduce NOx emission intensity from our pulp and paper mills by 5% by 2025 compared to a 2020 baseline. We will do this by investing in the modernisation of our mills' energy plants and implementing NOx reduction equipment according to BAT standards.



Air emissions

	2021 performance	2020 performance	% change 2020-2021
Specific NOx emissions (per tonne of saleable production)	1.67 kg	1.77 kg	-5.8%
Total reduced sulphur (TRS) emissions and malodorous gases	48.5 tonnes	48.2 tonnes	0.5%
SO ₂ emissions	1,242 tonnes	1,059 tonnes	17.3%
Total particulate emissions	1,003 tonnes	961 tonnes	4.3%
Ozone depleting substances (ODS)	3.9 tonnes	4.2 tonnes	-6.7%

Our main source of emissions is the on-site energy generation where NOx is a by-product of the combustion process. We have identified investment projects and opportunities, such as using combustion modification technologies (e.g. low NOx burners), implementing flue-gas abatement techniques and switching fuel from coal to biomass or to gas, both of which have significantly lower NOx emissions per unit of energy.

Performance against our target

In 2021, our specific NOx emissions were 5.8% lower than the 2020 baseline. This improvement is due to the investment at our mill in Ružomberok (Slovakia).

Find our consolidated performance data [here](#)

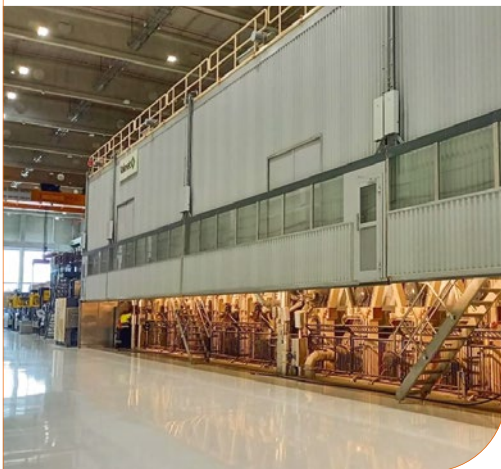


ENVIRONMENTAL PERFORMANCE

Working towards zero waste

Expansion project in Ružomberok enhances mill environmental performance

In 2021, the Group completed its €370 million investment at its Ružomberok mill (Slovakia). The project scope included a 100,000 tonnes per annum expansion of the pulp mill as well as the installation of the new 300,000 tonnes per annum containerboard machine. Within this first period of operation the new technology setup has further enhanced the excellent environmental performance of the mill. The specific Scope 1 emission per tonne of product has decreased by 30% in 2021 compared to 2019, the specific NOx emissions declined by 17% on the same basis. With ongoing optimisations, the full benefits of the new technology will be delivered over the coming years and support Mondi's commitment to delivering value accretive growth sustainably.



Target: Reduce specific waste to landfill by 20% by 2025 compared to a 2020 baseline

Reducing waste and promoting the circular economy

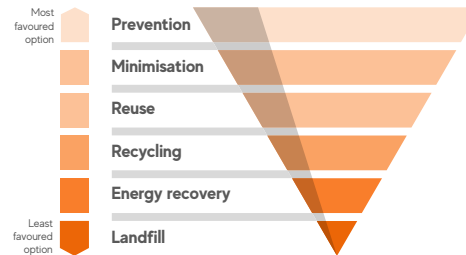
Our goal is zero waste to landfill by 2030. By working with our partners and investing in the right initiatives, we are working to improve resource efficiency within and beyond all our operations.

We see the environmental risk related to landfilling of waste and take responsibility for managing the disposal of our waste streams and improving the circularity of our material flows. We have committed to reduce specific waste to landfill by 20% by 2025 compared to a 2020 baseline. The 2025 target is based on identification of organisational improvement projects and investment opportunities across our manufacturing operations.

Managing our waste

We monitor the volume of operational waste (by waste type and waste routes) across all operations and find ways to divert unavoidable waste from being landfilled wherever possible and feasible. In 2021, we generated about 1.0 million tonnes of waste in our manufacturing operations of which 73% we are able to bring back into value creation processes by recycling and reuse of secondary raw materials. Over the last 15 years, Mondi has reduced waste to landfill by 57%. However, we still disposed of 143 thousand tonnes of waste to landfill in 2021. We will continue to look for alternative solutions to avoid generating waste and avoid landfilling of waste until we have reached our zero waste to landfill ambition.

Pyramid Prevention to Landfill



We especially focus on preventing hazardous wastes from going to landfill. There are strict laws in many countries relating to management of hazardous waste – including storage, treatment, transportation and disposal of wastes with hazardous characteristics. Non-hazardous waste can also have a detrimental environmental impact and may give rise to significant treatment and disposal costs.

Where it is not currently possible to avoid, reuse or recycle a waste stream, we dispose of it responsibly. Disposal options include: treatment, such as drying and filtration to change its physical status and/or chemical composition; treatment to reduce the hazardous characteristics of the waste; combustion in incineration facilities in combination with energy recovery. As a last resort, a small portion of the hazardous waste is still landfilled. We are committed to eliminate landfilling of hazardous waste completely. We either dispose of the waste ourselves in accordance with our waste permits or use reputable waste disposal contractors who provide information on the waste disposal method.

Performance against our target

In 2021, we reported a 22.1% decrease in specific waste sent to landfill compared with the previous year, mainly by starting up a recultivation project involving a second sludge pond at our mill in Syktyvkar (Russia).

We have reduced hazardous waste to landfill over the last 15 years by more than 99%. Currently, about 289 tonnes of hazardous waste is disposed in landfills (2020: 297 t). Within our MAP2030 working groups we are focusing on finding alternatives to landfilling.

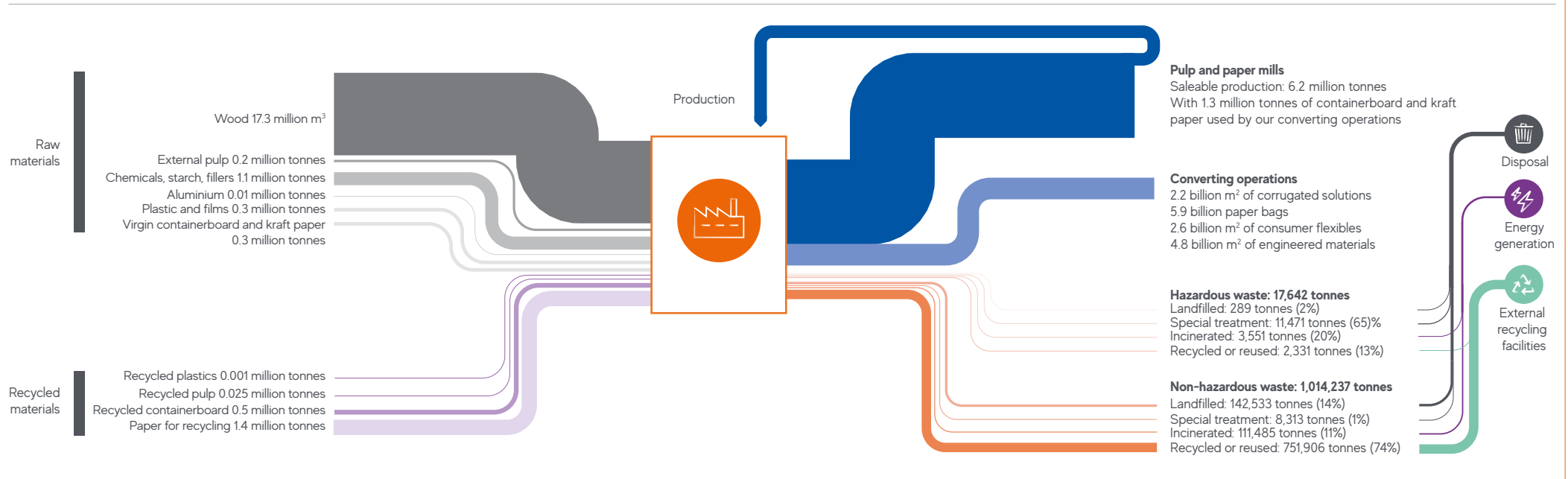


Find our consolidated performance data [here](#)

ENVIRONMENTAL PERFORMANCE

Production to waste balance

Production to waste balance



– Mondi used 17.3 million m³ wood and 3.8 million tonnes of raw materials to manufacture its products, out of which 1.9 million tonnes are from recycled resources

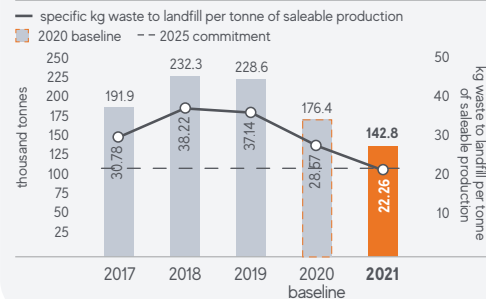
– Mondi generated 1.0 million tonnes of waste in 2021. 73% of the waste was recycled or reused, 11% utilised for energy generation, 2% was specially treated and 14% landfilled

Building a future from waste

Our Syktyvkar mill produces around 33,000 tonnes a year of ash and lime as a by-product of our energy generation and pulp production. Until now, this waste stream has been disposed of to landfill. From 2021, part of the waste stream will be utilised by a third party to manufacture bricks. To begin with, around 5,000 tonnes/annum of ash and lime has been used in the brick manufacturing process, with the potential to increase to 10,000 tonnes/annum.



Waste to landfill





ENVIRONMENTAL PERFORMANCE

Managing impacts on communities

We want to be a responsible and considerate neighbour. This means minimising and eliminating potential negative impacts of our operations on local communities and the environment. We define mitigating measures whenever an impact is identified and find ways to avoid harm to the environment. We also record and thoroughly investigate every complaint.

Environmental incidents

Environmental incidents and failure to comply with legal requirements pose a risk to people and the environment. They can result in fines or in costly clean-up obligations and other environmental liabilities, reputational damage and impact employee morale.

We require our operations to comply fully with local and regional environmental laws, regulations and other standards, such as site permits. Environmental incidents mainly arise from accidental releases. We have established management systems and procedures to avoid such incidents.

Nearly all spills and leakages are captured in secondary containment, preventing harm to the environment. When a major incident does occur due to unforeseen circumstances or gaps in our internal systems, we thoroughly investigate them, take corrective action to avoid reoccurrence and share lessons learned through our Group environmental managers' network.

Complying with regulations

We are committed to regulatory compliance and ensure that our operating sites conform to strict performance parameters.

We closely monitor occurrences of non-compliance, including those resulting in monetary penalties and violations of the environmental requirements set out in our procedures. Incidents of non-compliance are reported in line with our procedures.

In 2021, Mondi reported 95 non-monetary sanctions for non-compliance with environmental laws and regulations (2020: 82). We paid fines totalling €13,657 involving 10 cases. These cases were related to exceeding the limits of odorous gasses emissions (€511) and termination of landfill permits (€3,579) in Stambolijski, exceeding the pollution limits of waste water in Izmit (€5,464), an administrative fine for outdated information (€229) and exceeding air emissions limits (€1,078) in Syktyvkar, two fines for Health & Safety breaches (€1,963) and three for not meeting technical requirements (€833) in Lebedyan.

Listening to communities

Our production processes have the potential to give rise to concerns or grievances from local communities and other stakeholders. The complaints we receive primarily relate to odour and noise. In addition to our formal SpeakOut mechanism, some operations have dedicated telephone lines that connect complainants directly with the relevant person at the operation. Immission-monitoring stations are also provided at a number of our pulp and paper mills.

All complaints are investigated, reported and corrective actions are defined. For example, in 2021 our mill in Stambolijski (Bulgaria) invested €4.8 million to reduce the emission of odorous gases to the environment, which have been the cause of complaints in the past.

Environmental incidents with impacts outside our boundaries in 2021

Month	Location	Brief summary
Feb	South African Forests	A routine review identified a change in land use, which had implications for blue swallow habitats. Together with external consultants, and after engagement with all relevant stakeholders, we implemented corrective measures.
Mar	Świecie (Poland)	Due to a damaged gasket, a leak occurred in the evaporation plant during a planned shut. This resulted in a spill of an estimated 4.1 tonnes of black liquor into a rain sewer. The leak was repaired and the rainwater drainage system was isolated to contain the spill.
Jul	Syktyvkar (Russia)	Process water (<200 litres) leaked and entered the rainwater system and foam was visible on the river's surface. Floating booms were installed to contain the foam.
Aug	Jackson (USA)	About 1 m ³ of solvent spilled and was captured in secondary containment. A quarter of the leaked solvent was cleaned up and the rest entered the outfall line and was enclosed by absorbent socks for hazardous chemicals at the end of outfall. 23 m ³ of the leaked solvent and contaminated water mixture was collected and disposed of by an external waste treatment company.
Sep	Świecie (Poland)	A dye container was damaged and approximately 200 litres of dye entered the process water sewer. Dye spilled onto the floor was adsorbed with sawdust and sorbent and disposed of by an external waste treatment company. Dye entering the sewer was treated in the mill's wastewater treatment plant.
Oct	Štětí (Czech Republic)	During start up of the mill, approximately 28 m ³ of white liquor was released into the sewer and had to be treated in the mill's biological wastewater treatment plant. The sulphides contained in the liquor impacted the quality of the biological wastewater sludge and resulted in a release of bio-sludge to the Labe river. The quality of the discharged waste water exceeded limits for total suspended solids and chemical oxygen demand. Authorities were informed about the incident. No harm to the river was observed.

Environmental incidents and non-compliances

	2021	2020	% change 2020-2021
Reports of minor non-compliances	95	82	16%
Major environmental incidents*	27	32	-16%

Environmental complaints

	2021	2020	% change 2020-2021
Odour complaints	78	216	-64%
Noise complaints	29	66	-56%
Other complaints	6	5	20%
Total complaints	113	287	-61%

* A major environmental incident is any occurrence that has resulted in the loss of primary containment of at least 1 kg of a GHS hazard category 1 substance or >10 kg of all other GHS classified substances. GHS is the 'Globally Harmonized System of Classification and Labelling of Chemicals' used to categorise chemicals by their hazardous characteristics. GHS is an internationally agreed upon system, created by the United Nations

ENVIRONMENTAL PERFORMANCE

Reflections and outlook

Reflecting on 2021

We have seen encouraging progress in our environmental performance in 2021, supported by key investments and the efforts of our new MAP2030 project teams, which provide the expertise needed to achieve our ambitious targets.

Consideration of environmental impacts such as CO₂ emissions, water and waste treatment is a key factor in our investment decisions. Reduced climate-related regulatory costs, such as carbon taxes, and other financial impacts, such as water costs, contribute to the payback of investments.

The drive to address climate change also offers opportunities, for example the increased financial value of renewable by-products, such as tall oil and turpentine. Instead of burning them for energy generation, we now extract and sell these renewable secondary raw materials to other industries, such as the chemical industry, to substitute fossil-based raw materials. Another opportunity is extracting excess heat from waste water.

What's next?

- Invest in the modernisation of our evaporation plant in Syktyvkar (Russia) to reduce COD emissions and water consumption
- Continue to implement water stewardship assessments at our pulp and paper mills in 2022
- Install a low NO_x-burner in our lime kiln in Syktyvkar to reduce NO_x emissions



HUMAN RIGHTS

Respecting human rights is core to our responsible business practices and we proactively identify and manage potential risks within our own operations and across the value chain. We continually strengthen our human rights governance systems to protect those we may impact as a business.

Commitment

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

Targets

Develop the due diligence and risk assessment methodology and guidance with the support of the Danish Institute for Human Rights (DIHR) by end of 2021

On track (completed)

100% of operations with a completed human rights due diligence & risk assessment, and action plan in place to address findings by 2025

In development

100% of operations to have addressed their human rights impacts (investigate, prevent future occurrences and remedy adverse impacts) by 2030

In development

Linked to SDGs:



Read more about our contribution to the SDGs in our [SDG Index](#)

Embedding respect for human rights

The United Nations (UN) Guiding Principles on Business and Human Rights provide an effective framework for the monitoring and reporting of potential human rights risks. We have embedded respect for human rights in our relevant practices and policies, including our Labour and Human Rights Policy, Supply Chain and Responsible Procurement Policy, Communities Policy, Code of Conduct for Suppliers and Business Integrity Policy.

Based on the recommendations from the human rights risk and gap analysis conducted with the Danish Institute for Human Rights (DIHR) in 2020, we have more explicitly incorporated the International Labour Organization (ILO) Core conventions in our Labour and Human Rights Policy and included the Universal Declaration of Human Rights and the International Covenant on Economic, Social and Cultural Rights as sources for our policies. We report annually at Advanced Level on our compliance with the 10 principles of the [United Nations Global Compact \(UNGC\)](#).

Continuously improving our human rights approach

Human rights risks in our industry can relate to matters such as worker safety and health, recruitment and employment practices, air or water pollution, and disregard for land tenure and indigenous rights. Our gap analysis included an evaluation of our countries of operation to understand our risks. In high-risk jurisdictions where there is a greater risk of local law falling short of international standards, we will prioritise human rights impact assessments and develop action plans with local teams to address potential gaps.

We uphold and respect human rights in many ways, including:

- **Working conditions:** We comply with all applicable labour and human rights laws and industry standards on working hours as a minimum and strive to provide workplace flexibility and create an environment that enables a positive work-life experience (see [page 46](#)).
- **Indigenous rights:** We respect the rights of indigenous people, including communities in our forestry operations in Komi (Russia) and in South Africa (see [page 79](#)).
- **Forced labour:** We do not tolerate any form of forced labour, child labour, slavery, human trafficking, physical punishment or other abuse. To learn more about how we identify and mitigate the risk of modern slavery in our supply chain, see [page 86](#).
- **Child labour:** We do not employ people below the age of 15 or below the local minimum employment/mandatory school age – whichever is higher and relevant to the particular country. Where we provide apprenticeships for young people, we put special protections in place and ensure they are not exposed to hazardous work.
- **Collective bargaining:** We respect the rights of our employees to form and join trade unions and take part in collective bargaining. We abide by legally binding collective agreements (read more in our GRI/SASB index [here](#)).
- **Fair remuneration:** We provide fair wages and benefits that meet or exceed legal or industry minimum standards. We offer performance-related pay schemes in which the majority of employees participate. The average ratio of basic salary and remuneration to variable pay across all employees in significant operations is 80:20 and varies by operation (2020: 85:15). In 2021, 70% of employees received a bonus of some kind (2020: 68%).
- **Restructuring and closures:** During the year, we closed a consumer flexibles plant in South Korea and a functional paper and films plant in Pleasant Prairie (US). We also restructured our personal care components focused operation in Gronau (Germany), which helped to reduce our cost base and stabilise performance in Engineered Materials.





HUMAN RIGHTS

Reflections and outlook

Improving access to SpeakOut

We have evaluated our SpeakOut mechanism against Principle 31 of the UN Guiding Principles (UNGPs) and set to work addressing the gaps identified. Based on the recommendations of the DIHR, we have improved the messaging, consistency and accessibility of SpeakOut communication materials. This was supported by an internal and external SpeakOut Refresh campaign in 2021.

The objective was to update the language and tone of posters and presentations and refresh the branding.


The material is now available in 10 languages and instructions on how and when to use SpeakOut are clearer and more concise, with an easy-to-follow infographic and emphasis on confidentiality.



Reporting and monitoring concerns

We provide robust internal processes and tools to facilitate the reporting, investigation and resolution of grievances, including those related to potential human rights violations. Our operations make formal grievance mechanisms, such as SpeakOut, available to the public.

SpeakOut is the Group's confidential service platform, which is operated by an independent third party. The service is available for all colleagues, customers, partners and other stakeholders to raise any concern relating to potential bribery, discrimination, fraud, corruption, environmental pollution, major safety and health violations, harassment or other significant topics.

 For more information please refer to the dedicated SpeakOut section on our [website](#)

There were no reports of human rights incidents in our operations or supply chain received through any of our reporting mechanisms in 2021.

We had a total of 61 cases (2020: 74), 47 from SpeakOut and 14 further cases through other channels. Topics included Human Resources-related concerns, business integrity issues and environmental and safety topics. All SpeakOut messages were forwarded to the respective Mondi management team in accordance with our standard procedures. We responded and took appropriate corrective action for all issues. Respecting the confidentiality of the platform, we do not disclose further details of cases raised.

Target: Develop the due diligence and risk assessment methodology and guidance with the support of the Danish Institute for Human Rights (DIHR) by end of 2021

We developed this target based on the human rights risk and gap analysis recommendations by the DIHR in 2020. The development of the methodology and guidance is a crucial step towards reaching our wider targets of 100% of operations having completed a human rights

due diligence and risk assessment and having an action plan in place to address findings by 2025. We focused on reaching this target first in 2021 as it provides the foundation on which to deliver the remaining targets under this commitment.

Developing our human rights due diligence methodology

We work with human rights experts to develop guidance and tools to enable our operations to evaluate human right risks in their business activities and relationships. Guidance for operations is provided in our Human Rights and Working Conditions Operating Standard and Human Rights Practice Note. These documents comprise the second and third tier of our SDMS to guide the management and implementation of the Group Labour and Human Rights Policy.

The Human Rights Practice Note provides our operations with the necessary guidance to identify, mitigate and remediate the human rights risks resulting from Mondi's business activities and business relationships.

We have also developed a supplementary Human Rights Due Diligence toolbox as a further support for our operations, including detailed examples, templates, practical tips and additional educational material.

How have we performed?

With the Operating Standard, Practice Note and Human Rights Due Diligence toolbox, we have achieved our first human rights target for MAP2030.

 For more information see [Mondi's human trafficking and modern slavery statements](#)

Reflecting on 2021

Our experience has shown that the implementation of tools and guidance is most successful when we support employees and business functions to understand the potential human rights risks under Mondi's control, where they might occur and what action is required to address them. We will also continue to improve our reporting and grievance mechanisms to enable people to identify potential impacts before they occur.

What's next?

- Roll out self-assessment pilots to support development of an effective implementation roadmap for all operations
- Work towards reaching the remaining targets we have set for human rights:
 - » **Target:** 100% of operations with a completed human rights due diligence & risk assessment, and action plan in place to address findings by 2025
 - » **Target:** 100% of operations to have addressed their human rights impacts (investigate, prevent future occurrences and remedy adverse impacts) by 2030
- Further develop internal action plans to address the gaps identified and improve our human rights understanding through training and communication



COMMUNITIES

Investment in communities is needed now more than ever as COVID-19 continues to impact people's lives and livelihoods. For our businesses to succeed and thrive, they must exist within healthy, prosperous and dynamic communities. Beyond our direct contribution as an employer, we bring benefits to communities through our social investments and partnerships.

Commitment

Invest a minimum of 1% of profit-before-tax in social investments annually, with a focus on Science, Technology, Engineering and Mathematics (STEM) education, environmental protection, enterprise support and job creation

Target

Group spend as a % of profit-before-tax annually, in strategic categories named above (target: >1% annually for Group)

● On track

Linked to SDGs:



Read more about our contribution to the SDGs in our [SDG Index](#)

Engaging with communities around our operations

Developing open relationships with and investing in the communities in which we operate, builds trust and collaboration. It also helps us respond to potential conflicts and support local sustainable development.

We focus our community engagement, investments and initiatives on people who live adjacent to our operations, on or around our landholdings and within our zone of influence. We make it a priority to understand our operations' social, environmental and economic impacts on communities, be they positive or negative, actual or potential, short- or long-term, direct or indirect and intended or unintended.

To understand the needs of local communities as well as our impacts on them, we use a variety of stakeholder engagement tools, including:

- **Feedback and grievance mechanisms:**
We make formal grievance mechanisms available to employees and the public to ensure we are aware of and can respond promptly and effectively to issues. These include local hotlines and our Group-wide confidential, third-party platform, SpeakOut.
- **Community Engagement Plans (CEPs):**
Bespoke local engagement plans set out topics, stakeholders and engagement activities to be undertaken by our operations.
- **Socio-Economic Assessment Toolbox (SEAT):**
Open and transparent dialogue with a variety of stakeholders is facilitated by an independent third party to inform our understanding and actions. Outcomes of dialogue and follow-up action plans are publicly available to all stakeholders in English and the local language.

The outcomes of these stakeholder engagements inform our community development programmes, social investments, initiatives and community forums. Various committees and functions, such as works councils and safety and health committees, support our response to local impact assessments and engagement.

Respecting indigenous communities

We protect the rights and cultural heritage of indigenous communities, particularly those living in and around our forestry landholdings. Where relevant, we cooperate with stakeholders to address historical injustices that pre date our involvement in an area. Our support of social and cultural movements includes our collaboration with 'Komi Voytyr', the public movement of the indigenous people in Komi (Russia). There were no reports of any indigenous people's rights' violations by our operations in 2021.

Portions of our landholdings in South Africa are subject to land claims under the Restitution of Land Rights Act (40% of our owned land under claims to date). By the end of 2021, we had settled 21 out of 66 claims, covering over 37,000 hectares. We continue to work with stakeholders to settle the remaining 45 claims, covering approximately 75,400 hectares. Of these remaining claims, the State has gazetted 28 claims, covering 39,107 hectares. We support communities after a successful land claim process so that they continue the sustainable management and certification of fibre production for the mutual long-term benefit of the environment and stakeholders.

Making meaningful social investments

Our commitment is brought to life through practical support and assistance in the areas where we believe we can make the greatest difference. We aim to deliver our investments in partnership with others to maximise our positive impact. Our voluntary investments go beyond monetary contributions; we also create value through Mondri employees giving their time and expertise and sharing their core skills, networks and influence.

Our social investments are guided by the needs of communities around Mondri's operations as well as principles of sustainable development, such as those reflected in the UN Sustainable Development Goals, national and local development priorities, MAP2030 and our own business objectives. We specifically target initiatives and investments that support drivers of community development, including education, enterprise development and job creation, environmental protection, community health and cohesion and infrastructure and public services.



COMMUNITIES

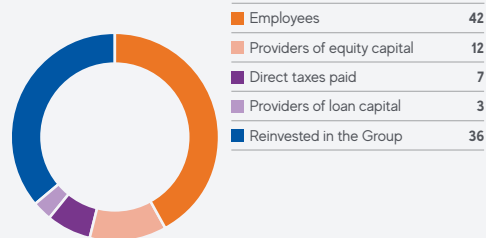
Supporting local development

Value distribution: We measure our value distribution to show our financial support of different stakeholder groups including employees, shareholders and governments, as well as assets reinvested in the company.

Tax: We support local development indirectly by paying local and regional taxes. In 2021, our direct taxes paid totalled €190 million, or 7% of our total value distributed (see [page 83](#) for our detailed tax disclosure).

Value distribution* (%)

€2,608m



* Value distribution defined as operating profit before taking into account personnel costs and depreciation, amortisation and impairments

Target: Group spend as a % of profit-before-tax annually, in strategic categories named above (target: >1% annually for Group)

Our long-standing commitment to invest in community development has increasingly moved from providing cash donations to delivering impact through strategic collaborations and partnerships. In recent years, we have developed local multi-stakeholder projects involving communities, NGOs, governments and other stakeholders around our largest mills and forestry operations. Our social investments of €11.8 million in 2021 – representing 1.2% of profit-before-tax – are guided by the needs of local people and support the key drivers of development in the communities, covering a broad spectrum of investment areas. In addition to the priorities set out in our MAP2030 commitment, we support community health provision and infrastructure development as long-standing and important parts of our community strategy.

See more on our tax disclosure [here](#).

Educating future generations

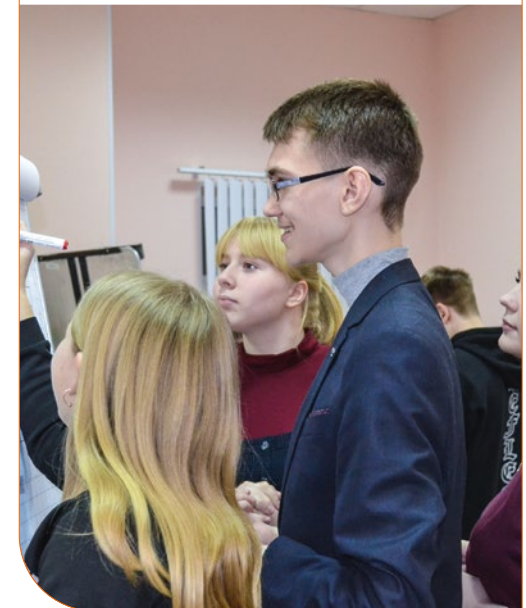
Our support for education focuses on Science, Technology, Engineering and Mathematics (STEM) subjects to promote careers in the fields needed by our mills and operations. Our mills engage and collaborate with schools and educational institutions to create a healthy flow of future talent with the right skills, especially in rural locations where attracting new employees can be a challenge. Supporting women and girls to study these often male-dominated subjects can enable a more diverse workforce. Read more about Mondi's commitment to diversity and inclusion (D&I) on [page 40](#).

An example includes our collaboration with Ligbron e-Learning System in South Africa since 2018. Rural high schools within the targeted area around Mondi's South African operations need support to increase the quality of mathematics and science education and to bridge the digital gap. The e-Learning System connects schools all over South Africa to an online learning network. With Mondi's financial support, over 2,600 students across four e-learning schools and 18 neighbouring schools have benefited from live-streaming of mathematics and science lessons, access to an online resource centre and teacher support.

At Ružomberok (Slovakia), our close collaboration with the local polytechnic secondary school combines practical work experience with vocational education. In 2021, 26 students gained experience in Mondi's laboratories, in the control rooms of paper machines, maintenance and in the field of water management. In the last years, Mondi's Ružomberok mill has provided financial support to the school for a new chemistry classroom, a laboratory and the construction of a new area for students.

Developing local talent in Russia

Our Syktyvkar mill (Russia) collaborates with the regional Ministry of Education, Science and Youth to attract high-quality employees to Komi Republic. This is needed to replenish a deficit in professional skills required by the forestry industry. 'Choose the future with Mondi! Stay in Komi!' is a unique career guidance programme that aims to encourage school children to pursue a career in engineering at our mill and other industrial enterprises in the region. Activities were moved online in 2020 and 2021 in response to the pandemic. This increased the reach to over 1,000 children.



COMMUNITIES

Building knowledge, capacity and infrastructure

We are Mondi. Active helpers

Our Świecie mill's 'We are Mondi. Active helpers' sports charity challenge encouraged employees to learn about how to improve their health and wellbeing, while supporting the creation of a recreation area for mentally ill children and youth at the local hospital and improving a kindergarten playground.

A dedicated mobile phone-based app encouraged more than 300 employees to participate in sports activities that totalled over 150,000 km of running and cycling. For every 10 km cycled, the mill donated PLN 2 and for every 10 km run, PLN 6 was donated. In total, PLN 30,000 (€6,600) was raised to support the charity goal while raising awareness of the importance of mental health and a healthy lifestyle through dedicated webinars for employees.

Safeguarding local environments

We build awareness of and help tackle critical environmental issues in the communities in which we operate. For example, Mondi Syktyvkar collaborates with the Institute of Biology of the Komi Science Centre to deliver various research projects, including the update of a registry of red-listed endangered species and an assessment of heavy machinery influence on soils and reforestation.

After severe wildfires and floods in the region, our operations in Turkey joined forces with an environmental NGO to donate 10,000 seedlings for the creation of the Mondi Türkiye Memorial forest.

Our employees also participate in initiatives to protect the environment near our operations. Examples include Mondi Frantschach's support of Clean Up Day with the local community in Austria, Mondi Bangkok supported initiatives on World Zero Emissions day, Mondi Tire Kutsan (Turkey) and other Mondi operations also initiated employee activities on World Environment Day.

Supporting local enterprise and job creation

Our support for local enterprise creates wealth and employment, strengthens the local supply chain and builds more independent, resilient communities. This is needed more now than ever as the COVID-19 pandemic continues to impact many of our regions.

We support local suppliers to build knowledge and capacity, particularly those linked to our forestry operations. Our mills also aim to contract with and purchase from local companies, contributing to their development. In Russia, our Syktyvkar mill promotes local suppliers and supports development of small businesses. In 2021, it helped create 31 jobs, secure 285 existing workplaces and create temporary employment for 190 unemployed people in the local community.



The investment in a new containerboard machine at our Ružomberok mill, which started up in 2021, also created 125 new permanent jobs.

In South Africa, our main channel for supporting enterprise development is Mondi Zimele. Read about how we support small businesses around Mondi's operations [here](#).

Improving public health

Public health provision can be a challenge in some remote areas and improving the health of our workforce and local communities is an important part of our social contribution. In South Africa, we operate nine mobile health clinics in partnership with local NGOs and the Department of Health. Read about how we combine this healthcare service with Early Childhood Development (ECD) services [here](#).

Many of our operations support local medical institutions to improve quality of healthcare to local communities. To support our communities and employees, we continued to assist interventions critical to the COVID-19 pandemic response, such as vaccination and testing facilities. For example, Mondi Stambolijski (Bulgaria) joined forces with the local healthcare centre and a private laboratory to provide regular testing and vaccination on the mill premises.





COMMUNITIES

Adding value through taxes

As well as providing direct employment, we support local economic development by providing indirect employment and business opportunities, paying local and regional taxes, improving infrastructure and through voluntary social investments (see [page 80](#)).

Taxes are important sources of government revenue and they play an essential role in achieving the UN SDGs. Reporting on taxes demonstrates our contributions to the economies in which we operate and we support global initiatives that promote tax transparency, such as the Global Reporting Initiative's (GRI) Tax Standard.

In 2021, we paid corporate income taxes of €190 million. We pay and collect a wide range of taxes in addition to corporate income taxes.

Approach to tax

We aim to manage our tax affairs in accordance with national legislative provisions and within the guidelines set down by the OECD. Tax decisions are made in response to business transactions and activities and we are committed to paying the right amount of tax at the right time.

We structure our operations tax efficiently and take advantage of available incentives and exemptions provided by governments for eligible capital investments, R&D and similar expenditure. In 2021, the Group benefited from tax incentives principally in Czech Republic and Turkey as a result of significant capital expenditures in those countries. We do not enter into any artificial arrangements solely designed to create tax benefits.

We respect the right of national governments to set and levy national taxes and, where those taxes impact cross border flows, the guidelines set down by the OECD and in double taxation treaties. We aim to ensure the results of our operations reflect the value created in the country of operation.

We aim to operate as a responsible business, applying responsible governance at all our operations and relying on clear frameworks to communicate, measure, improve and deliver against our ambitious sustainability commitments. This aim is reflected in our Tax Strategy. The Board reviews and approves our tax strategy each year, and we make our tax statement publicly available on our website.



Read about our [Tax Strategy](#)

Tax jurisdictions and principal activities

As a global packaging and paper group, we have taxable presence in 41 countries. The location of our companies is driven by commercial rationale. A full list of all entities included in the Report 2021 financial statements, grouped by country, is included in our [Integrated report and financial statements](#) (pages 235-239). This list includes details of the country of residence for tax purposes and the principal activities undertaken by each entity. We have no entities which are stateless or are resident in more than one state.

Some countries where we have presence are included on the European Commission list of non-cooperative jurisdictions, dated 5 October 2021. These countries include Jordan, Malaysia, Thailand and Turkey. We have registered companies in each of these countries and undertake production activities from these locations.

Tax Governance

Board

Overall responsibility for conduct of tax affairs of the Group
Approves the tax strategy on an annual basis
Review of tax management and operational guidelines on an annual basis

Audit Committee

Review of tax risks as part of interim and year-end reporting cycles

Executive Committee (Exco)

Operational responsibility for the Group's tax affairs

Group Tax function

Responsible for providing operational guidelines on tax and for implementing tax risk management initiatives
Providing support and coordination to local entities on tax matters
Monitoring tax risks and reporting to CFO/Exco as issues arise
Training of local entities on tax matters (such as new regulations) to improve awareness and compliance

Local entities

Day-to-day responsibility for tax affairs and adhering to operational guidelines including escalation of tax risks to Group Tax function

Tax governance, control and risk management

The Board is ultimately responsible for the conduct of the tax affairs of the Group and operational responsibility is delegated to the Executive Committee (Exco). At both Board and Exco, the Group Chief Financial Officer (CFO) is accountable for the conduct of the Group's tax affairs.

Local entities are responsible for the everyday conduct of business activities, including their tax affairs. The Group Tax team supports local entities, coordinates tax matters and provides operational guidelines on tax for the whole Group.

The Group is subject to tax risks outlined in the [Integrated report and financial statements](#) page 93. Operational guidelines provide details of tax risks and how to manage them, building on the principles of the Tax Strategy. For example, the Tax Strategy makes clear that all transactions between Mondi Group companies should take place according to the OECD 'arm's length' principle. Operational guidelines set down the type of documentation that should be obtained to evidence the 'arm's length' nature of the intra-Group transaction including external benchmark studies, where applicable.

Please see our [Integrated report and financial statements 2021](#) for more information on the Group's risk management framework and control environment.



COMMUNITIES

Supporting tax transparency

Stakeholder engagement and management of concerns relating to tax

As we operate in a number of countries with different tax systems, we are subject to changes in legislation and differing interpretation of legislation. We maintain constructive dialogue with tax authorities and aim to work transparently and collaboratively to resolve disputes. We seek to deal with queries from tax authorities as they arise to resolve any issues in a timely manner. Where uncertainty exists on the tax treatment of a transaction, we obtain external professional advice and seek to obtain tax authority clearance to agree the treatment in advance where possible.

Our Business Integrity Policy sets out Mondi's approach to unacceptable business practices. The policy includes 'facilitation of tax evasion' as a key corruption risk and states that the Group does not tolerate any form of tax evasion. The Policy encourages Mondi employees and stakeholders to report suspected violations or genuine concerns through dedicated channels, including through our SpeakOut platform (read more on [page 78](#)). Mondi is not involved in lobbying activities in relation to tax but supports initiatives in relation to tax, which play a part in creating a stable, secure and sustainable society.

Country-by-Country Reporting

In line with the OECD requirements, we prepare and submit Country-by-Country Reporting (CbCR) to the UK tax authorities annually. Inclusion of comprehensive CbCR data beyond our current external reporting would represent disclosing commercially sensitive information. As an alternative, we include selected country information available as part of our Integrated report preparation process. This includes disclosure of the effective corporate income tax rate per country and the main factors explaining any deviations to that country's statutory rate. The countries reported on this page are consistent with the Operating Segment analysis presented in the financial statements (see pages 182-186 of our [Integrated report and financial statements](#)) and the information relates to the financial year ended 31 December 2021.

Country-by-country tax

Tax Jurisdiction	External revenues € million	Employees thousands	Segment net assets € million	STR %	ECITR %	Reason for significant difference between STR and ECITR
Austria	1,134	2.6	665	25%	59%	The ECITR is higher because of non-creditable withholding tax suffered on a dividend received from a subsidiary and losses arising in a company which cannot be offset against other profits arising in the year.
Czech Republic	602	1.4	846	19%	7%	The ECITR is lower than the STR due to tax credits from paper machine investments and higher tax depreciation for capital expenditure.
Germany	882	2.6	806	30%	19%	The lower ECITR arises because tax losses from previous periods are being offset against 2021 profits combined with higher tax depreciation on fixed assets.
North America*	480	1.6	317	26%	19%	Tax losses arising in previous years have been offset against the 2021 profits thereby reducing the ECITR.
Poland	1,243	3.8	850	19%	18%	There are no significant differences between the tax rates.
Russia	899	5.3	814	20%	20%	There are no differences between the tax rates.
South Africa	441	1.4	805	28%	-3%	The negative ECITR arises because while the overall South African business was loss making in the year, one company was profitable and had a corporate income tax liability. There is no possibility to consolidate the profitable company results and the loss making companies' results.
United Kingdom	3	0.1	57	19%	-8%	The negative ECITR arises because while the UK is loss making during the period (meaning no corporate income taxes are due), non-creditable withholding taxes were incurred during the year.
Other	2,039	7.6	2,036			
Total	7,723	26.4	7,196			

* The North America STR and ECITR are the weighted average US and Mexico tax rates

Definitions for CbCR data provided

External revenues: these are external revenues per location of production as reported in the Operating Segment analysis (see page 185 of our [Integrated report and financial statements](#)).

Employees: average number of employees by principal location of employment.

Segment net assets: these are a measure of operating assets employed per location as reported in the Operating Segment analysis (see page 186 of our [Integrated report and financial statements](#)).

Statutory tax rate (STR): the applicable corporate income tax rate in the country.

Effective corporate income tax rate (ECITR): the ratio of accrued income tax (excluding any income tax relating to earlier years) compared with underlying profit-before-tax in the Mondi Group financial statements.

COMMUNITIES

Reflections and outlook



€11.8 million
social investments for
communities in 2021

Investing in local infrastructure and community development

Our investments in infrastructure and community development provide access to vital services, empower enterprise, facilitate health and education and support our business operations.

Some of our mills treat community waste water and supply electricity generated by our plant to the local community.

For example, in Russia we supply power to the southern part of Komi Republic and wastewater treatment services to the city of Syktyvkar. We also build more than 100 km of forest roads annually.

Our Mondi Świecie mill provides funding for authorities and organisations that develop local infrastructure to enable the purchase of medical, rehabilitation, sports, educational equipment and aids that can be used by the neighbouring community, such as equipment for blind people, a boat for lifeguards or bicycle repair stations.

In South Africa, we support agri-villages – sustainable rural developments that promote agriculture-based livelihoods, improve living conditions and alleviate poverty for people in isolated villages on our land. Read more about the villages that provide permanent residence to more than 3,000 households in sustainable settlements with secure tenure [here](#).

Performance against our target

With MAP2030, we formalised our commitment to invest a minimum of 1% of profit-before-tax annually in social investments with a focus on STEM education, environmental protection, enterprise support and job creation. In 2021, our total community investment was €11.8 million (2020: €11.5 million) equating to 1.2% of profit before-tax, above our 1% target.

Find our consolidated performance data [here](#)

Reflecting on 2021

We need to remain flexible and agile to adapt our approach to local needs and focus on the areas where we can make the greatest difference to communities. The COVID-19 pandemic shifted the needs of the communities and limited the ways we can communicate and engage. We have continued to step up and support the local pandemic response, working in partnership to establish where we can create the most beneficial impact for the communities and stakeholders. We were able to find new ways of engagement, for example through e-learning and social media, to sustain our strong relationships with our communities.

Our SEAT assessments provide a valuable opportunity for stakeholders to speak openly to a panel of Group and local management, facilitated by a third party to bring neutrality, expertise and credibility to the process. 86% of our mill and forestry operations have completed a SEAT assessment at least once since 2005. Due to COVID-19, we had to postpone SEAT assessments planned for 2021 at our Mondi Tire Kutsan (Turkey) and Štětí (Czech Republic) mills. For 2022, we are working on concepts to allow for a more flexible approach to continue the open and transparent dialogue with communities and stakeholders, even in times of social distancing.

What's next?

- Carry out SEAT assessments at our Tire Kutsan and Štětí mills in 2022, provided it is safe to do so
- Review social investment strategies to identify areas for improvement, including the outcomes of SEAT and Community Engagement Plans where available
- Further develop our frameworks and standardised governance for operations to support strategic social investments across the focus areas

PROCUREMENT

In a global economy, supply chain transparency is fundamental to ensure and demonstrate responsible business practices. Stakeholders want clear and accessible information on how businesses manage their supply chain risks. Increasing the visibility of our suppliers' sustainability performance also allows us to mitigate our risks and follow-up with action and engagement to drive positive change.

Commitment

We mitigate risks and create greater transparency in our supply chains through our responsible procurement process

Target

We will minimise the supplier risk ratio¹ year-on-year

● On track

Commitment

Ensure that all our wood fibre (round wood, wood chips and market pulp) is sourced solely from credible wood sources

Targets

Maintain 100% of wood fibre compliant with credible standards (FSC™, PEFC™, or Controlled Wood)

● On track

Maintain 100% FSC™-certified fibre from high-risk countries

Exception: countries where Mondi has local operations and expertise (i.e. Russia, Bulgaria)

● On track

100% FSC™- or PEFC™-certified market pulp

● On track

100% FSC™ or PEFC™ Chain-of-Custody certification for our pulp and paper mills

● On track

We will continue to work with certification bodies to ensure credibility of the certification and Controlled Wood systems

● On track

Linked to SDGs:



Read more about our contribution to the SDGs in our [SDG Index](#)

Responsible procurement is vital to all parts of our integrated value chain, both upstream and downstream operations – from the raw materials we procure to the transporting of our products. Our global supply chain includes around 14,000 suppliers² in 66 countries.

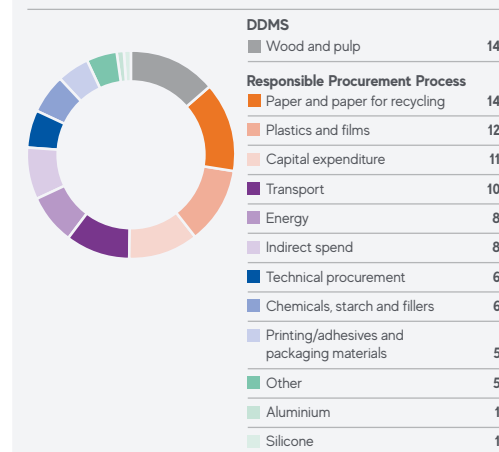
In 2021, we procured €5.9 billion worth of goods and services from suppliers (2020: €5.1 billion). Products and services purchased locally represented 58% of overall spend (2020: 58%). Our responsible business practices focus on evaluating the environmental practices, climate change impacts and labour and human rights practices of our suppliers.

Our Responsible Procurement process is facilitated by the Group procurement function and aims to achieve a consistent process for selecting, evaluating, onboarding and monitoring suppliers globally based on their sustainability risk and performance (see [page 88](#)).

Due to specific requirements related to the responsible procurement of wood and pulp, we have a dedicated Due Diligence Management System (DDMS) which ensures all our wood fibre (round wood, wood chips and market pulp) is purchased from responsible sources and in line with our commitment to zero deforestation (see [page 89](#)).

We procure small volumes of paper on the market. While this is currently covered by the Responsible Procurement process, in 2021 we began to explore the feasibility of including externally procured paper within our DDMS process in future, as the risks are inherently similar to the procurement of wood fibre.

Breakdown of supply spend (%)



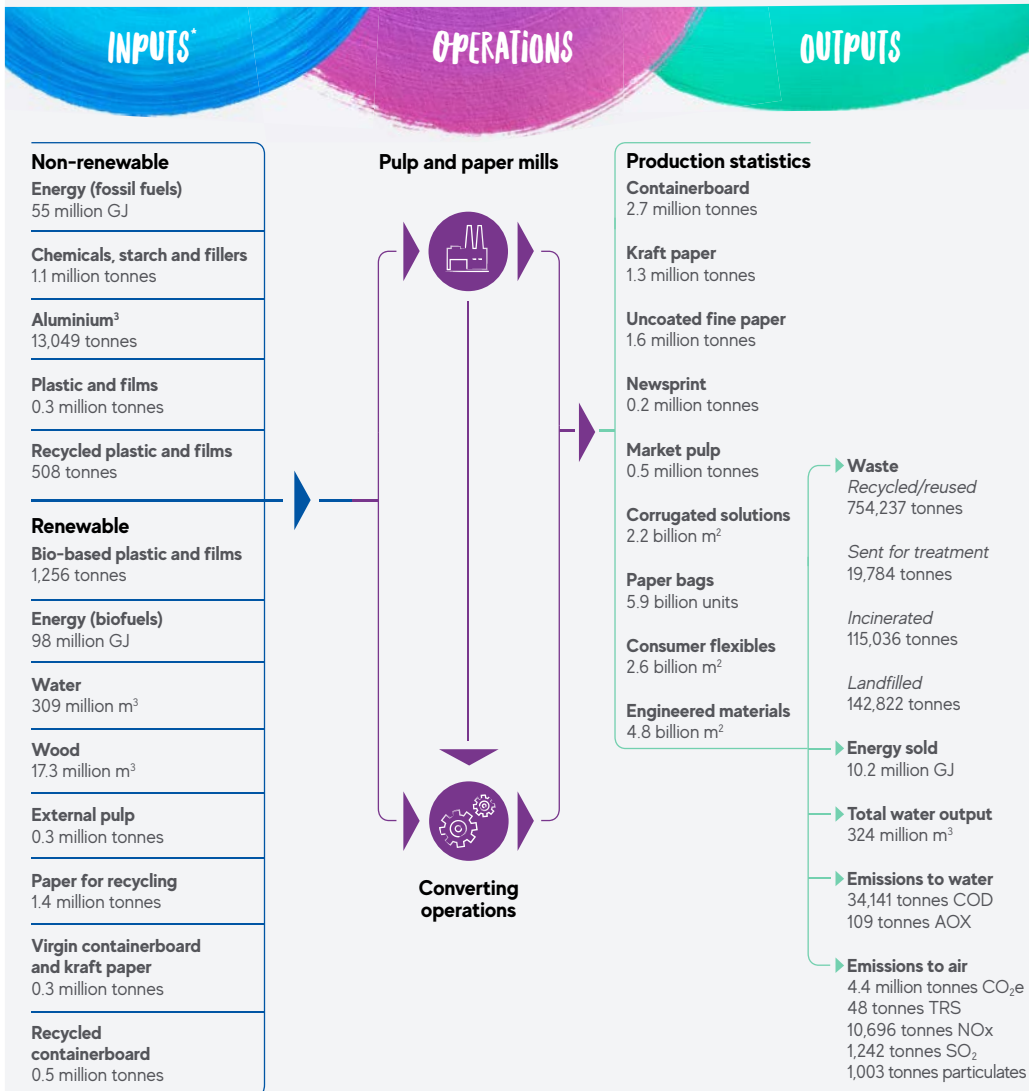
¹ Supplier risk ratio: % of total number of residual high risk suppliers out of the total number of suppliers screened

² Direct suppliers that were active in 2021 with at least one purchase order, grouped into single entities

PROCUREMENT

Managing our supply chain risks

Energy and materials flow 2021



* Input materials reflect purchased quantities
 3 The percentage of aluminium from certified sources is 0%

Key areas of spend and major procurement categories

Wood and pulp	Wood fibre is one of our primary raw materials. We procure our wood from sustainable sources assured by Forest Management Chain-of-Custody certification, Controlled Wood standards in accordance with our Due Diligence Management System. We source locally for the majority of our fibre needs. Read more on page 59 .
Plastic and films	Plastic sourcing includes different types of polymers, films and fabrics. Read more about our target to make 100% of our products reusable, recyclable or compostable by 2025 on page 25 . Together with our suppliers, we aim to source material which is suitable for downgauging, lightweighting, compostability and recycling.
Chemicals, starch and fillers	We use starch, fillers and chemicals in combination with other materials to manufacture high-performance paper and packaging. We source chemicals through a number of large companies and local suppliers close to our operations. The majority are based in Europe with subsidiaries in Asia, Middle East and the US.
Transport and logistics	We use rail, combined rail-road, road and sea freight solutions to transport our supplies and products. We monitor indirect CO ₂ emissions (Scope 3 emissions) arising from our supply chain, of which transport – both upstream and downstream – is a significant contributor and we have committed to a science-based Scope 3 reduction target (see page 56).

We partner with suppliers who share our values and ambition to drive continuous improvement in sustainability, quality and responsible conduct. This is key to creating long-term value for Mondi, our suppliers and stakeholders.

Our Responsible Procurement process

Key instruments to manage our supply chain risks include the Group-wide Supply Chain and Responsible Procurement Policy, Business Integrity Policy and General Supplier Quality Requirements. Our Code of Conduct for Suppliers sets the minimum standard for governance, legal, ethical and environmental issues.

Supplier engagement involves a number of processes to ensure suppliers meet our quality and sustainability expectations throughout the supplier life cycle. They include supplier risk management, quality management, supplier evaluation and supplier audits.

Our supplier audit programme provides a consistent supplier audit approach as well as standardised audit reports, self-assessment tools and other documentation. In 2021, we introduced the Corrective and Preventive Action process to ensure a closed loop with our suppliers and support work with them on development measures.

Our Responsible Procurement process applies a risk-based approach to assess suppliers against the requirements of our Code of Conduct for Suppliers. This also supports our response to the [UK Modern Slavery Act](#) and legal requirements in other jurisdictions.

PROCUREMENT

Engaging with suppliers

Target: We will minimise the supplier risk ratio year-on-year

Our ambition is to continuously improve transparency and sustainability in our supply chain. We track the proportion of suppliers deemed to be high risk out of the total screened suppliers to measure our annual progress towards reducing supplier risk. We aim to improve the efficiency of our approach, increase the number of suppliers, advance screening and risk assessment methodologies and mitigate residual risk by collaborating with and developing our suppliers.



“We are seeing an increasing demand from stakeholders such as customers or potential employees to ensure that sustainability does not end at the factory door.”

Beatrix Praeceptor,
Group Chief Procurement Officer

Screening suppliers for potential risks

Our risk screening tool gives an indication of which suppliers are potentially high risk in one or more of three areas: labour and human rights; environment and climate change; and water stress. Identified potential high-risk suppliers receive a questionnaire for the respective risk categories (labour, climate change, biodiversity or water).

Based on the results, we evaluate the suppliers and continue to engage with them to obtain further relevant information related to the areas of concern. For non-responsive suppliers and remaining high-risk suppliers, possible escalation steps include supplier meetings, audits, third-party ESG reports and, if required, termination of the supplier relationship.

We have made progress in screening the majority of key suppliers who are selected for their representation of a large strategic spend area and who supply to multiple Mondi sites. In 2021, we expanded the scope of screening to suppliers based on criteria related to spend and the critical nature of materials or services purchased. Consequently, more local suppliers⁴ were included in the risk assessment process. Over the last three years we have successfully screened over 6,000 suppliers representing 77% of our total spend.

Supplier Code of Conduct

Our Code of Conduct for Suppliers covers governance, environmental and social topics and other legal and ethical issues. All of our companies and business units worldwide, including joint ventures in which we have a controlling interest, are required to apply the Code of Conduct to their suppliers of goods and services as a minimum standard, irrespective of the jurisdiction in which they operate and the laws applicable to the jurisdiction.

⁴ Local suppliers of products and services are defined as suppliers located close to our significant operations (including mills and converting plants) within the same region

Where we have a non-controlling interest, we encourage our business partners to adhere to the Code. We also encourage suppliers to apply similar requirements to their suppliers.

The Code of Conduct is available on our [website](#) in English, German, Polish, Czech, Turkish and Russian. Its contents are reviewed and updated on a regular basis. In 2021, this included an update to the code's 'Business Ethics' section to highlight the compliance requirement linked to our Mondi Business Integrity Policy.

Supplier engagement

By engaging with suppliers across the supplier life cycle, we proactively address risks to improve resilience and ensure continuity of supply and delivery of goods and services that meet our requirements.

In 2021, we established a dedicated team of experts for supplier engagement and responsible procurement to drive action to ensure we partner effectively with suppliers to deliver our MAP2030 and zero non-conformity targets. The team will focus on optimising the way Mondi engages with suppliers to manage supplier quality, mitigate supplier risk and meet our sustainability goals. In 2021, we started to train our procurement teams to embed understanding of the MAP2030 commitments and how they can contribute to their achievement.

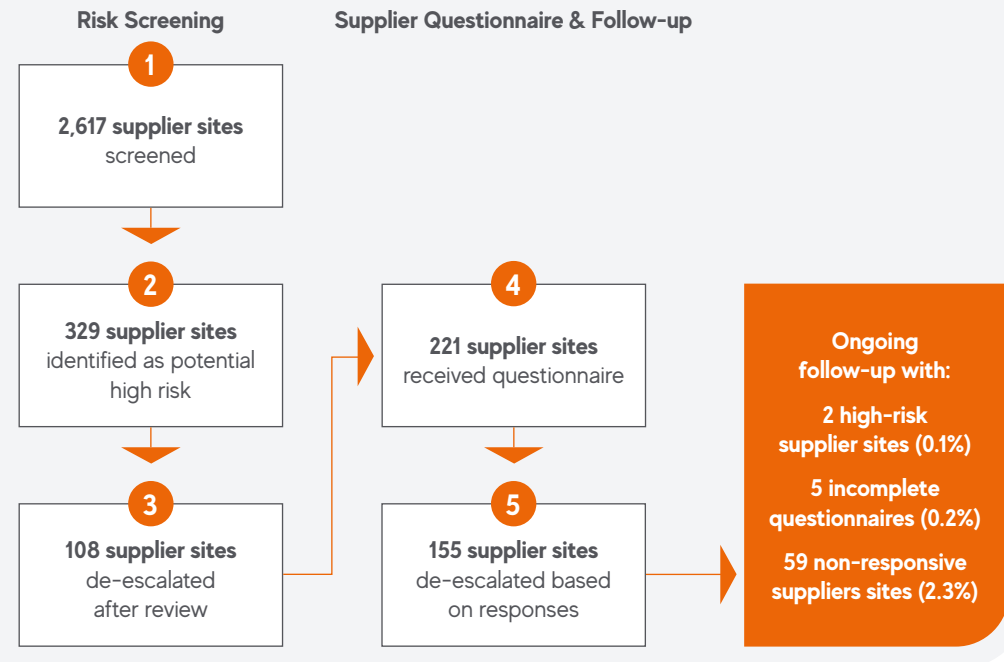
Auditor training was offered and conducted virtually by internal lead auditors and external experts, building our capacity with new internal auditors from across the organisation.



PROCUREMENT

Supplier engagement commitment

Responsible Procurement process



Performance against our target

In 2021 we screened 2,617 supplier production sites, most of which were local suppliers. 12.6% of supplier sites were found to be potential high risk based on criteria including the nature of products and location of operations and aspects including labour and human rights, environment and climate change and water stress. The review of initial screening results, updates and details of supplier activity and geographical regions led to a de-escalation of 4.1% of the supplier sites. 8.4% were requested to complete a questionnaire. Based on evaluation of these questionnaires and follow

up conversations with our sustainability specialists, an additional 5.9% of suppliers were de-escalated.

We have actively worked with local buyers to encourage their suppliers to respond to our questionnaire. This reduced the total percentage of non-responsive suppliers to 2.3% and the number of incomplete questionnaires to 0.2%. Understanding our suppliers' practices is essential and we will continue to engage with our suppliers to allow for an appropriate evaluation of the risk.

By the end of 2021, 0.1% of screened supplier production sites were classified as high risk.

We will use the findings from our 2021 screening process to adapt and improve our methodology. In 2020 the total of high-risk, non-responsive and incomplete questionnaires was 1.3%. Based on prioritisation criteria, we have developed a risk-mitigation plan for these suppliers including further escalation steps such as supplier meetings, audits, third-party ESG reports and, if required, termination of the supplier relationship.

Reflecting on 2021

The complexity, scale, diversity and global nature of our supply chain means embedding large-scale change will take time. In this context, the results of our risk screening in 2021 were in line with our expected outcomes. We anticipated that we would identify an initially larger number of high-risk suppliers as a result of our drive for increased transparency and scope, which goes beyond key suppliers to include local and smaller suppliers. This is a positive sign of increased supply chain transparency and an opportunity to support sustainable supplier engagement and development.

Through our expanded communication with suppliers we are able to evaluate the identified areas of concern to define the appropriate follow-up actions where required. Risk management and agility is becoming increasingly important for resilient supply chains. Our engagement with suppliers to create long-term partnerships is proving successful in the face of challenging situations such as the impacts of COVID-19.

We aim to develop a scalable process to implement a risk assessment of the vast majority of our suppliers to create greater transparency on the sustainability performance of our supply chain.

What's next?

- Engage with non-responsive and high risk suppliers to implement initiatives aimed at reducing risk in our supply chain
- Continue to refine our approach to develop a scalable process to implement the risk assessment for the vast majority of our suppliers
- Fully integrate responsible procurement processes into holistic supplier engagement along the supplier life cycle

PROCUREMENT

Credible wood fibre sourcing

Performance against our targets

Wood fibre is one of our primary raw materials with roughly 80% of our business fibre-based by revenue. We source roughly 17.3 million m³ of wood every year. Around one quarter of the wood fibre we use originates from our forestry landholdings in Russia and South Africa with the remainder sourced from the market, mainly in central Europe. We aim to source locally to meet the needs of our pulp and paper mills with more than 90% of our wood fibre coming from domestic sources. We also procure a small proportion of wood fibre in the form of market pulp and paper from other regions.

See [page 59](#) for more information on our main wood sourcing countries and certified wood fibre.

Practising robust due diligence

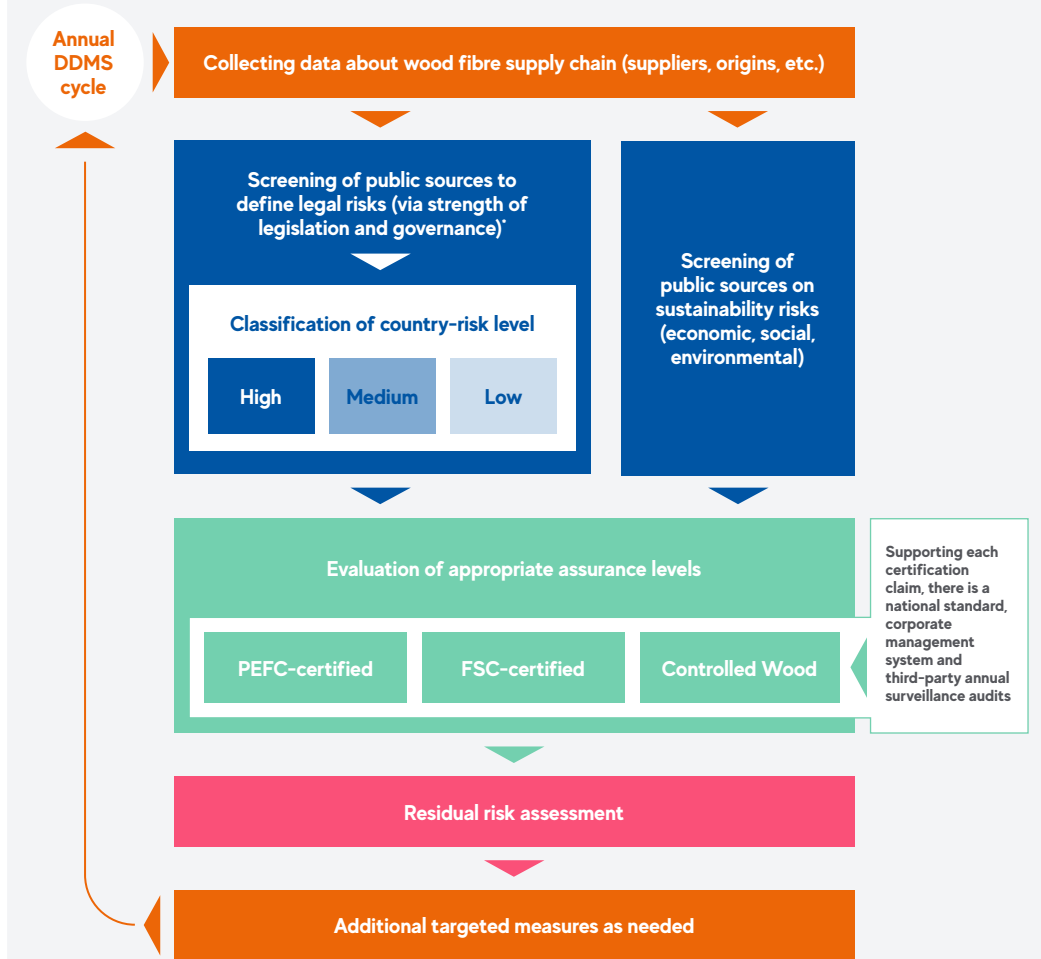
We depend on a continuous supply of wood fibre which is responsibly sourced, renewable and sustainable. The forest sector's most material risks typically occur upstream at the beginning of the value chain in forests. We are committed to zero deforestation and to excluding illegal and controversial wood fibre sources from our supply chain. We do not source tropical tree species, species listed protected by CITES or IUCN or wood from genetically modified trees. We also do not accept wood fibre from sources where deforestation and unsustainable land conversion happens, where biodiversity and other critical ecosystem values are under threat, or where the rights of workers and communities are violated. Legality and labour requirements are also relevant further downstream in the value chain when wood fibre is processed, transported and traded.

To manage these risks, we only procure wood fibre through supply chains covered by FSC and PEFC Chain-of-Custody certification to ensure their integrity. As wood moves from certified forests through the supply chain, each physical process and ownership change has to be covered by valid Chain-of-Custody certification. This supports us to verify the supply chain and enables wood fibre traceability back to particular geographies and legal entities. All uncertified sources have to be compliant with FSC Controlled Wood requirements. Local due diligence systems are underpinned by National Risk Assessments (NRAs) which address country-specific legal, environmental and social issues. This makes Controlled Wood instrumental in excluding controversial sources.

While certification schemes aim to cover a full range of sustainability issues, some risks may develop faster than the revision of certification standards and procedures can be carried out. For this reason, our DDMS is designed to address risks beyond legal and certification requirements and the requirements of current assurance mechanisms by screening additional economic, social and environmental risks. To do this, we use publicly available information and insights from local operations and partners. We engage with the FSC and PEFC certification schemes and support their efforts to remain relevant, fit-for-purpose and credible.

Read more about how we manage risk country by country [here](#)

Mondi Due Diligence Management System



* The sources we use to define the country-risk levels are: Transparency International's Corruption Perceptions Index (CPI), WorldBank's Worldwide Governance Indicators (WGI), FSC's Centralized National Risk Assessments (CNRA) and Preferred by Nature's Timber risk assessment methodology

PROCUREMENT

Our risk-based approach

Most of the wood we source originates in Central and Northern European countries where we define PEFC as the appropriate assurance level. PEFC's accessibility to smallholders and alignment with national forest practices makes it well suited in this region. FSC's complex requirements for forest monitoring, documentation checks and stakeholders consultations make it more resource-intensive and costly for land owners. These measures were designed to address uncertainties and regulatory gaps in high-risk countries, where national legislation and governance mechanisms are deemed to be weaker and corruption levels higher. In Russia and Bulgaria, we accept Controlled Wood while aiming to increase the proportion of FSC-certified material in our supply. In our own operations, we have strong local expertise which gives us sufficient assurance through Controlled Wood mechanisms.

Most of our wood fibre is sourced in the form of solid wood with a small proportion sourced as market pulp. Globally, procured pulp has a complex supply chain involving transformation and mixing of wood fibre in production process. This makes it a challenge to ensure traceability and verification using Controlled Wood mechanisms and it is why all our externally procured market pulp needs to be 100% PEFC- or FSC-certified (in high-risk countries only FSC).

Embedding our DDMS

Successful functioning of our DDMS depends on the support of local managers and specialists across our global operations. Our Wood Certification Managers Network is an example of effective collaboration to ensure responsible sourcing across the Group. The network includes certification managers from over 10 countries who regularly exchange information on emerging risks, changes in certification standards and regulations. We review the status of our DDMS and effectiveness of local due diligence systems.

Education and training are critical to ensure the effectiveness of our DDMS. During the pandemic, we developed online courses and made them available to all employees through our intranet, planetmondi. Topics include forest certification schemes, sustainable working forests, our DDMS and recent changes in forest-related legislation in the EU and other relevant countries. See [page 28](#) for more on the sustainability training we developed in 2021. Local teams also work with their domestic suppliers to enhance knowledge and skills on traceability tools and certification schemes.

Supporting small-scale suppliers

In South Africa, the small-scale timber grower programme has benefited over 3,435 growers with support from Mondi Zimele since it was launched. In 2021, some 83,167 tonnes of wood were sourced from rural smallholdings (1-2 hectares each). Mondi Zimele also distributed 1.2 million seedlings in the planting season of 2021 and provided training, mill visits and knowledge-sharing field days to eligible small growers.

Mondi Syktyvkar also offers annual training to over 100 employees of forestry contractors and wood suppliers working with Mondi, including SMEs, to ensure compliance with our sustainability requirements.





PROCUREMENT

Reflections and outlook

Ensure that all our wood fibre (round wood, wood chips and market pulp) is sourced solely from credible wood sources

Targets	Comments
Maintain 100% of wood fibre compliant with credible standards (FSC, PEFC, or Controlled Wood)	In 2021, we maintained 100% compliant wood fibre with credible standards comprising 77% of FSC or PEFC and the remainder Controlled Wood.
Maintain 100% FSC-certified fibre from high-risk countries (exception: countries where Mondi has local operations and expertise, like Russia and Bulgaria)	In 2021 we sourced wood fibre from the following high risk countries: a small volume of FSC-certified wood from Ukraine and FSC-certified pulp from Brazil.
100% FSC- or PEFC-certified market pulp	In 2021 we achieved 100% certified pulp sourcing.
100% FSC or PEFC Chain-of-Custody certification for our pulp and paper mills	In 2021 we maintained 100% Chain-of-Custody certification with Controlled Wood requirements for our pulp and paper mills.
We will continue to work with certification bodies to ensure credibility of the certification and Controlled Wood systems	We engaged with key stakeholders on upcoming changes in the evolving standards, contributing to working groups and public consultations. In 2021, we participated in FSC and PEFCs members' General Assemblies.

Note: In 2021, we sourced a small volume of wood chips from Belarus, which was classified as medium-risk in our DDMS.

Reflecting on 2021

As we continue to navigate through the challenges of the pandemic, we successfully fulfilled operational goals in 2021 without compromising our responsible sourcing commitments. Cross-border COVID-19 restrictions emphasised the importance of prioritising domestic sourcing which reduces the complexity of supply chains, lowers the risks and contributes to the local economy and livelihoods while reducing our carbon footprint and operational costs. However, growing demand for renewable raw materials increases importance of maintaining and developing relationships with suppliers in other wood sourcing regions to enhance supply chain resilience.

Against a backdrop of evolving regulatory requirements, we have noted continued criticism directed at forest certification schemes. While acknowledging that certification schemes do not eliminate all risks, FSC and PEFC certification schemes are invaluable tools to support responsible wood fibre sourcing. This is why we work closely with certification bodies to promote their continuous improvement.

We must all continue to develop and implement risk-based approaches through our due diligence management systems to effectively utilise limited resources to mitigate sustainability risks. When we encounter challenges in relation to a particular assurance mechanism, sourcing region or supplier, our approach is to work together and jointly address and resolve the issues, rather than implementing arbitrary exit strategies as a first step.

Performance against our targets

The table on the left provides an overview of our performance against our MAP2030 targets.

What's next?

- Continue to develop our due diligence system for paper procurement in our converting operations
- Further develop risk-based approaches and targeted actions to address issues in our sourcing regions through collaboration with multiple stakeholders
- Continue to work with FSC and PEFC certification schemes and certification bodies to support their continuous improvement



Find our consolidated performance data [here](#)



BUSINESS ETHICS & GOVERNANCE

Business integrity, ethics and high quality standards are the foundation upon which we operate, build trust and preserve our reputation as a business partner of choice. We see strong governance and compliance with legal requirements as the basis on which to deliver MAP2030.

Commitment SD training and audit scheme

Target

Implement a Governance Operating Standard in 2021

On track (completed)

Train auditors by 2022

In development

Commitment Employee training on sustainability

Target

Training needs identified by 2022

On track

Relevant training developed and implemented as an ongoing process

On track

Linked to SDGs:



Read more about our contribution to the SDGs in our [SDG Index](#)

Commitment Integration of sustainability in CAPEX investments

Target

Identify relevant metrics (e.g. GHG emissions, waste to landfill, water)

On track

Implement processes to integrate into investment decision-making

On track

Commitment Compliance audits at all our mills and converting operations

Target

Conduct compliance audits at all mills by 2025

In development

Conduct compliance audits at all converting operations by 2030

In development

Management review and measurements to improve audit scores by 2022, ongoing process thereafter

In development

Mondi has no tolerance for misconduct or unethical business practices. To protect our operations and supply chains around the globe, we have strict guidelines and processes in place, supported by employee training, to mitigate risks and ensure legal requirements are met.

Our MAP2030 Responsible Business commitments for Business Ethics and Governance focus on enhancing internal training programs, broadening the scope of our compliance programme and defining sustainability metrics for investment decision-making processes. These topics are covered throughout this report (see links below) and discussed in our Sustainability Governance disclosures on [page 96](#).

In 2021, we made progress in a number of key commitments and areas:

Commitment: A revised Sustainable Development training and audit scheme will be introduced to support us to prevent the occurrence of non-compliances

We instituted a Governance Operating Standard, supporting progress towards our commitment to support us to prevent the occurrence of incidents of non-compliances. An updated training for auditors will be developed in 2022.

Read more about our SDMS on [page 96](#)

Commitment: Employees will be trained on relevant sustainability topics

Building on the Mondi Academy offering, we developed a comprehensive online sustainability training programme covering more than 20 topics.

Topics were determined based on internal feedback and relevance to our people, customers and suppliers. Customer- and market-facing roles were prioritised for training with 2,780 participants from sales, marketing, R&D and product development functions participating in 2021.

Read more on the topics covered on [page 28](#)

Commitment: Sustainability assessment criteria to be applied for 100% of our CAPEX investments >500k EUR from 2022

As part of our commitment to consider sustainability assessment criteria for CAPEX investments, we identified environmental metrics related to GHG emissions, waste to landfill, air and water-related emissions. The reporting of positive and negative impacts on environmental parameters and sustainability targets is integrated into the Capex investments decision-making process for all investments over €500,000.

Read more about our energy-related investments on [page 51](#)

Our Business Code of Ethics

Mondi's Code of Business Ethics supports high ethical standards across our organisation. It comprises the following five principles: legal compliance; honesty and integrity; human rights; stakeholders; and sustainability. Application of the code is documented in Mondi's policies and procedures - in particular the Business Integrity Policy which outlines Mondi's zero tolerance of bribery and corruption. Our clearly defined process for reporting violations includes notifying the Group CEO, Group CFO and Group Head of Internal Audit in all instances.

BUSINESS ETHICS & GOVERNANCE

Ethical business behaviour

Acting with integrity

We have zero tolerance for corruption and corruption risk forms part of the annual Group risk assessment process. The outcomes are reviewed by the Audit Committee and the Board. The Business Integrity Policy, which is available to employees and business partners, defines our values and key principles of ethical business practices.

We inform Board members regularly about anti-corruption policies, procedures and requirements. All relevant employees have to complete a mandatory business integrity training each year, which also covers anti-corruption topics. The number of relevant employees in 2021 was 3,071, with 3,017 (98%) completing the online training. Suspected cases of non-compliance can be reported through our SpeakOut platform, which is available to internal and external stakeholders.

Compliance across our product portfolios

We follow strict guidelines and procedures to ensure compliance with applicable laws and regulations as well as voluntary codes across all our operations. This includes compliance with regulations on product and service information as well as labelling; marketing communications; customer privacy measures; and laws and regulations in the social and economic area.



Read more in our GRI/SASB index [here](#)





About this report

RESPONSIBILITY + ENGAGEMENT



Topics discussed by the Sustainable Development Committee

As part of Mondi's sustainability governance, the Board maintains a clear overview of policies, systems, practices and progress across all aspects of sustainability. Here, we have summarised the key sustainability topics considered by the Board's Sustainable Development Committee during the year.

The need for collaboration across entire value chains was emphasised as key for achieving this target. The Members confirmed the integration of the Ellen MacArthur Foundation's Global Commitment¹ for Mondi's flexible plastic-based packaging and received an update on the Product Impact Assessment (PIA) tool. The Single-Use Plastics Directive was discussed, including which Mondi products are currently within the scope of the regulation.

Safety and health

Safety and health of employees and contractors is a key topic at every Committee meeting. This year, the Committee received reports on safety performance at Group and business unit levels, including individual mill performance, classification of incidents and peer comparisons. The Committee was informed about the total recordable case rate (TRCR) and injury types. Discussions included statistics on COVID-19 cases and actions taken to promote vaccinations and safety measures. The Committee was given a presentation on the social psychology of risk as one of the Group's newly introduced safety focus areas. Special attention was paid to increasing safety at annual maintenance shuts with higher risks being identified where there have been injuries in the past.

Human rights and business ethics

The Committee reconfirmed Mondi's approach to human rights, stakeholders and sustainability principles as outlined in the Code of Business Ethics. The Members agreed that the guidelines are appropriate to ensure compliance with the code and socially responsible conduct. The Committee approved Mondi's human trafficking and modern slavery statement.

They also received information on the processes and procedures in place to minimise the risk of human trafficking and modern slavery. The Committee also considered the implications and actions taken in response to the gap analysis by the Danish Institute for Human Rights (DIHR).

Climate change and environmental impacts

Climate change is a key priority on the Committee's meeting agenda. In 2021, Members received updates on the Group's environmental performance, noting progress against each of the relevant MAP2030 commitments. The Committee reviewed and approved the Group's ambition to achieve Net-Zero greenhouse gas (GHG) emissions by 2050 and was informed about the validation process by Science Based Targets initiative (SBTi) (see [page 52](#)). Milestones and necessary investments to meet the Group's GHG emissions reduction plans were reviewed. An update was provided on climate-related risks and opportunities in line with the Task Force on Climate-related Financial Disclosures (TCFD) requirements as well as their mapping in the Group's principal risk process. Energy security and related input costs continued to be recognised as a Group principal risk. Members were informed about environmental incidents and the implementation of corrective and preventive actions.

Forestry and biodiversity

The Committee received information on the progress of forestry-related sustainability topics including the availability of certified wood supply in domestic markets and progress on our MAP2030 responsible sourcing target. Members were informed about key collaborations, such as with the World Business Council for Sustainable Development Forest Solutions Group and the International Union of Forest Research Organizations.

Members also received an update on activities related to biodiversity and water stewardship commitments and partnerships to foster a better understanding of Mondi's impact on natural systems.

Stakeholder participation

The Committee reviewed the Group's relationships and engagement with key stakeholders, focusing on partnerships that will support us to achieve our MAP2030 commitments. Members received an update on engagement with investors in relation to plastics and other key topics. The Committee reviewed the findings of Mondi's materiality assessment and heard from an external specialist who facilitated the study on the key findings. Members reviewed and approved the outcome of the materiality assessment. They took into account the double materiality approach and noted the topics that were important to stakeholders such as customers, investors and colleagues. Members also noted the potential impact of these topics on Mondi's ability to generate value accretive growth, sustainably. The Committee was pleased to note that Mondi's MAP2030 framework continues to be appropriate and that it addresses the key topics highlighted by stakeholders in the materiality assessment.

Responsible procurement

Members received an update on Mondi's Responsible Procurement process, including the roll out of the supplier screening process and identification of high risk suppliers for which the internal reviewing and escalation process and responsibilities were highlighted as a topic for future meetings (see [page 87](#)).

MAP2030

This year, the Committee maintained a strong focus on reviewing the progress of MAP2030 commitments (see [page 23](#)). To track the progress of action areas, the Committee's work programme was updated to include regular and broad coverage of MAP2030 at all meetings.

Sustainable products

The Committee discussed the MAP2030 commitments to accelerate the transition to a circular economy (see [page 25](#)). Members reviewed progress towards making the Group's packaging and paper solutions 100% reusable, recyclable or compostable by 2025. This included responsibilities and action taken across Mondi teams to implement the roadmaps.

¹ <https://ellenmacarthurfoundation.org/global-commitment>



Sustainability governance

Strong governance is fundamental to building a resilient and successful organisation in which sustainability is embedded at all levels. Robust policies, standards and management systems guide our operations to address risks and opportunities and enable us to measure our performance and meet our commitments.

The Board and its committees provide the leadership necessary to implement the principles of good corporate governance across the Group. This ensures all decisions and actions are based on integrity, responsibility, accountability, fairness and transparency. The Board reviews the performance approach and outcomes and its members bring a wealth of experience and expertise to the Group. Board members are diverse in origin, gender, race, education and experience and reflect the broad nature of our activities and our operational territories.

At the end of 2021, we had four female directors (representing 44% of the composition of the Board).


Sustainability is covered at six meetings during the course of the year and the rolling agenda covers all the aspects of sustainability that are material to our business.

Board committees

The Board delegates different areas of responsibility to specific committees. While the Board is ultimately responsible, accountability for sustainable development policies, systems, practices, commitments and actions, and the effectiveness of our approach to managing all aspects of sustainability, is monitored at three levels:

- The Sustainable Development (SD) Committee chaired by an independent non-executive director
- The Executive Committee chaired by the Group CEO
- The operational management team consisting of senior executives from across Group operations

Global specialist network groups provide expert insight and support to the business on specific sustainable development issues.

 [Read more about our Board committees on page 97](#)

Monitoring performance

We have developed internal and external mechanisms to evaluate and report on performance and the effectiveness of our management approach and systems. These mechanisms include reporting systems, benchmarks and stakeholder engagement and collaboration at various levels. Sustainability performance can lead to adjustments in our management approach, subject to the approval of relevant executives and, ultimately, the Board. An example of such an adjustment is the decision made by our Executive Committee and the Board to make a Net-Zero commitment, including a new Scope 3 GHG emission target and updating our existing science-based targets to align with a 1.5°C scenario.

20% of the annual bonus calculation of Mondi's executive directors is linked to sustainability objectives.

Mondi's Group Sustainable Development function

The Sustainable Development (SD) function provides guidance and defines actions required to achieve our sustainability goals. This includes monitoring and assessing risks and opportunities, emerging changes to the regulatory environment, developments in our social and environmental operating context, and evolving stakeholder needs and expectations. It informs, challenges and supports our businesses to respond to stakeholder needs and expectations and it shapes our long-term response to global trends.

The SD function oversees the management of the Sustainable Development Management System (SDMS) and facilitates sustainability reporting, external assurance and internal and external engagement. Ratings and recognition of our sustainability performance is based on our public disclosures. Our customers and investors are increasingly interested in better understanding our performance as well as our risks and opportunities as a business.

Our Sustainable Development Management System

Our established policies, procedures and management systems support us to apply a consistent and standard approach to sustainability throughout our operations.

POLICIES

The SD policies guide our overall approach to the SD issues most relevant to our business

MANAGEMENT STANDARDS

Define governance, operational management and control across all policies

OPERATING STANDARDS

Guide the management and implementation of all SD policies and define minimum requirements

PRACTICE NOTES

Support the implementation of Operating Standards

Sustainability governance

Our Sustainable Development Management System

Policies, procedures and management systems support us to apply a consistent and standard approach to sustainability throughout our operations. We consider the environmental, social and governance (ESG) implications of our business decisions. Our SDMS guides effective governance of our activities and implementation of our policies. It covers all facilities and activities that we manage and operate, including those in which we hold a controlling interest, new developments, and mergers and acquisitions. Activities undertaken by contractors, either on Mondi sites or while under our management, are covered and they are required to comply with our policies, standards and requirements.

In 2021, we updated a number of our Operating Standards and Practice Notes, for example our Practice Note on Social Investments.

The Board, supported by the SD Committee, reviews the Group's SD policies annually. In 2021, the Board approved the updated Group SD policies, including proposed changes to policies. The Labour and Human Rights Policy was updated to address findings from the work that was conducted with the DIHR while the Environmental Policy was updated to reflect our new provision of product life cycle information.

Our central reporting system allows us to capture and consolidate monthly and annual data on health and safety, energy, environmental, wood procurement, forestry and other sustainability parameters from our global operations. This allows us to benchmark individual operations and identify opportunities for improvement and to share best practice across the Group. We independently assure selected key performance indicators (KPIs) annually (see our methodology on [page 104](#)).

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



Business unit and operational level responsibilities

[Read more in our 2021 Integrated report](#)

[Read more about the sustainability topics discussed by the SD Committee during 2021 on page 95](#)



Sustainability governance

Managing sustainability risks and opportunities

Our Group-wide risk management framework is designed to address strategic, financial, operational and compliance risks that could undermine our ability to achieve our business objectives. We exercise due diligence prior to introducing new operations, practices, processes and products.

Our risk management approach – particularly relating to environmental issues – incorporates the precautionary principle. This implies our responsibility to protect the natural environment from harm where there is a plausible risk (see [page 69](#)).

We update our sustainable development risk register annually to ensure mitigation plans are in place for those risks with a high likelihood of occurrence and/or impact potential. These risks include inherent operational and strategic risks. In addition to key impacts on our business and stakeholders, we identify sustainability trends and opportunities and seek to mitigate risks that affect our longer-term prospects and financial performance.

Read more about our TCFD disclosure on climate-related risks and opportunities on page 63 of our [Integrated report](#).

Our risk management process informs the identification of material sustainability issues and the commitments we set to monitor and improve our performance in addressing them. Please refer to [page 103](#) for more information on our material topics and [page 23](#) for progress against our commitments.

Our Sustainable Development Governance Policy underpins our overall approach and is supported by specific policies for:

- Safety and Occupational Health
- Labour and Human Rights
- Sustainable Forestry
- Energy and Climate Change
- Environment
- Supply Chain and Responsible Procurement
- Product Stewardship
- Communities

We publish our Group Diversity & Inclusion Policy alongside our SD policies on our website.



Read more about Mondi's governance of sustainability and access our policies on our [website](#)

The internal audit function

Our internal audit function is an integral part of the Group's governance and provides an independent assurance function. Its purpose is to evaluate whether business risks are being managed effectively within the context of business objectives. A system of internal control is one of our primary means of managing risk. Evaluating its effectiveness is central to internal audit responsibilities.

Mondi's system of internal control comprises the policies, procedures, practices and organisational culture that collectively support effective operation in the pursuit of our objectives. This enables us to respond to significant business risks and is the direct responsibility of the Board and executive management. The assurance provided by the internal audit process assists the Board in fulfilling its duties and obligations under the UK Corporate Governance Code. It also assists in the annual reporting to shareholders on the effectiveness of Mondi's systems of control. The Audit Committee has primary responsibility for monitoring and reviewing the effectiveness of the Group's internal audit function.

SpeakOut platform

The Board, supported by the Audit Committee, oversees the adequacy of SpeakOut, our anonymous grievance system for employees, customers, partners and other stakeholders to raise any concern relating to potential bribery, discrimination, fraud, corruption, environmental pollution, safety and health violations, harassment or other significant topics. Internal audit is responsible for the day-to-day monitoring of the SpeakOut process, ensuring that management is appropriately informed of reported issues and that related risks are adequately addressed. Summaries of reported issues and the status of unresolved items are presented at each meeting of the Audit Committee, as well as to the Board, to ensure appropriate investigation is undertaken, and that actions are taken in response to all allegations which are found to be valid.

All SpeakOut messages were forwarded to the respective Mondi management team in accordance with our standard procedures. We responded and took appropriate corrective action for all issues. Respecting the confidentiality of the platform means we do not disclose further details of cases raised. For information on the SpeakOut messages received in 2021, see [page 78](#).



For more information on how the Board considers stakeholders when taking decisions, see our [Integrated report](#) (page 22)



Stakeholder engagement

Listening to, partnering with and engaging our diverse stakeholders drives progress, trust and transparency. It enables us to understand external developments and market expectations and unpack our opportunities and risks.

We engage in meaningful partnerships and multi-stakeholder collaborations that have the potential to bring about positive change, globally and locally. Sharing knowledge, resources and best practice opens up new opportunities to develop sustainable solutions along the value chain.

In 2021, we carried out a materiality assessment to assess the current relative importance of sustainable development issues among our stakeholders, and what they will be looking for in the coming years (see [page 101](#)).



OUR EMPLOYEES

How we engage

- Employee surveys (biennial Group-wide surveys and regular pulse surveys)
- Group-wide intranet (planetmondi) and other forms of communication (such as social media, printed publications, info screens and posters, etc)
- Performance and development reviews at regular intervals
- Internal conferences such as the European Communication Forum, Leadership Forums, Virtual Employee Meetings and regular management updates
- Employee training programmes and workshops
- Day-to-day team interaction and recognition schemes like You Make Mondī
- Annual Making a Difference Day (MADD)

Key issues raised in 2021 and our response

Conversations about culture were dominated by themes of feedback and recognition, collaboration and diversity and inclusion (D&I). Highlighted as central topics were 'sense of purpose' and 'proud to work for Mondī'. Mondī Academy launched a new e-learning campus and increased its focus on digital learning. 52 first-line managers took part in a dedicated leadership programme focused on agile leadership and we developed a new video series, 'You make Mondī', to showcase our diverse colleagues and their roles.

The hashtag #strongertogether gained momentum and employees were inspired by solidarity and support through shared video messages and personal stories, including from Mondī leaders. We extended the reach of the Employee Assistance Programme (EAP) resulting in 97% of our employees worldwide now able to rely on its help and support. A series of webinars on mental health were attended by more than 800 colleagues. Making a Difference Day took place across most Mondī locations (see [page 47](#)).



OUR CUSTOMERS

How we engage

- Key account manager relationships
- Digital customer interfaces
- Collaboration on product innovation
- Customer and industry events and exhibitions
- Multi-stakeholder initiatives, e.g. CEFLEX and the Ellen MacArthur Foundation's New Plastics Economy initiative
- Participation in supplier sustainability rating platforms, e.g. EcoVadis
- Participation in transparency initiatives, e.g. CDP and Paper Profile
- Questionnaires
- Regular customer satisfaction surveys
- Ongoing conversations

Key issues raised in 2021 and our response

Our customers focused on topics including security of supply, product quality, the circular economy, recyclability, competitive advantage and carbon emissions. To meet customer requests for transparency on the climate and water impacts of our products, we carried out more than 300 assessments of product impacts using our in-house Product Impact Assessment (PIA) and Product Carbon Footprint (PCF) tools. 2,320 customers took part in our customer satisfaction survey and we achieved an overall satisfaction score of 8.4/10, improving on the 2019 results (8.0/10). We continued our partnership with the Graz University of Technology to advance research and education in Pulp and Paper Technology and in Food Contact Materials. We also collaborated with customers to develop solutions to meet their sustainability goals – see [page 29](#) for examples – and maintained our ongoing collaborations with multi-stakeholder initiatives.



OUR SUPPLIERS AND CONTRACTORS

How we engage

- Strategic supplier partnerships
- Supplier assessments, evaluations and audits
- Responsible Procurement process
- Discussions on credible certification systems to secure sustainable fibre
- Meetings and workshops to develop common approaches based on shared values
- Appointment of contract managers to facilitate liaison between contractors and the Mondī team
- Safety training for contractors

Key issues raised in 2021 and our response

In 2021, products and services purchased from local suppliers represented 58% of our overall spend. We risk-screened 2,617 suppliers using our Responsible Procurement process. Safety was a key priority for contractors, particularly during annual and project-based shuts. We developed Safety Ambassador Training to increase support at our plants. Close liaison with contractors saw 4.0 million hours worked by over 15,000 contractors during shuts and major projects. Local sourcing, secure contracts and capacity building were key topics for suppliers.

We are seeing increasing attention on the environmental performance of our suppliers and contractors. We support forestry SMEs and smallholders in Russia and South Africa via our corporate social projects and provide them with sustainability training opportunities. For example, Mondī supported Silver Taiga Foundation to produce training on biodiversity conservation in logging operations for wood suppliers, including forestry SMEs. We also started a pilot with a marine transport company to use their ships that run on waste oil, instead of heavy fuel oil, to reduce our transport-related Scope 3 emissions.

Stakeholder engagement

OUR COMMUNITIES



How we engage

- Community engagement and investments
- Open days and visits to our sites
- Development initiatives
- Confidential hotlines (SpeakOut and local equivalents)
- Socio-economic Assessment Toolbox (SEAT) process (2021 assessments postponed due to the pandemic)

Key issues raised in 2021 and our response

We invested €11.8 million in social initiatives supporting health, environmental protection, education, local enterprise and infrastructure. Our mills continued to serve local communities with power supply, wastewater treatment and waste disposal services. After severe wildfires and floods in the region, our operations in Turkey joined forces with an environmental NGO to donate 10,000 seedlings for the creation of the Mondi Türkiye Memorial forest by 2022. In South Africa, Mondi Zimele focuses on income-generating projects and self-help groups to support livelihoods. Our nine mobile health clinics provided healthcare and support for forestry contractor employees and their families and provided Early Childhood Development services and support sessions.

We received and addressed 113 complaints from communities, including 78 odour-related and 29 noise-related complaints. We continued to invest in the latest technologies to reduce our impacts on communities.

OUR INVESTORS



How we engage

- Annual General Meetings
- Results presentations and trading update calls
- Roadshows, telephone calls and other meetings
- Integrated and Sustainable Development reports
- Questionnaires and ad hoc questions and requests
- Independent disclosure platforms for investors, such as CDP
- Site visits and capital markets days
- Investor perception studies

Key issues raised in 2021 and our response

We continued to engage with investors throughout the year, focusing on our financial performance, market dynamics, governance and remuneration, strategy, capital allocation and sustainability priorities and actions.

In June 2021, the Group entered into a new €750 million five-year revolving multi-currency credit facility agreement ('RCF') to refinance the existing €750 million facility that was due to mature in July 2022. The RCF incorporates key sustainability targets linked to MAP2030, classifying the facility as a Sustainability Linked Loan, extends the Group's debt maturity profile and reinforces our strong relationships with our banking partners.

The Board recommended a final 2021 dividend of 45.00 euro cents per share. This final dividend, together with the interim dividend, amount to a total dividend for the year of 65.00 euro cents per share, an increase of 8% on the 2020 total dividend.

PARTNERS AND INDUSTRY ASSOCIATIONS



Among others, we engage with:

- 4evergreen
- Circular Economy for Flexible Packaging
- Confederation of European Paper Industries
- Ellen MacArthur Foundation
- Endangered Wildlife Trust
- EU Business @ Biodiversity Platform
- Institute of Biology of Komi Science Centre of Russian Academy of Science
- International Union of Forest Research Organizations
- Silver Taiga Foundation
- Stellenbosch University
- United Nations World Food Programme
- WBCSD Forest Solutions Group
- WWF Climate Savers

Key issues raised in 2021 and our response

Our partnerships aim to find solutions to societal challenges such as climate change, the circular economy, responsible sourcing, biodiversity and water stewardship. We announced new strategic global partnerships with the International Union of Forest Research Organizations (IUFRO) (see [page 62](#)) and the World Food Programme (see [page 34](#)). Mondi worked with the WBCSD's Forest Solutions Group (FSG) and its members to develop the 'Forest Sector Net-Zero Roadmap'. With Cepi, we engaged in discussions related to the EU Forest Strategy and the EU Biodiversity Strategy.

In South Africa, we worked with our new partner, Endangered Wildlife Trust, to evaluate our biodiversity practices, and in Russia, we extended our agreement with the Institute of Biology for a further three years. We engaged with the Science Based Targets Network (SBTN) and the Taskforce on Nature-related Financial Disclosures (TNFD). In addition, we collaborated with CEFLEX, the Ellen MacArthur Foundation's New Plastics Economy initiative and 4evergreen to drive progress across the value chain.

Stakeholder Engagement Index

In this index we offer further insights into how we have engaged with different stakeholder groups, topics raised and our response.



Read more online



Materiality

DIALOGUE + FOCUS

Mondi's success depends on understanding and responding to the shifting sustainability landscape and associated issues that may influence our future strategic direction. Our materiality assessment enables us to explore what matters most to our business and our stakeholders.

It also helps us articulate what these impacts and issues mean for Mondi, both now and in the future. This supports our risk management process to inform the identification of material sustainability issues and the commitments we set to improve our performance in addressing them.

To ensure our sustainability agenda remains focused and responsive to developments, we continually monitor business developments, risks and opportunities, sustainability trends, changes in legislation and the needs and perspectives of our stakeholders. Our 2018 materiality assessment was the first step towards developing our MAP2030 framework and new commitments. You can read about the process and results in our [Sustainable Development Report 2019](#).

We refresh our materiality assessment roughly every three years to gain new input from our stakeholders. In 2021, we carried out a materiality assessment with third-party expert support, taking both impact and financial materiality into account. We considered our impacts on people and planet as well as the business case perspective in line with the concept of double materiality. To consider financial materiality, we evaluated issues from the perspective of their impact on Mondi's ability to create value and deliver value accretive growth, sustainably.

Our 2021 materiality assessment process

Our materiality assessment involved four key steps: desk-based research conducted by external experts; internal engagement with Mondi colleagues; external stakeholder engagement; and materiality assessment sign-off by Mondi's senior leadership and the Sustainable Development Committee of the Board.

1. Desk-based research

The research relied on trusted information sources to identify and prioritise the sustainability topics that are most material to our key stakeholders. This included current and emerging trends and a market and stakeholder trend analysis and the identification of key changes in our external environment since 2018. The outcomes provided an evidence base for issue prioritisation and identification of strategic opportunities to enhance our performance going forward.

15 key changes in our environment were identified and classified as rising, plateaued or in decline, with the majority falling into the 'rising' category. In addition, 13 emerging trends were identified to ensure our materiality assessment considered future developments and did not just provide a snapshot for today.

They included 'nature positive' becoming a business imperative, employees as a barometer of ethics, land-use tensions arising from the Climate Impact Feedback Loop, and increased use of data-driven tools to tackle a range of sustainability issues.

The market and stakeholder review looked at publicly available information of relevant companies including suppliers, customers, industry peers and key opinion formers. Scores reflected the importance organisations placed on the issues included in the assessment and the impact of actions being taken.

2. Internal stakeholder engagement

Our Mondi stakeholder engagement comprised an internal survey of colleagues and interviews with senior leaders.

Employees were asked to rank the issues identified in the desk-based research based on perceived importance to Mondi, from 0 being not important at all, to 5 being critically important. The survey was sent to over 200 senior colleagues and had a response rate of 80%, spanning 17 functions and 25 locations globally. This represented a broad range of Mondi's business areas and spheres of impact.

To supplement the internal survey, key senior leaders across diverse functions – including human resources, procurement, finance, communication and marketing and business unit CEOs – were interviewed to gain insight into their evaluation of material issues.

3. External stakeholder engagement

Interviews were conducted with external stakeholders from the following groups: customers; investors; key opinion formers and NGOs. These interviews helped us to understand how we are viewed by these groups and what we can do to either build

on the strengths of our performance or address any perceived gaps in how we engage.

The internal survey and stakeholder interviews enabled further refinement of the material issues and provided additional insights on the key sustainability topics and how the views differ across different stakeholder groups.

4. Review and approval of outcome

The Sustainable Development Committee agreed and approved on behalf of the Board the final definition and prioritisation of the most material issues for our business and stakeholders.



"We are looking at companies' decarbonisation strategies, what are their roadmaps to achieving these targets and are they prepared for the physical risks of climate change."

Candy Chao,
Sustainability Research Lead/ESG Specialist,
Morgan Stanley

Materiality



“The biggest topic on people’s minds is climate change, as it is something we all face as individuals. It is particularly important for HR as during the hiring process, applicants ask about the purpose of the business and sustainability.”

Michael Hakes,
Group HR Director

Key outcomes

Topics of importance to internal stakeholders

Our material sustainability topics have remained relatively constant over the past three years although some have increased in significance to stakeholders, including nature and biodiversity and D&I. Sustainable forest management was identified as an area where Mondi has demonstrated strong performance and biodiversity an area where Mondi has the opportunity to demonstrate leadership.

For Mondi employees, environmental issues were of greatest importance. Ten of the 14 environmental issues considered were rated as very important by Mondi colleagues. In contrast, issues related to business ethics and governance, customer, products, people and community were not ranked as highly. Of the top ten issues considered to be critically important, eight were environmental and the other two were employee safety, health and wellbeing and product safety and quality. Water was among the top five most prioritised issues in seven of the ten markets with most respondents. While environmental issues were prioritised higher in most markets, there were geographical differences in the results with social issues seen as more important in some countries, such as South Africa.

During interviews, senior management noted that financial performance should go hand-in-hand with the focus on sustainability and that D&I would play an important role in Mondi’s continued success. They also agreed that there was growing pressure from stakeholders to address a range of environment, social and governance (ESG) issues.

Topics of importance to external stakeholders

Environmental issues were of greatest importance to all four external stakeholder groups with climate change highlighted as the number one priority. Forest-related issues were a priority for customers and NGOs. Similarly, packaging/circular economy and community investment and relations were priorities for all four stakeholder groups, with circular economy and sustainable innovation identified as key opportunities for Mondi. A key risk highlighted, in particular by investors, was the cost of carbon. Nature positive and biodiversity were important to NGOs who recommended progress to be enhanced through more collaboration. D&I was among the top ten issues of importance to customers and NGOs and community investment and relations was a top ten issue for all three groups. Our desk-based research found that product quality and safety was prioritised more by customers than NGOs and peers, with food waste and loss prioritised highly by customers and NGOs but the lowest prioritised issue among peers.

“Mondi is an important partner for us to accelerate our packaging innovation across different product categories. Their holistic approach to addressing nature, biodiversity and climate risks is supportive of our sustainable packaging goals.”

Halyna Habegger,
Global Sustainability Lead, Nestlé

The results of our 2021 materiality assessment confirmed that the action areas within MAP2030 remain aligned with the issues important to our stakeholders and those key to our strategy of delivering value-accretive growth sustainably. This reinforces our approach to deliver our 2030 sustainability goals. Compared with our previous materiality assessment we see an increased importance of circularity as well as D&I in our 2021 assessment. In addition, we see a clear call to take bold action on climate and an understanding of the interconnected priorities related to nature, biodiversity and climate change.

Materiality

Insights and conclusion


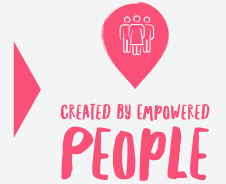

The process and findings of the assessment have provided insights to help inform how we should focus our efforts and resources. In some areas, we will reinforce the approach set out in MAP2030, such as our focus on sustainable forests and human rights and labour relations. Other areas that offer opportunities for us to demonstrate bold action and leadership include our new Net-Zero commitment, nature and biodiversity, diversity, inclusion and equity, and circularity. Additionally, we must ensure that we respond adequately to growing pressures, such as new regulations.

We identified 13 material issues listed in the infographic on the right as strategically significant and very important to our ability to create value accretive growth.

In addition to the material issues in the infographic, we identified 11 material issues that are fundamental to our business but would not necessarily drive value accretive growth.

 Read more about our strategy and strategic value drivers on [page 16](#)

WE DRIVE VALUE ACCRETIVE GROWTH, SUSTAINABLY

	Our material issues		
Our strategy	Strategically significant	Very important	MAP2030
<p>WE DRIVE VALUE ACCRETIVE GROWTH, SUSTAINABLY</p>	<ul style="list-style-type: none"> - Circularity - Customer collaboration 	<ul style="list-style-type: none"> - Food waste and loss - Packaging waste - Product safety and quality - Responsible consumption and changing consumer preferences 	
	<ul style="list-style-type: none"> - Employee safety, health and wellbeing - Employee retention, engagement and development 	<ul style="list-style-type: none"> - Diversity and inclusion 	
	<ul style="list-style-type: none"> - Climate change - Sustainable forestry 	<ul style="list-style-type: none"> - Nature and biodiversity - Responsible procurement 	



Reporting standards and scope

This 2021 Sustainable Development report covers the financial year 1 January 2021 to 31 December 2021 and should be read in conjunction with our Integrated report and financial statements 2021. Our previous report was published in March 2021 for the financial year 1 January 2020 to 31 December 2020.

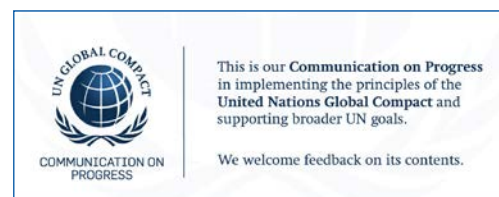
Reporting standards and format

This report provides a comprehensive view of Mondi's approach to sustainable development and our performance in 2021, with a focus on environmental, social and governance issues. It has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option including Tax (2019) as well as the Sustainability Accounting Standards Board (SASB) Sustainability Accounting Standard for the Containers & Packaging Industry.

We have applied the GRI Guidelines to our annual sustainability reports since 2009, and the GRI Standards since 2018. We have applied the SASB Standards Application Guidance since 2020. We believe that these frameworks offer us the best way to present our most important sustainability information in a fully transparent, accurate and reliable way. Guided by the GRI Standards for structure and principles of reporting, the content is defined through various internal and external processes including risk management (see Sustainability governance on [page 96](#)), materiality assessment (see [page 101](#)) and stakeholder engagement at various levels (see [page 99](#)).

We also report our performance against the sustainability metrics defined in our non-financial reporting system for internal and external reporting of key performance indicators (covering safety and health, wood procurement, forestry, environment, energy and products). Throughout the report, by 'our operations' we mean our pulp and paper mills, converting operations and forestry operations, unless otherwise specified. For better readability, we have reduced reporting of figures generally to two decimals and rounded performance. Nevertheless, trends to previous years have been calculated by considering the actual performance figures.

In addition, we report on progress of the commitments we made in 2021 against a 2020 baseline. We achieved our initial greenhouse gas (GHG) reduction target to 2030 (against a 2014 baseline) early and so replaced it with a science-based GHG reduction target (retaining the 2014 baseline) in 2019. As a signatory to the United Nations Global Compact (UNGC) we have aligned this report with the UNGC's 10 universally accepted principles in the areas of human rights, labour, environment, and anti-corruption. The report highlights progress made in 2021, towards these principles. Our annual Communication on Progress to the UNGC can be found at www.mondigroup.com/ungc_cop.



Transition to MAP2030

In this year's report we transitioned from our Growing Responsibly Model (GRM) (2016-2020) to the MAP2030 sustainability framework, introduced in 2021. The report has been restructured to align with MAP2030's action areas, i.e. circular driven solutions; created by empowered people; taking action on climate; and responsible business practices. For more information on the transition, see our [Sustainable Development Report 2020](#) and 'Our Sustainability Approach' (pages 16-22).

Disclosures of management approach based on GRI Standards methodology

The MAP2030 action areas usually include more than one GRI topic. For example, the 'Environmental Performance' section includes information relating to waste, water consumption, emissions to water and air; while the 'Human rights' and 'Created by Empowered People' sections include the topics of employment, labour/management relations, human rights assessment and diversity and equal opportunity. The material topic boundaries are disclosed within the relevant MAP2030 chapters.

In line with the GRI 103 Standards: Management Approach disclosures, the report includes a description of how we manage our material impacts including our approach to policies, commitments, goals and targets, responsibilities and resources. Some information, which applies across all material aspects, is provided here and includes our approach to policies, commitments, goals and targets, responsibilities and resources.



Reporting standards and scope

Statements provided in the Sustainability governance section (see [page 96](#)) on the governance and accountability of sustainability at Mondi is valid for all reported MAP2030 action areas, and all GRI topics included in this report. Our Sustainable Development Management System (SDMS) – including policies, standards and performance requirements – governs our approach, and we have systems in place to support the monitoring and measurement of our performance. Our Group-wide reporting systems include key performance indicators across our focus areas and reported material topics. Our performance is guided by our public MAP2030 commitments – a set of mid and long-term goals that shape our approach and track our progress. See the GRI & SASB Index on our website for a more detailed overview of our reporting disclosures. Roles and responsibilities for managing our MAP2030 commitments and material topics are described in our Sustainable Development Management System (see [page 96](#)) under ‘Our Sustainability Governance Framework’.

 See our GRI & SASB Index [online](#)

The resources that we use to manage our action areas and material aspects include:

- Our well-invested, low-cost, high-quality mills and converting operations;
- A strong financial position to fund our business and pursue relevant growth opportunities;
- Our talented and committed people;
- Access to natural resources such as fibre and water, as well as fuels and electricity;
- Strong partnerships with our suppliers and our customers; and
- Our constructive working relationship with communities, governments, non-governmental organisations (NGOs) and other stakeholders.

Please refer to our business model on [page 17](#) and see our MAP2030 commitments on [page 23](#) for a more detailed overview of how we manage each material aspect.

Reporting scope

In terms of performance data, the following should be noted:

- There have been changes to the content and topic boundaries to the previous reporting. These changes reflect the transition from our Growing Responsibly Model (GRM) (2016–2020) to our sustainability framework MAP2030, introduced in 2021. The 10 GRM Action Areas, outlined in the previous reporting cycle, have been incorporated into the MAP2030 structure in this year’s reporting
- No material restatements have been made to data in this report. Reported data remains comparable with last year’s data, unless noted otherwise
- No material changes to reporting scope and methodologies have been made in this report
- The report takes into account the results from the materiality assessment that was carried out in 2021. The results show that the material sustainability topics remained relatively constant and are in line with the MAP2030 framework
- To calculate the progress of our commitments we evaluated the specific figures of key performance parameters against the corrected base year (2014, 2020) by excluding divested mills (Raubling, Pine Bluff)
- Our environmental performance covers all our manufacturing operations (including converting operations), unless stated that they are limited to ‘our pulp and paper mills’ or otherwise. Examples include some energy and climate-related data
- GHG emissions are reported according to the GHG Protocol, published by the WBCSD and the World Resources Institute. We adhere to the Science Based Targets initiative (SBTi) definition and framework for our GHG emissions targets
- Safety data includes all employees and contractors, but usually excludes service suppliers such as catering, office cleaning or telecommunications and management consultants (a number of our operations include service providers in their performance where relevant)
- In our ‘Created by Empowered People’ section, the safety training hours reported exclude recent acquisitions, in line with all other safety data. In the same section, the scope reported on includes recent acquisitions
- Financial information is reported in euros (€), for ease of reading and to allow comparisons
- Where we have reported wood volumes in m³, this figure reflects solid cubic metres



Reporting standards and scope

GHG emissions scope and boundaries

The calculation of our Scope 1 emissions is based on the fuel consumption in our energy plants, as well as in Mondi-owned vehicles and the consumption of CO₂ emitting process chemicals (e.g. dolomite). Mondi reports its GHG emissions generally in CO₂e and takes into account the emissions of methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbon (HFC) and hydrochlorofluorocarbons (HCFC) emissions from refrigerant leakage, as well as emissions from sulphur hexafluoride (SF₆ leakage) from old electrical switch gears. Our operations report all direct emissions as well as those indirect emissions attributable to imported electricity, steam, and heated or cooled water on a monthly basis. Scope 1 and Scope 2 emissions are calculated according to the GHG Protocol, published by the WBCSD and WRI, EU Emissions Trading Scheme (EU ETS) monitoring and reporting regulations, and ISO 14064-1 based on primary data (such as energy bills, meters with defined accuracy) and are externally verified with reasonable assurance.

Scope 3 emissions are calculated and reported at Group level based on the GHG Protocol's 'Corporate Value Chain (Scope 3) Accounting and Reporting Standard' (2011). Due to lack of primary data, in many cases secondary data (sourced from databases like Ecoinvent) are used for the calculation of Scope 3 emissions. Scope 3 data is externally verified with limited assurance on an annual basis. Biogenic emissions are calculated on the basis of biomass input in our energy plants. This includes purchased biomass incinerated in our biomass boilers, bark and by-products from the pulp process such as black liquor, pitch fuel, tall oil, turpentine, methanol, biogas from anaerobic wastewater treatment plants, and others. Specific GHG factors used are taken from the GHG Protocol for the paper and pulp industry as well as from regulatory directives (such as EU ETS) and supplier information (e.g. Scope 2 emissions for electricity purchased). In the calculation of our Scope 2 emissions, details such as inclusion of specific greenhouse gases are currently not reflected.

External assurance

External assurance plays an important part in our reporting and it provides stakeholders with assurance in respect of our performance. Our policy and practice is to seek external assurance of our Sustainable Development Report on an annual basis. The Board (through the Sustainable Development Committee) and the Executive Committee approve the approach to and scope of external assurance every year, oversee the overall reporting progress, and are informed of the assurance observations and recommendations. Environmental Resources Management Certification and Verification Services (ERM CVS) provided limited assurance on selected KPIs that we report on and the status of compliance of this report in line with GRI Standards core criteria and SASB Sustainability Accounting Standard for the Containers and Packaging Industry. ERM CVS also verified GHG data in accordance with ISO 14064 to reasonable (pulp and paper mills) and limited (converting operations) levels of assurance. PricewaterhouseCoopers, our appointed statutory auditors, provided an unqualified audit opinion on our 2021 financial statements. For a detailed overview of our materiality process in 2021, please refer to [page 101](#) of our report.

Additional information

In addition to our online Sustainable Development report 2021, other information – including policies and standards, report archives, governance of sustainability, case studies, associations we support, useful links and sustainability contacts – can be found at: www.mondigroup.com/sustainability



See also our SDG Index and our Stakeholder Engagement Index on our [website](#)



Find our consolidated performance data [here](#)



Independent Assurance Statement

ERM Certification and Verification Services Limited ('ERM CVS') was engaged by Mondi Services UK ('Mondi') to provide assurance in relation to Mondi's 2021 Sustainable Development Report ('the Report').

Engagement summary

Scope of our assurance engagement

- Whether the Report is fairly presented in accordance with the Global Reporting Initiative (GRI) Standards Core option, and the Sustainable Accounting Standards Board (SASB) Sustainability Accounting Standard for the Containers & Packaging industry.
- Whether the 2021 data for the following key performance indicators ('KPIs') are fairly presented in the Report, in all material respects, with the reporting criteria:
 - Total energy usage (GJ);
 - Total Scope 1 and Total Scope 2 (location-based and market-based) greenhouse gas (GHG) emissions (tonnes CO₂e);
 - Total Scope 3 GHG emissions from the following categories (tonnes CO₂e):
 - » **Category 1:** Purchased goods and services
 - » **Category 3:** Fuel and energy-related activities not included in Scope 1 or Scope 2
 - » **Category 4:** Upstream transportation and distribution
 - » **Category 6:** Business travel
 - » **Category 7:** Employee commuting
 - » **Category 9:** Downstream transportation and distribution
 - Total water input (pulp and paper mills) (m³);
 - Total water output (pulp and paper mills) (m³);
 - Total contact and non-contact water use (m³);
 - Total hazardous and non-hazardous waste (tonnes);
 - NO_x emissions (tonnes);
 - COD emissions (tonnes);
- Whether the disclosures relating to the above KPIs in the Report are consistently presented in Mondi's 2021 Integrated report and financial statements ('Integrated Report').
- Whether the disclosures relating to GHG emissions presented in the section 'Taking Action on Climate' on page 52 of the Integrated Report comply with the requirements of the UK Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013.

Reporting criteria

- Global Reporting Initiative (GRI) Standards;
- SASB Sustainability Accounting Standard for the Containers & Packaging industry (Version 2018-10); and
- Internal indicator criteria developed by Mondi and described in the "Reporting standards and scope" section and the relevant performance sections of the Report.

Assurance standards

- ERM CVS' assurance methodology, based on the International Standard on Assurance Engagements ISAE 3000 (Revised).
- ISO 14064-3:2019 for the Scope 1 and Scope 2 GHG emissions.

Assurance levels

Reasonable assurance: Total energy usage, Total Scope 1 and Total Scope 2 GHG emissions for Mondi's pulp and paper mills.

Limited assurance: Total Scope 1 and Total Scope 2 GHG emissions for Mondi's converting operations, and all other scopes set out above.

Respective responsibilities

Mondi is responsible for preparing the Report and for the collection and presentation of the information within it.

ERM CVS' responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.

Our opinion

In our opinion, the 2021 Total energy usage, Total Scope 1 and Total Scope 2 GHG emissions for Mondi's pulp and paper mills are fairly presented, in all material respects, in accordance with the reporting criteria.

Our conclusions

Based on our activities:

- nothing has come to our attention to indicate that the Report is not fairly presented in accordance with the Global Reporting Initiative (GRI) Standards Core Option and the Sustainable Accounting Standards Board (SASB) Sustainability Accounting Standard for the Containers & Packaging industry;



Independent Assurance Statement

2. nothing has come to our attention to indicate that the 2021 data for the other KPIs, as listed under 'Scope' above are not fairly presented in the Report, in all material respects, with the reporting criteria;
3. nothing has come to our attention to indicate that the disclosures relating to the above KPIs in the Report are not consistently presented in the Integrated Report; and
4. nothing has come to our attention to indicate that the disclosures relating to GHG emissions presented in the section 'Taking Action on Climate' on page 52 of the Integrated Report do not comply with the requirements of the UK Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Our assurance activities

A multi-disciplinary team of sustainability, GHG and assurance specialists performed the following activities:

- A review of external media reports relating to Mondi to identify relevant sustainability issues in the reporting period.
- A review of the internal reporting guidelines, including conversion factors used.
- Virtual visits to Mondi Head Office in Vienna, Austria to:
 - » Interview relevant staff to understand Mondi Group's Sustainable Development (SD) strategy, policies and management systems for the KPIs.
 - » Interview relevant staff to understand and evaluate the data management systems and processes (including IT systems and internal review processes) used for collecting and reporting SD data.
 - » Verify the source data underlying the Scope 3 GHG emissions.

- Virtual visits to 10 Mondi sites in Russia (2), Slovakia, Austria, South Africa, Bulgaria, Netherlands, Czech Republic (2), and Turkey to verify the source data underlying the energy usage and Scope 1 and Scope 2 GHG emissions, the other environmental and safety indicators, the indicators for certified wood and pulp, the employee and training indicators, and community and social investments.
- An analytical review and desktop testing of the year-end data submitted by all sites included in the consolidated 2021 group data for the KPIs.
- A review of selected evidence related to the design, information collection, and production of the Report in accordance with the GRI Standards.
- A review of the disclosures in the Report in accordance with the SASB Sustainability Accounting Standard for the Containers & Packaging industry.
- A review of the presentation of information relevant to the scope of our work in the Report to ensure consistency with our findings.
- A review of the consistency of the assured disclosures between the Report and the Integrated Report.

Our reasonable assurance activities

In addition, for the Total Scope 1 and Total Scope 2 GHG data:

- An assessment of the conclusions of accredited third-party verification bodies relating to the verification of Scope 1 GHG emissions for 2021 from Mondi's pulp and paper mills that fall within the scope of the EU emissions trading scheme (EU ETS) and checking consistency of the verified emissions with the data for these operations included in the consolidated data in the Report.

- Desktop verification of underlying source data for GHG emissions from a sample of pulp and paper mills and converting operations not covered by our site visits or the EU ETS verification process.
- A test of the calculation of the Total Scope 1 and Total Scope 2 GHG emissions and a review of the uncertainties associated with the measuring and reporting of GHG emissions data for Mondi's pulp and paper mills at site and Group levels.

The limitations of our engagement

The reliability of the assured information is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context. Our independent assurance statement provides no assurance on the maintenance and integrity of the SD reporting section of Mondi's corporate website, including controls used to achieve this, and in particular whether any changes may have occurred to the information since it was first published.

Due to travel restrictions as a result of COVID-19, our assurance work for the 2021 reporting period was conducted using a combination of desk-based reviews of information and data, and virtual interviews and meetings with the Mondi corporate reporting team and the sites selected for virtual visits. We did not undertake any in-person visits to Mondi operations.

Our Observations

We have provided Mondi with a separate detailed Management Report. Without affecting the conclusions presented above, we have the following key observations:

- Mondi's Total Recordable Case Rate (TRCR) has increased compared to the 2020 baseline, although the TRCR milestone for 2021 has been achieved. We strongly encourage Mondi to continue its ongoing work on safety risk identification and mitigation, engagement with contractors, training, audits and the embedding of a safety mind-set in order to reduce the risk of harm for all of its employees and contractors.
- We note the MAP2030 framework introduced in 2021, the development of roadmaps to define the actions required to meet the MAP2030 targets and the reporting on progress to date against the targets. We encourage Mondi to continue to report on its performance against all MAP2030 targets, to provide stakeholders with a view of the company's progress, and to report on planned actions where Mondi is behind target or not on track.

Gareth Manning

Partner

11 March 2022

ERM Certification and Verification Services Limited, London

www.ermcvs.com | post@ermcvs.com

ERM CVS is a member of the ERM Group. The work that ERM CVS conducts for clients is solely related to independent assurance activities and auditor training. Our processes are designed and implemented to ensure that the work we undertake with clients is free from bias and conflict of interest. ERM CVS and the staff that have undertaken work on this assurance exercise provide no consultancy related services to Mondi in any respect.



Glossary

4evergreen

4evergreen is a cross-industry alliance perfecting the circularity of fibre-based packaging to contribute to a climate-neutral and sustainable society.

Alliance for Water Stewardship

AWS is a global membership collaboration comprising businesses, NGOs and the public sector. AWS members contribute to the sustainability of local water resources through their adoption and promotion of a universal framework for the sustainable use of water – the International Water Stewardship Standard, or AWS Standard – that drives, recognises and rewards good water stewardship performance.

AOX

Adsorbable organic halogen compounds is a metric for emissions to water and is measured in tonnes.

BAT

Best Available Techniques. Technically and economically feasible environmental technology that is efficient and advanced, generally to reduce emissions and the impact on the environment as a whole. The BAT values are defined by IPPC (The European Integrated Pollution Prevention and Control Bureau) in the 'Reference Document on Best Available Technique for the Pulp and Paper Industry'.

BFP

The Boreal Forest Platform is a multi-stakeholder platform that was launched in Russia by WWF Russia with the support of Mondi and Silver Taiga Foundation. The platform brings stakeholders together across the boreal forest to develop a shared understanding of responsible forest management and optimise yields from commercial forests, while conserving intact forest landscapes (IFLs) and other high conservation value (HCV) areas.

Biodegradable

Designates a property that is needed – among others – to make a package compostable. It means that the product can be broken down by the action of living organisms, such as bacteria, into carbon dioxide, water and biomass. 90% of the organic materials is converted into CO₂ within six months.

Blue water

Potable, surface, second-class and groundwater.

CDP

CDP is an international not-for-profit charity providing a global system for companies, investors, cities, states and regions to measure, manage, and disclose information on climate change, water security and forests.

CEP

Community Engagement Plans provide the basis of our engagement and support for local communities and are updated regularly by our mills.

Cepi

The Confederation of European Paper Industries is a Brussels-based not-for-profit organisation that represents the European pulp and paper industry, monitoring and analysing activities and initiatives in the areas of industry, environment, energy, forestry, and recycling.

CFCs

Chlorofluorocarbons – a greenhouse gas that lowers the average concentration of ozone in the stratosphere; commonly found in spray cans, refrigerators, air conditions and styrofoam cups, among other products.

Chain-of-Custody

Chain-of-Custody is a tracking system that allows manufacturers and traders to demonstrate that wood comes from a forest that is responsibly managed in accordance with credible standards.

Circular economy

A circular economy is an industrial system that is restorative or regenerative by intention and design. It replaces the 'end-of-life' concept with restoration, shifts towards the use of renewable energy, eliminates the use of toxic chemicals which impair reuse and aims for the elimination of waste through the superior design of materials, products, systems, and within this, business models.

CITES

The Convention on International Trade in Endangered Species of Wild Fauna and Flora is an international agreement between governments with the aim of ensuring that international trade in specimens of wild animals and plants does not threaten their survival.

CO₂e

Other greenhouse gases (such as CH₄, CFCs or N₂O) can be converted into an equivalent amount of CO₂ according to their global warming potential. Total GHG emissions are the sum of the equivalent amount of CO₂ for each GHG, abbreviated as CO₂e.

COD

Chemical oxygen demand is a measure of the oxygen-consuming capacity of inorganic and organic matter present in waste water; it quantifies the amount of oxidisable pollutants in water and is measured in tonnes.

Compostable

For a product to be considered compostable it must meet the following criteria: 1) It must biodegrade (breaking down into carbon dioxide, water and biomass, with 90% of the organic materials converted into CO₂ within 6 months); 2) disintegrate (after three months' composting and sifting, no more than 10% residue remaining; and 3) support plant growth with no ecotoxicity. As defined by EN 13432.

Contact water

The sum of all water volumes used on the production site for use in processes, for washing and as product input; for sanitary purposes and for non-industrial operations (e.g. in kitchens, toilets and bathrooms); and for use in boilers for steam production.

Controlled Wood

Controlled Wood is wood of known origin with a minimum risk that it is harvested in an unacceptable way. The Controlled Wood system defines the minimum standards for wood that can be mixed with FSC wood. Products made from such material can use the FSC Mix label.

Controversial sources

Mondi defines controversial sources as wood that is illegally harvested, sourced in violation of traditional and civil rights, harvested in forest management units in which HCVs are threatened by management activities. It also relates to wood that is harvested in areas in which forests are being converted to plantations or non-forest use or harvested from forests in which genetically modified trees are planted.

Country-level risks

Country-level risks are identified by Mondi as a combination of indexes characterising the strength of national governance (Transparency International Corruption Perception Index and the World Bank's Worldwide Governance Indicators) and prevalence of forestry-related legality issues in the country (Centralised National Risk Assessments and NEPCoN Timber Risk Assessment Methodology).

CPI

Corruption Perception Index is an annual ranking, provided by Transparency International, of countries by their perceived levels of corruption, as determined by expert assessments and opinion surveys.

Cradle to Cradle

Cradle to Cradle Certification® is the global standard for products that are safe, circular and responsibly made.

Critical role

Critical roles in an operation are defined as roles which are strategically important and difficult to sustain.

Current indicators

Current indicators include management risk-focused audits, first line manager task audits, Safety, Health and Environment (SHE) professional focus audits, and peer observations.

DDMS

Due Diligence Management System is used to govern our approach to the responsible sourcing of wood and fibre.

Deforestation

The conversion of forest to other land use independently, whether human induced or not. This definition implies permanent tree-cover loss.

EAP

Mondi's Employee Assistance Programme is a confidential hotline for supporting employees and their families on professional and private topics ranging from work and occupation, personal and family topics, to addiction and dependency, financial issues and debt counselling.

Early Childhood Development (ECD)

Comprehensive approach to programmes and policies for children from birth to seven years of age. Its purpose is to protect the rights of children to develop their full cognitive, emotional, social and physical potential.

Ecosystem (ecological) resilience

The inherent ability of ecosystem to absorb various disturbances and re-organise while undergoing state changes to maintain critical functions, its normal patterns of nutrient cycling and biomass production.

Ecosystem stewardship

An action-oriented framework intended to foster the socioecological sustainability of a rapidly changing planet, refers to responsible use and protection of the natural environment through conservation and sustainable practices.

Ecosystem services

Ecosystem services are the multitude of benefits that nature provides to society. These include provisioning services such as food and water; regulating services such as regulation of floods, drought, land degradation, and disease; supporting services such as soil formation and nutrient cycling; and cultural services such as recreational, spiritual, religious and other non-material benefits.



Glossary

EPR

Extended Producer Responsibility is a policy instrument to add all of the environmental costs associated with a product throughout the product life cycle to the market price of that product. EPR aims to internalise the negative environmental costs and shift the responsibility for managing the products' end-of-life and waste(s) arising from it, from taxpayers to producers. Producers pay fees to cover the costs for collection, transport and treatment of the end-of-life products including costs for awareness raising and administrative issues.

EN

An ecological network is a system of corridors and nodes, which maintain biodiversity and ecosystem services in an agro-forestry setting.

EU ETS

European Union's Emissions Trading System.

EUTR

The EU Timber Regulation came into effect on 3 March 2013. It prohibits the placing on the EU market, for the first time, of illegally harvested timber and products derived from such timber.

EVOH

Ethylene-vinyl alcohol copolymer is a flexible, clear thermoplastic copolymer; EVOH offers excellent gas barrier properties, thus making it especially suited for packaging of food, drugs, cosmetics and other perishable or delicate products to extend shelf life.

Flexible Packaging Europe

Flexible Packaging Europe (FPE) is an industry association representing the interests of more than 80 small, medium-sized companies and multinational manufacturers. The member companies account for more than 85% of European sales of flexible packaging made of different materials, mainly plastics, aluminium and paper.

Fluorochemicals

A chemical compound containing fluorine.

Forest degradation

Forest degradation is the reduction of the capacity of a forest to provide goods and socio-cultural and environmental services, which is caused by disturbances.

Forest disturbance

A temporary change in environmental conditions that noticeably alters the physical structure of a forest's ecosystem. These changes can be sudden and can have a significant impact – for example a fire or a pest outbreak.

GHG

Greenhouse gases are gases that have the property of absorbing infrared radiation (net heat energy) emitted from Earth's surface and re-radiating it back to Earth's surface, thus contributing to the greenhouse effect. The greenhouse gases that contribute to the greenhouse effect are listed in the Kyoto Protocol of the United Nations Framework Convention on Climate Change (UNFCCC).

GIS

Geographic information system is a system designed to capture, store, analyse, manage and present all types of spatial or geographical data.

Green water

Rainwater stored in vegetation or soil as moisture. Water consumption during fibre growth in forests is counted and reported as green water.

Grey water

Waste water that is generated from all streams of water, which have been in contact with process chemicals.

HCFCs

Hydrochlorofluorocarbons – a greenhouse gas intentionally developed as replacements for ozone-depleting substances in the refrigeration, air conditioning, aerosols, fire suppression and foam blowing sectors.

HCV

High conservation values are biological, ecological, social or cultural values which are outstandingly significant or critically important at the national, regional or global level.

Human Rights Due Diligence (HRDD)

The process through which companies identify, prevent, mitigate, and account for how they address their actual and potential adverse impacts on human rights, as an integral part of decision-making and risk management systems.

IDP

Individual Development Plan is a Mondi tool supporting employees to define their short and long-term career goals through creating and aligning development objectives.

IFL

An Intact Forest Landscape is a seamless mosaic of forest and naturally treeless ecosystems within the zone of current forest extent, which exhibit no remotely detected signs of human activity or habitat fragmentation. It is large enough to maintain all native biological diversity, including viable populations of wide-ranging species. IFLs have high conservation value and are critical for stabilising terrestrial carbon storage, harbouring biodiversity, regulating hydrological regimes and providing other ecosystem functions.

ILO

The International Labour Organisation is a UN agency dealing with labour issues, particularly international labour standards, social protection and work opportunities for all.

Invasive alien plants (IAPs)

Species whose introduction and/or spread, outside their natural distribution, threaten biological diversity. They are non-native to an ecosystem and may cause economic or environmental harm.

ISO 14001

Sets out the criteria for an environmental management system and can be certified to. It maps out a framework that a company or organisation can follow to set up an effective environmental management system.

IUFRO

The International Union of Forest Research Organizations is a non-profit, non-governmental international network of forest scientists, which promotes global cooperation in forest-related research and enhances the understanding of the ecological, economic and social aspects of forests and trees.

Key suppliers

Categorised as high spend suppliers delivering their goods and services to more than one Mondi site and classified within our supplier relationship management (SRM) with the biggest share of strategic and captive suppliers.

Lag indicators

Conventional safety performance metrics focus on incidents and total recordable case rate (TRCR), are known as lag indicators.

Landscape approach

Balancing competing land use demands in a way that is best for human wellbeing and the environment by creating solutions that consider food and livelihoods, finance, rights, restoration and progress towards climate and development goals.

Lead indicators

Lead indicators monitor issues that underpin safety performance, such as action tracking, critical safety training and the roll-out of the engagement board process.

Life-altering injuries

A life-altering injury resulting in permanent or significant loss of a major body part or organ function that permanently changes or disables the person's normal life activity.

Life cycle assessment (LCA)

A methodology for assessing environmental impacts associated with all the stages of the life cycle of a product, process or service. Environmental impacts are considered from raw material extraction and processing (cradle), through the product's manufacture, process waste disposal, logistic of raw materials and waste (grave). A cradle to grave LCA considers also the distribution of products, product use, and recycling/disposal at end-of-life.

Local suppliers

Defined as suppliers that are located close to our significant operations (all Mondi production sites such as mills and converting plants) within the same region.

Major close call

An unplanned, undesired event, which under slightly different circumstances, could have resulted in a life-altering or fatal injury.

MENP

Mondi Ecological Networks Programme is a joint programme of Mondi and the Department of Conservation Ecology and Entomology at Stellenbosch University in South Africa. The programme aims to undertake sound scientific research for conservation of biodiversity and maintenance of ecosystem processes concurrent with sustainable production.

Natural capital

The stock of renewable and non-renewable natural resources (for example, plants, animals, air, water, soils and minerals) that combine to yield benefits to people.

Net-Zero target

Net-Zero target setting supports the rapid decline of a company's value-chain emissions to limit global temperature rise to 1.5°C. Net-Zero covers the entire value chain emissions, including those produced by one's own processes (Scope 1), purchased electricity and heat (Scope 2), and generated by suppliers, service providers and customers (Scope 3).

Non-contact water

Water used for cooling purposes. It does not come into direct contact with any raw material, intermediate product, waste product or finished product.

NOx

NOx is the sum of nitrogen oxide compounds, which are generated mainly in the incineration process of fuels in our energy plants. Those inorganic air emissions are major contributors to acid rain and precursors for ozone creation in the atmosphere and the generation of smog and related detrimental environmental effects. The total amount of NOx emitted from all sources on-site, is measured and reported as NO₂.



Glossary

Operational control principle

We report emissions from operations where we have day-to-day management control over GHG emission sources, including any key sub-contracted operations, which are a core part of the business. All activities of our global production operations in which we hold a minimum 50% shareholding or over which we have management control are covered.

Ozone depleting substances (ODS)

Substances that contribute to the depletion of the natural ozone layer in the stratosphere.

PA

Is a common abbreviation of polyamide, also known as nylon; it is a clear and printable thermoplastic that has a relatively high melting point, exceptional strength and toughness, and good oxygen barrier properties. It is also scratch, puncture, and flex-crack resistant and does not dissolve or absorb grease, oil, and acidic food when in direct contact.

Paper for recycling

Also known as 'recovered paper', this is a term used by Cepi to highlight the intended use of this secondary raw material for paper recycling only. It is defined as natural fibre-based paper suitable for recycling, consisting of paper in any shape or product made predominantly from paper, which may include other constituents that cannot be removed by dry sorting, such as coatings, laminates, spiral bindings, etc.

Paper Profile

A global, voluntary declaration scheme for presenting uniform environmental product information related to pulp and paper production. The scheme enables the professional paper buyer to make well-informed product choices.

PCR

Post consumer resin (or post consumer recycled resin) refers to material made from recycled plastic.

PDR

Performance and Development Review is a Mondi tool used to define and agree on an employee's individual objectives and review the achievement and overall job performance in a regular feedback evaluation process.

PE

Is a common abbreviation for polyethylene; it is a versatile family of ethylene-based polymers and is resistant to chemicals and moisture and offers good sealing properties for various flexible packaging applications.

PET

Is a common abbreviation of polyethylene terephthalate; it is a plastic resin that is often used for bottles or flexible packaging for food storage and other consumer products.

PFC

Perfluorinated compounds – a greenhouse gas; used ubiquitously in the production of Teflon and related fluorinated polymers and make products water repellent or stain resistant, for example.

Plantation forest

Planted forest that is intensively managed and meets all the following criteria at planting and stand maturity: one or two species, even age class, and regular spacing. Specifically includes short rotation plantation for wood, fibre and energy.

PO

Is a common abbreviation of polyolefin, also called polyalkenes (mixed PE and PP); olefins are thermoplastics that can be used as building blocks for a variety of materials. PO is durable, adequately heat resistant, thermo-sealable and able to withstand most forms of chemical corrosion.

PP

Is a common abbreviation for polypropylene; it is used in all kinds of applications, including packaging and labelling, textiles, containers and retort/sterilize-able food packaging.

Primary forest

Naturally regenerated forest of native tree species, where there are no clearly visible indications of human activities and the ecological processes are not significantly disturbed.

Product stewardship

An approach to managing the impacts of products across all stages of a product's life cycle, from sourcing of raw materials, to production, use and disposal at end-of-life with the aim to reduce its environmental, health, and safety impacts.

PVC/PVDC

Polyvinyl chloride and polyvinylidene chloride are standard polymers for many industrial and pharmaceutical applications, while PVDC in addition provides a strong barrier for oxygen, water vapour, and aromas.

PVOH

Polyvinyl alcohol is a clear, water-soluble thermoplastic derived from polyvinyl acetate; it offers high chemical resistance to hydrocarbons, mineral oils and many organic solvents. Films made from PVOH have good heat-sealing properties and excellent gas barrier properties, and is widely used as a cold and hot water soluble film for diverse packaging applications including food, detergents and other products.

Recovered paper

See 'paper for recycling'.

Recyclable

A product or package is deemed recyclable when it can be collected, separated, or otherwise recovered from the waste stream through an established recycling programme and returned to use in the form of raw materials or products. Collection and sorting mechanisms are conveniently available to a reasonable proportion of consumers of the product and recycling takes place in practice on an industrial scale.

Resilient production landscapes

Production landscapes integrating commercial forests and conservation networks that have the capacity to recover from disturbances such as climate change, intensive management, poverty-induced overuse, drought, fire, floods, pests and disease.

Reusable

A characteristic of a product or packaging that has been conceived and designed to accomplish within its life cycle a certain number of trips, rotations or uses for the same purpose for which it was conceived.

SBTi

The Science Based Target initiative (SBTi) is a collaboration between CDP, the United Nations Global Compact (UNGC), World Resources Institute (WRI), the World Wide Fund for Nature (WWF) and one of the 'We Mean Business Coalition' commitments. It champions science-based target setting as a powerful way of boosting companies' competitive advantage in the transition to the low carbon economy.

Science-based target

A carbon emission target is defined as 'science-based' if it is in line with the scale of reductions required to keep global temperature rise to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C.

Scope 1 emissions

Total direct GHG emissions from sources owned or controlled by Mondi and its subsidiaries. This includes CO₂e from fossil fuels and processes, company leased/owned vehicles, waste and wastewater treatment, make-up chemicals and other GHGs.

Scope 2 emissions

Total indirect GHG emissions from sources that are related to generation of purchased energy outside the company boundaries.

Scope 3 emissions

Total indirect GHG emissions from the production of fuel and raw materials; business travel; raw materials; transport of products and raw materials; and employee commuting.

SDGs

The United Nations Sustainable Development Goals, a set of universal goals that meet the urgent environmental, political and economic challenges facing our world.

SDMS

Sustainable Development Management System is used to govern our approach to sustainability and implement our sector policies.

Secondary containment

A secondary containment is any containment serving as a barrier to limit the consequences due to the loss of primary containment (LOPC) by containing or controlling a release from primary containment. Secondary containment systems include, but are not limited to, tank dikes, curbing around process equipment, drainage collection systems or the outer wall of double-walled tanks.

SEAT

Socio-economic assessment toolbox process is a formal, strategic mechanism used by Mondi to foster an open and honest dialogue with local communities, with a view to improving our understanding of where our impacts lie and what our local stakeholders expect.

SHE

Safety, health and environment.

Silviculture

The growing and cultivation of trees.

SMEs

Small and medium-sized enterprises.

SO₂ emissions

Sulphur dioxide is an air emission arising from the combustion of fossil fuels and biomass at our on-site energy generation plants.

SpeakOut

Mondi's confidential reporting platform for any concerns relating to potential bribery, discrimination, fraud, corruption, environmental pollution, major safety and health violations, harassment or other significant topics.

Specific

Measurement of emissions or consumption normalised to volume, measured in saleable production tonnes.

TCFD

The Task Force on Climate-related Financial Disclosures (TCFD) develops voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers and other stakeholders. Physical and transition risks associated with climate change are considered.

TRCR

Total recordable case rate is calculated as the number of total recordable cases (the sum of fatalities, lost-time injuries, restricted work cases and medical treatment cases), multiplied by 200,000 and divided by the total hours worked for the selected period.



Glossary

Transparency

The accurate, clear and complete reporting of information that facilitates collaboration and collective decision-making.

TRS

Total reduced sulphur compounds are generated in the pulping process and are the sum of the following reduced malodorous sulphur compounds: hydrogen sulphide, methyl mercaptan, dimethylsulphide and dimethyldisulphide expressed as sulphur. It is a metric for emissions to air and is measured in tonnes.

UK Modern Slavery Act (MSA)

An Act of the Parliament of the United Kingdom, which became a law in 2015 and was the first of its kind in Europe, and one of the first in the world, to specifically address slavery and trafficking in the 21st century.

UNGP

United Nations Guiding Principles on Business and Human Rights provide a set of guidelines for States and companies to prevent, address and remedy human rights abuses committed in business operations.

UN Women's Empowerment Principles

Joint initiative of UN Global Compact and UN Women, were developed in 2010 to provide a holistic framework to empower women and girls in the workplace, marketplace, and community.

U.S. Lacey Act

A United States law that bans trafficking of illegal wildlife, including plants and plant products, such as timber and paper.

Water catchment

An area of land that drains rain water or snow into one location such as a stream, lake or wetland. These water bodies supply our drinking water, water for agriculture and manufacturing, offer opportunities for recreation and provide habitat to numerous plants and animals.

Wood fibre

A cellulosic element that is extracted from trees and used to make materials, including paper and packaging. It can be sourced in the form of wood in the rough (roundwood, solid wood), wood chips or pulp.

World Environmental Day

The United Nations day for encouraging worldwide awareness and action to protect our environment.

World Zero Emissions day

Worldwide movement that aims to burn no fossil fuels for 24 hours that day, annually on 21 September.

WWF Climate Savers

A leadership programme that seeks to transform businesses into leaders of the low carbon economy.

WWF-MWSP

Formerly the WWF-Mondi Wetlands Programme, the WWF-Mondi Water Stewardship Partnership is a joint programme between WWF-SA and Mondi Limited. It is a wetland conservation programme in South Africa, the scope of which has now been extended beyond the boundaries of our own plantations to include the agricultural sector and small forest growers.

Mondi Group Sustainable Development

Ground Floor, Building 5
The Heights, Brooklands
Weybridge, Surrey
KT13 0NY, UK

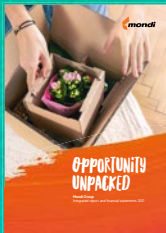
+44 1932 826 300

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Our 2021 suite of reports

Please visit our Group website and year in review where our reports can be downloaded:

www.mondigroup.com/year-in-review-2021



Integrated report and financial statements 2021

A balanced overview of Mond's strategic, operational and financial performance in 2021.

www.mondigroup.com/ir21



Sustainable Development report 2021

A comprehensive view of our approach to sustainable development and our performance in 2021.

www.mondigroup.com/sd21