

Engaging with our stakeholders

Maintaining and nurturing our key relationships

Our business does not operate in isolation. Our success relies on our ability to understand and engage constructively with our key stakeholders.



Our employees

Why we engage

Our people make Mondi. By engaging with our employees and creating positive experiences for them, we shape our culture and live our values. We foster open dialogue to provide an opportunity to identify and resolve challenges together, as well as identify and support development initiatives so that our employees are prepared to drive our business forward.

How we engage

- Regular group-wide employee surveys
- Group-wide intranet (planetmondi) and other electronic communication
- Performance and development reviews at regular intervals
- Internal conferences such as European Communication Forum, Leadership Forums, Virtual Employee Meetings
- Employee training programmes and workshops
- Day-to-day team interaction and recognition schemes like You Make Mondi
- Mondi Diamond Awards to recognise outstanding projects
- Annual Make a Difference Day

Key issues discussed

- Strategic direction and performance
- Diversity and Inclusion
- Employee experience
- Development and training opportunities
- Effective grievance mechanisms
- Safety, health and fair working conditions

Read more about how we engaged in 2019



Employee and contractor safety and health
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A skilled and committed workforce
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Fairness and diversity in the workplace
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Our customers

Why we engage

Evolving consumer preferences and increasing demands on our products require close cooperation with our customers to understand their needs and anticipate market trends. Our engagement helps us to prioritise long-term success for our business and our customers by providing an opportunity to develop innovative sustainable solutions, improve our customer service and enhance product quality.

How we engage

- Key account manager relationships
- Digital customer interfaces
- Collaboration on product innovation
- Customer and industry events and exhibitions
- Questionnaires
- Regular customer satisfaction surveys
- Ongoing conversations

Key issues discussed

- Sustainable packaging and paper solutions
- Product innovation
- Quality and service
- Responsible sourcing along the supply chain

Read more about how we engaged in 2019



Supplier conduct and responsible procurement
Page 48



Solutions that create value for our customers
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Our suppliers and contractors

Why we engage

We partner with our suppliers to find sustainable ways of using resources as efficiently as possible. We work together to find solutions to the social and environmental challenges we collectively face across the value chain, encouraging supply chain transparency and promoting fair working conditions. We work closely with our contractors to mitigate risks and improve practices ensuring they follow Mondi policies in areas such as safety, transparency and business ethics.

How we engage

- Regular compliance and risk assessments of key suppliers
- Strategic supplier partnerships
- Discussions on credible certification systems to secure sustainable fibre
- Meetings and workshops to develop common approaches based on shared values

Key issues discussed

- Local procurement and resource support
- Safety, health and fair working conditions
- Responsible sourcing along the supply chain

Read more about how we engaged in 2019



Employee and contractor safety and health
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Fairness and diversity in the workplace
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Sustainable fibre
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Supplier conduct and responsible procurement
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Our communities

Why we engage

Our businesses are more likely to succeed when they are part of healthy, prosperous and dynamic communities. Ongoing and transparent dialogue with local communities enables us to collaboratively address challenges, understand and manage risks, generate employment and business opportunities, improve performance and build trust. We invest directly in the communities where we operate, supporting health, education, local enterprise and infrastructure.

How we engage

- Socio-economic Assessment Toolbox (SEAT) process
- Community Engagement Plans (CEPs)
- Open days and visits to our sites
- Partnering with communities and other stakeholders on development initiatives

Key issues discussed

- Employment and enterprise support
- Community health and impacts on the environment
- Local infrastructure investment

Read more about how we engaged in 2019



Climate change
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Constrained resources and environmental impacts
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Biodiversity and ecosystems
Page 46-47



Relationships with communities
Page 49-50



Our investors

Why we engage

We actively and regularly engage with our investors and analysts and use the feedback to inform our management and reporting practices. Our relationship with debt investors and banks as key providers of capital to the Group, together with credit rating agencies, ensures we have access to funding for investment opportunities through the business cycle.

How we engage

- Annual General Meetings
- Events including results presentations, trading update calls, site visits and capital markets days
- 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
- Investor perception studies

Key issues discussed

- Strategy and financial performance and market dynamics
- Governance and remuneration
- Capital allocation
- Sustainability priorities and actions

Read more about how we engaged in 2019



Sustainability performance
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Strategic performance
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Financial performance
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Corporate governance report
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Partners, governments and regulators

Why we engage

We believe in global partnerships and initiatives where together we can bring about meaningful change. Shared resources and best practice merged together provide an opportunity for multi-stakeholder collaborations to find sustainable solutions along the entire value chain. We engage with national and local governments and regulators to share our intentions, understand their concerns and priorities, and find mutually beneficial solutions.

Among others, we engage with:

- WWF
- Ellen MacArthur Foundation
- The Cambridge Institute for Sustainability Leadership
- The United Nations Global Compact
- World Business Council for Sustainable Development
- Confederation of European Paper Industries
- Circular Economy for Flexible Packaging
- CEPI 4evergreen
- TCFD Preparer Forum

Key issues discussed

- Climate change and circular economy
- Fibre sourcing, water stewardship and biodiversity
- Regulatory compliance
- Support for research programmes

Read more about how we engaged in 2019



Sustainable fibre
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Engaging with our stakeholders

Making informed decisions

This section serves as our Section 172 statement in compliance with the Companies Act 2006. Section 172 of the Companies Act requires the directors to have regard to the interests of our wider stakeholders when making key decisions across a range of areas. The interests of our stakeholders and our desire to ensure we act fairly, with a reputation for high standards of business conduct, and the long-term consequences of the decisions we take, underpin the way in which we operate. This statement, together with the sections of the Integrated report referred to, explains how our Board meets this requirement and also how stakeholder engagement influences decision making across the Group.

While we have a significant number of stakeholders, the Board determines those it believes are most relevant to Mondi as set out in this section. This includes an overview of how we engage, and the issues that stakeholders consider to be important. There is also a more comprehensive Stakeholder engagement matrix in our 2019 Sustainable Development report. The list of key stakeholders is reviewed by the Board at least annually.

 **Sustainable Development report**
www.mondigroup.com/sd19

The Board ensures that strategic and operational decisions consider the needs of our key stakeholders and align with Mondi's culture and values. It's important that the Board remains, on an ongoing basis and in relation to specific matters, mindful of the views of our key stakeholders and that it has the right information to understand the impact of potential decisions. This is done via a range of formal and informal processes, ensuring that discussions on the impact of decisions on key stakeholders form part of decision documentation. Going forward the Board will continue to build on this approach, particularly bringing more structure to how stakeholder feedback is communicated. You can find more detailed information about how the Board engages with and establishes the views of our stakeholders in the governance report (page 100-103).

The Board's approach to considering stakeholder feedback is illustrated in the way it evaluates major capital expenditure projects, which is one of the key strategic areas of consideration for the Board during the year. Stakeholder input and feedback is therefore critical in the review and decision-making process. The following examples show practical ways in which the interests of our stakeholders are raised and how their needs inform our plans.

How stakeholder views have shaped our capital expenditure decisions

Štětí machine conversion (Czech Republic)

Growing consumer preferences for a more sustainable carrier bag solution, and increasing single use plastic bag legislation to reduce or eliminate waste have driven increased demand for our speciality kraft paper. We are therefore converting a containerboard machine at our cost-advantaged flagship kraft paper site at Štětí to be fully dedicated to the production of speciality kraft paper with a mix of recycled and virgin fibre content for shopping bag applications.

Board consideration of stakeholder input

When evaluating this investment, the Board considered a number of our key stakeholders including our customers, regulators and local government. Customer insights are important so that we can collaboratively address the fast growing needs for sustainable paper-based shopping bag solutions and how Mondi can fulfil these requirements. We talked to customers to understand their needs and end-consumer demands at numerous meetings and at our 'Let's paper the world' event, the first European shopping bag summit bringing together leading converters, suppliers and customers.

The decision to proceed was also influenced by anticipated changes in environmental legislation designed to reduce the use of plastic bags and the views of key retailers around their commitments towards eliminating plastic bags.





Richards Bay mill modernisation (South Africa)

We are modernising our Richards Bay mill to improve reliability and avoid unplanned shutdowns. Our aim is to sustain the mill into the future, while securing employment in the region and improving its environmental performance, including reducing emissions and related impact on the local community.

Board consideration of stakeholder input

The interests of almost all of our key stakeholder groups were relevant to the Board, with the most significant being our employees and the local community. The decision to proceed was influenced by the positive impact the project is expected to have on the local community, increasing employment during the period and permanently lowering emissions. The Board also looked at how the investment would benefit our 1,400 employees in South Africa by enhancing safety and efficiency, and extending the life of the mill.

In the lead up to the decision, the Board had detailed discussions around the reliability of the mill and its ability to meet environmental requirements into the future. All significant modernisation projects involve environmental impact assessments ensuring that the views of local associations are heard. Mondi South Africa's CEO also presented the wider South African business, providing useful context for the Board's deliberations.

Świecie standby power boilers (Poland)

We are investing in our Świecie mill to replace two coal boilers with new standby power boilers. The mill is a major regional employer, providing employment to more than 1,200 people and indirectly supporting the livelihoods of many more local suppliers and contractors. Once commissioned, we have the potential to eliminate coal as a fuel source at this site thereby reducing greenhouse gas emissions.

Board consideration of stakeholder input

A broad range of stakeholder views were taken into consideration when evaluating this investment, including regulatory requirements and government interests, along with local community impacts. As part of the 2019 Socio-economic Assessment Toolbox (SEAT) process at Świecie, all key stakeholder groups were consulted on how they see Mondi. The results of focus group meetings, which included employees; suppliers and contractors; trade unions; local authorities; communities; and NGOs, enable the Board to better understand where our impacts lie and what our stakeholders expect now and in the long term.



Read more about SEAT assessments
Sustainable Development report
www.mondigroup.com/sd19

The Board's decision to approve the project supports Mondi's aim of contributing to a better world as the new boilers will further reduce greenhouse gas emissions and increase overall resource efficiency by minimising mill downtime in the event of a shutdown of the primary boilers. Enabling the mill to meet new local emissions requirements was also a key factor in the Board's decision-making.

