



Mondi's human trafficking and modern slavery statement 2021

SUSTAINABLE *by* DESIGN

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This document is our 'human trafficking and modern slavery statement' for the 2021 financial year (1 January 2021 to 31 December 2021) required in accordance with Section 54 of the UK Modern Slavery Act 2015 (the "Act"). This statement outlines the steps we have taken during the financial year as well as measures that we plan to put in place in the future to address potential risks of slavery, servitude and forced and compulsory labour, human trafficking, sexual exploitation and child labour within our operations and supply chain. Our activities related to modern slavery are an integral part of our approach to human rights.

To date, we did not find any instances of violation of human rights or modern slavery in our operations or supply chain.

This statement is made on behalf of those legal entities within the Mondi Group that had a turnover exceeding £36 million during 2021 and had directly or indirectly provided goods or services to the UK in 2021. These legal entities are included in the Appendix to this statement.

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2021 at a glance

In 2021, we continued to work across our operations and supply chain to improve our response to the UK Modern Slavery Act. This response forms a part of our broader ambition to gain better visibility of our impacts and risks, deepen our understanding of our salient human rights issues, and identify ways to mitigate and remediate adverse human rights impacts.

The steps taken to ensure slavery and human trafficking is not taking place in our operations and supply chain are guided by our policies and put into practice through our clear commitments, due diligence and risk assessments, grievance mechanisms and actions plans.

Our sustainability framework – Mondi Action Plan 2030, or MAP2030 – sets out the actions, targets and milestones we need to meet our ambitious 2030 sustainability commitments. The focus on circular driven solutions, created by empowered people, taking action on climate enables us to have the most positive impact through our business. MAP2030 is built on a foundation of Responsible Business Practices that include specific commitments related to human rights and responsible procurement.

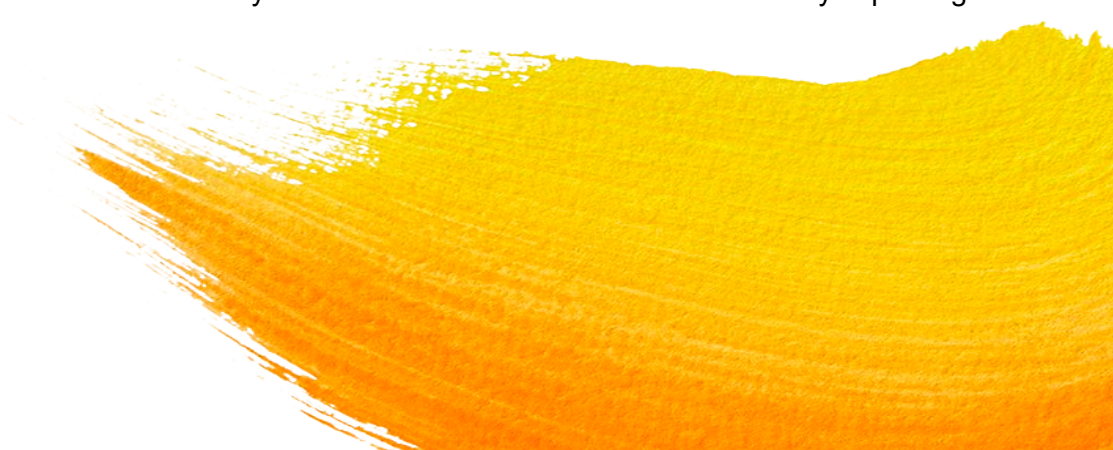
Our key areas of progress in 2021 included:

- Development of a human rights due diligence and risk assessment methodology and guidance
 - o We achieved our first MAP2030 target of developing the human rights due diligence and risk assessment methodology and guidance. This provides the foundation for delivering our remaining targets of 100% operations with a completed due diligence and action plan by 2025 and all impacts addressed by 2030. Read more about our progress on page 13.

- Expanding the scope of our Responsible Procurement process
 - o 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. Over the last three years we have successfully screened over 6,000 suppliers representing 77% of our total spend. Read more on our Responsible Procurement process on page 18.

- Continued implementation of recommendations of the collaboration with the Danish Institute for Human Rights (DIHR)
 - o Based on the evaluation of our SpeakOut reporting mechanism against Principle 31 of the UNGPs, 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. Read more about SpeakOut on page 16.

To date, we did not find any instances of violation of human rights or modern slavery in our operations or supply chain. While we welcome the absence of reports pointing to modern slavery or human trafficking, we recognise that such risks may exist and remain committed to continuously improving our approach.





Our organisational structure, businesses and supply chain

Mondi is a global leader in packaging and paper, with revenues of €7.7 billion in 2021, employing around 26,500 people across 100 production sites in more than 30 countries. Our key operations are located in Europe, North America and Africa. We manage 2.4 million hectares of forestry land in Russia and South Africa, where we source some of our wood requirements. We have group offices in London and Vienna.

We operate across the packaging and paper value chain – from managing forests and producing pulp, paper and plastic films, to developing and manufacturing industrial and consumer packaging solutions. In 2021, the Group is structured around four business units:

- Corrugated Packaging producing Containerboard and Corrugated Solutions
- Flexible Packaging producing Kraft Paper, Paper Bags and Consumer Flexibles
- Engineered Materials producing Personal Care Components, Functional Paper and Films
- Uncoated Fine Paper producing office paper and professional printing paper

The countries where we have operations are indicated in Figure 1.

Our products serve a variety of industries, such as:

- Consumer and retail (around 50% of Group revenue),
- Building and construction (around 15% of Group revenue),
- Chemicals, industrial, agriculture and other (around 20% of Group revenue), and
- Paper for home, office and professional printing (around 15% of Group revenue).

The remaining Group revenue is derived from market pulp, wood, newsprint and energy sales.

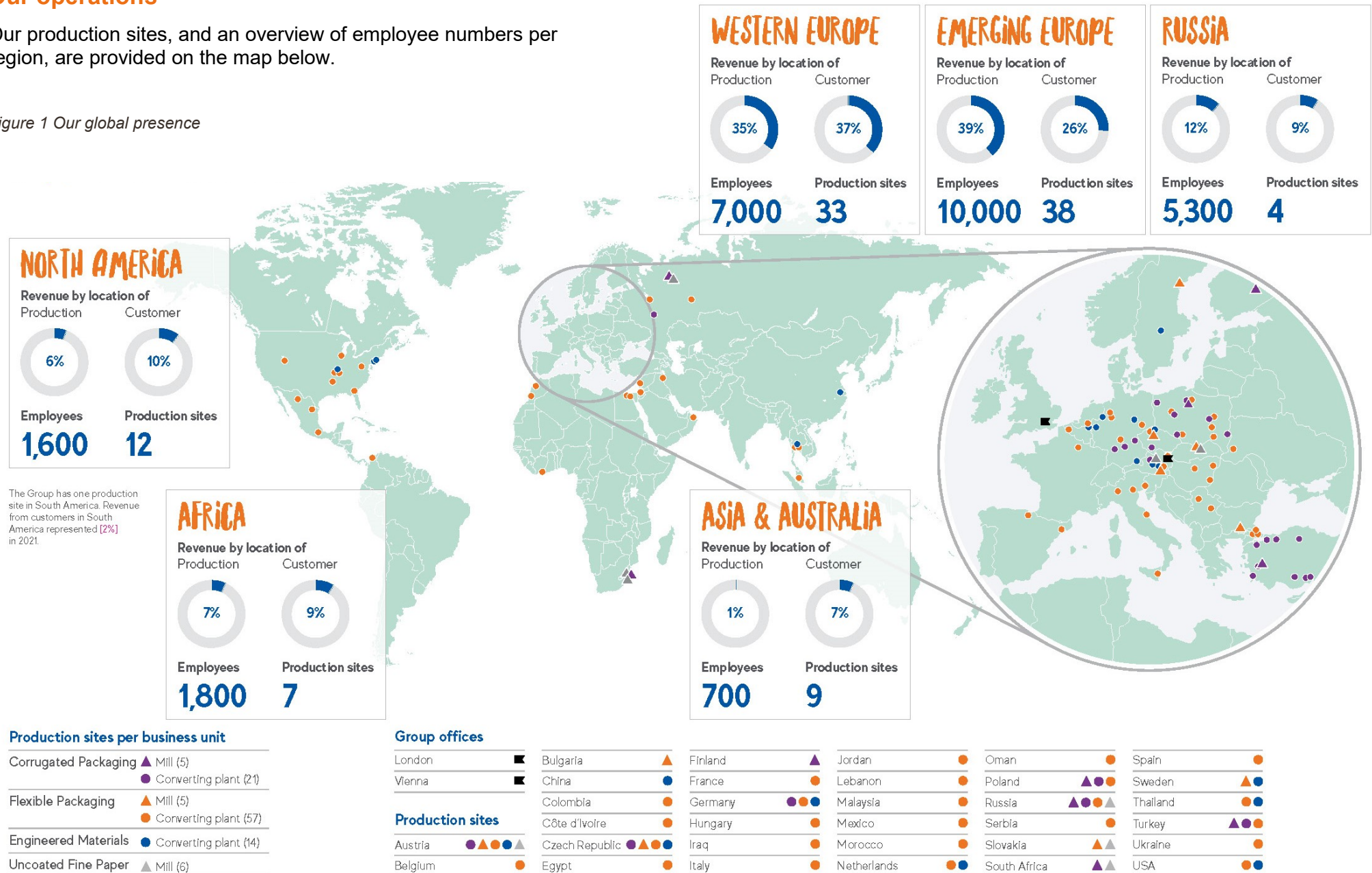
Structure and composition of the Group

The subsidiaries of the Group as at 31 December 2021, including their registered offices, principal activities and percentage of shares held by the Group, are set out in note 11 of the Mondi plc parent company financial statements (page 238-239 of [Integrated report and financial statements 2021](#)). The Group has no material joint ventures or associates.

Our operations

Our production sites, and an overview of employee numbers per region, are provided on the map below.

Figure 1 Our global presence



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

Our employees

We employed around 26,500 employees during 2021. More details on employee numbers provided for our significant locations of operation below:

| 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

Figure 2 Employee numbers across our significant locations of operation

Compliance with the law, respecting human rights beyond compliance, and being a fair employer are foundations of our employment practices. Internationally recognised standards, partnerships and control mechanisms support our approach, as reflected in our Labour and Human Rights Policy (see 'Policies and governance').

We do not allow or condone the imposition of financial burdens on employees and contractors or withholding of wages, or the imposition of any other kind of recruitment fees on employees and contractors.

The information on our performance against this principle is available locally at our operations through the Human Resources function. Through our central human resource information system, we are increasing transparency on recruitment and retention, remuneration and performance appraisal.



Our contractors

In addition to our 26,500 employees, we had an average of 15,500 contractors working for Mondi across our operations in 2021.

While there are no significant variations in the numbers reported above for our employees during the year, the harvesting activities at our forestry operations and maintenance shutdowns at our pulp and paper mills involve considerable variations to our contractor numbers during the year. Annual shuts and major projects in 2021 saw between 150 and 4,700 contractors working on our sites at any one time. Other than in our forestry operations and during maintenance shutdowns, most activities at Mondi are performed by our own employees.

We monitor or report the recruitment mechanisms for our contractors at local level. We directly commission the companies that provide repair and maintenance services for the annual maintenance shuts at our pulp and paper mills. Similarly, for harvesting activities in our forestry operations in Russia and South Africa, we hire contractor companies that specialise in harvesting operations, and don't hire contractors directly. Our contractors are predominantly permanent employees of these companies. The majority of our contractors are considered skilled workers with technical knowledge, and hired by their respective companies on a legal and predominantly permanent basis. We are reviewing our processes related to contractor recruitment practices, in order to further identify and mitigate potential risks.

Our supply chain

Our global supply chain includes around 14,000 suppliers in 66 countries around the world. At Mondi, suppliers are defined as companies or persons manufacturing goods, trading with goods or rendering services, including suppliers of all materials and services, contractors, consultants, outsourcing services, distributors and business partners. In 2021, we procured €5.9 billion worth of goods and services from our suppliers. Products and services purchased locally represented 58% of our overall spend in 2021.

We operate a central procurement function in a number of key spend categories and manage the remainder regionally or locally. Our key areas of spend and major procurement categories are illustrated in Figure 3.

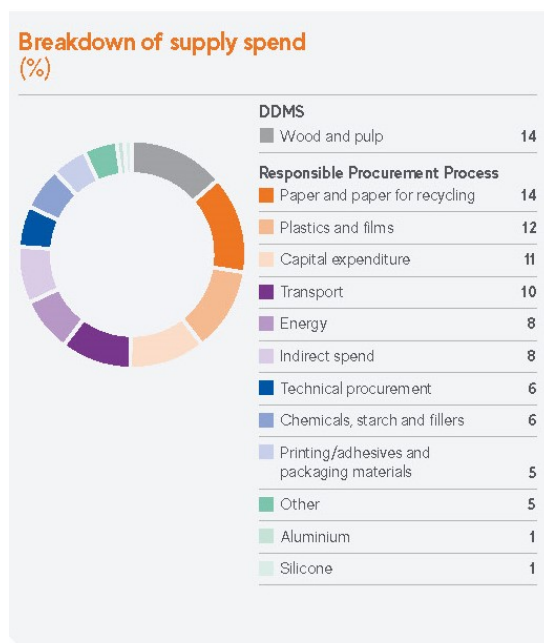


Figure 3 Breakdown of supply spend, 2021

Our key inputs (energy and material procured from tier 1 suppliers) and outputs (products and energy produced for sale to our customers; and waste, energy, water- and air emissions generated) are detailed in Figure 4.

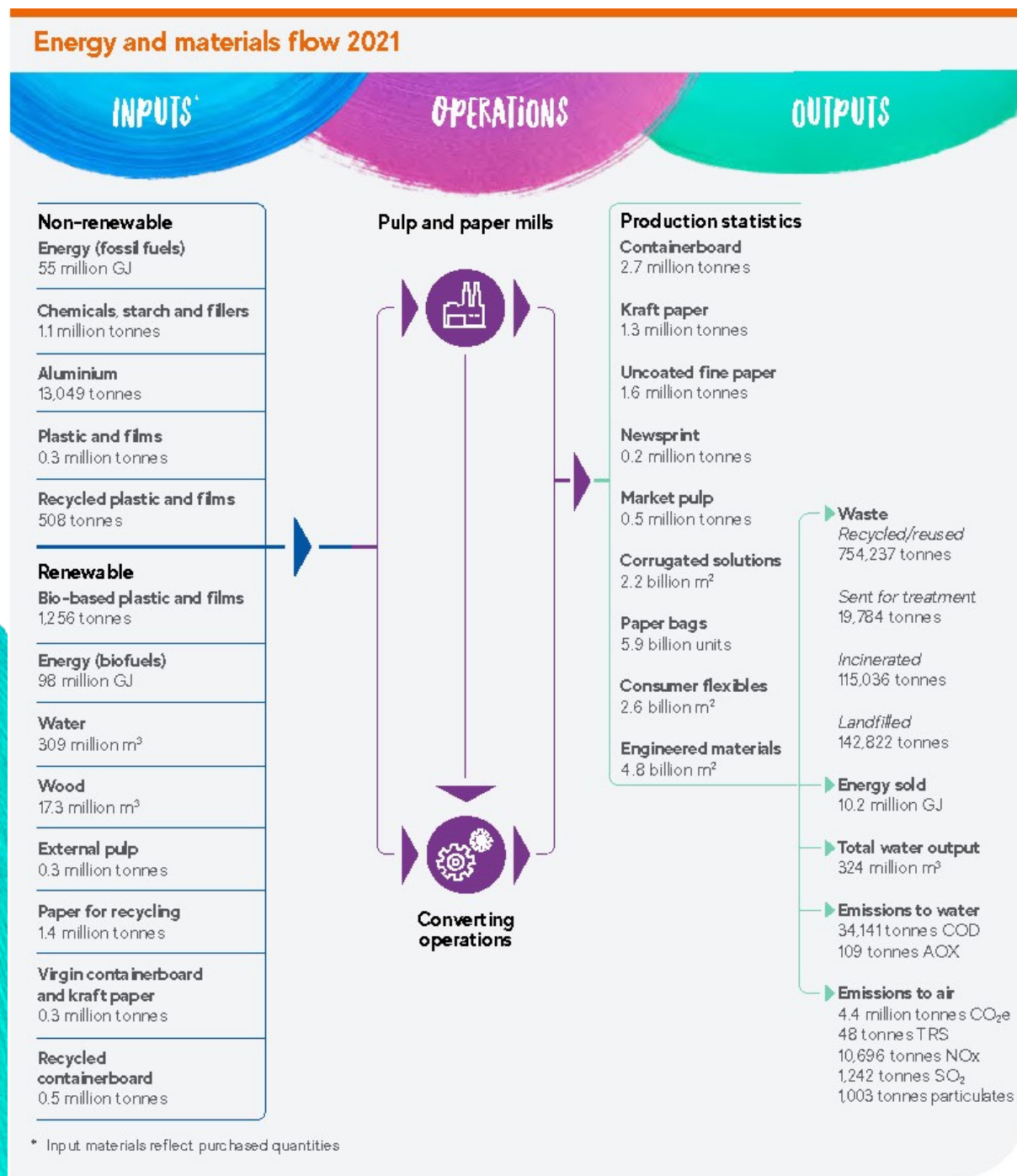


Figure 4 Key inputs and outputs, 2021



Collaboration and partnerships

We engage external experts (for example the Danish Institute for Human Rights (DIHR)) to support us in the review of our processes, policies and governance, grievance mechanism and other requirements. Details of the work done with DIHR in 2019-2020 are outlined in [previous statements](#), and include the summary of the DIHR recommendations based on their detailed human rights risk and gap analysis.

The outcome of the work with DIHR constitutes the basis for our human rights due diligence and risk assessment methodology. The assessment of countries where we may face risk due to divergence between international human rights and labour standards and national law, informs our priorities in human rights impact assessments and development of action plans with local teams.

In 2021, we engaged external human rights experts and worked with internal stakeholders, to develop guidance and tools to enable our operations to evaluate human right risks in their business activities and relationships.

As a member of the World Business Council for Sustainable Development (WBCSD) Forest Solutions Group, we participated in an industry exchange on business and human rights to share experiences, good practices and lessons learned and to identify opportunities to address the risk of modern slavery in our industry.

Mondi will continue to work with internal and external stakeholders and experts on strengthening our human rights due diligence, impact assessment and governance.

Policies and governance

Leadership and accountability for human rights

The Board approves our approach and reviews performance including addressing risks related to modern slavery and human trafficking. The Board delegates different areas of responsibility to specific committees. The Sustainable Development (SD) Committee is chaired by an independent non-executive director. It oversees the Group's sustainability approach, policies, performance and commitments. It is responsible for the governance of matters related to environment, climate change, labour, human rights, biodiversity and product stewardship and enables alignment with best practice.

While the Board has ultimate accountability for sustainability issues, including human rights, modern slavery and human trafficking, Mondi's Business Units establish appropriate responsibilities and procedures at a local level, guided by values and principles set out at the Group level. Details of this process may be found in our [previous statements](#).

Policies

Our Sustainable Development (SD) Policies, form part of our Sustainable Development Management System (SDMS) and outline our overall approach and key issues-specific sustainability areas of focus. They provide the essential framework and requirements that set out clearly where we stand on sustainable development. The SDMS guides effective governance of our activities and implementation of our policies.

Our **Labour and Human Rights Policy**, **Safety and Occupational Health Policy** and **Supply Chain and Responsible Procurement Policy** support our approach to addressing modern slavery and human trafficking risks. Where local legislation conflicts with our Policy, we will uphold our commitment to human rights without compromising our respect for the law, and provide examples of good practice through our own business conduct. We comply at a minimum with applicable national laws and industry standards on working hours and we do not tolerate inhumane treatment of employees or any form of forced labour, slavery, human trafficking, physical punishment or other abuse.

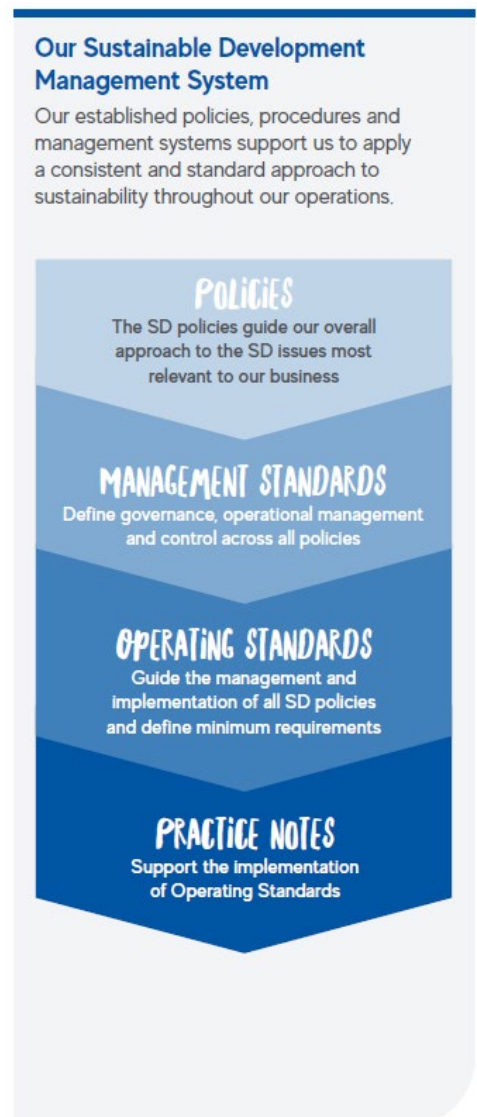


Figure 5 Our Sustainable Development Management System (SDMS) 9

Our policy commitments with regards to human rights and modern slavery are detailed [on our website](#), and summarised in Figure 6.

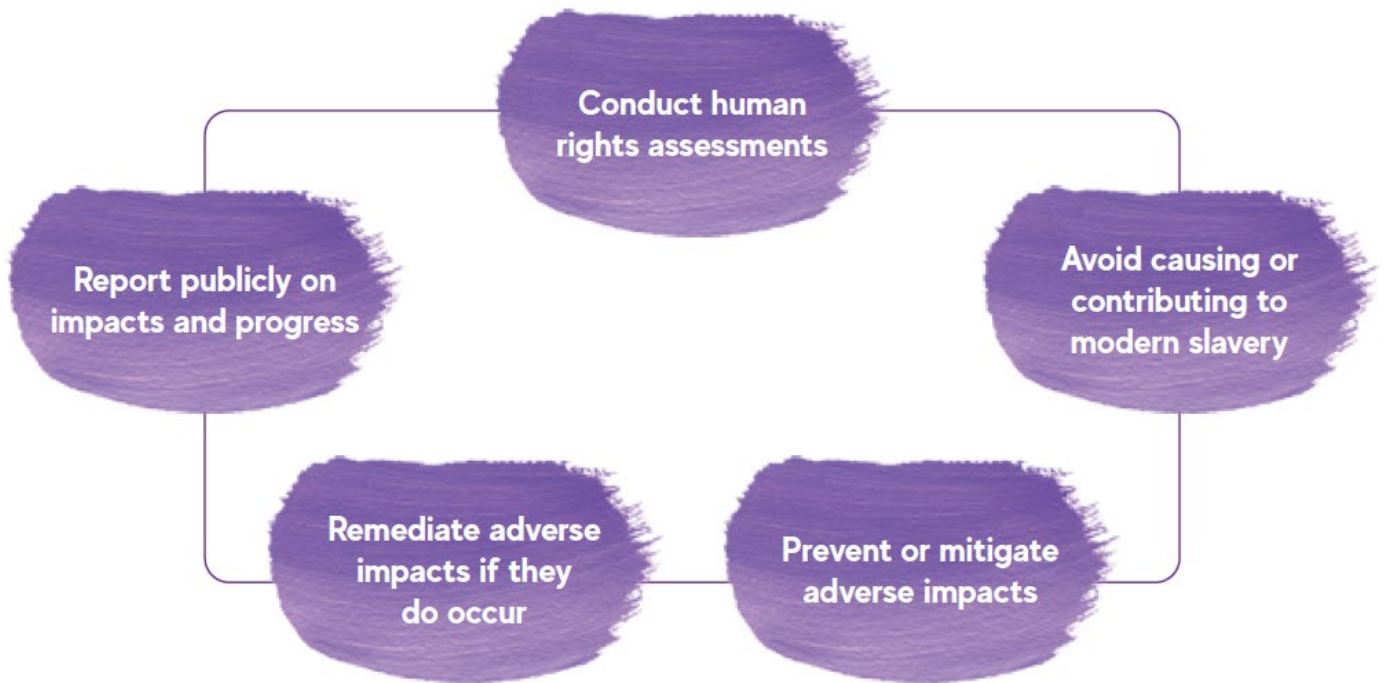


Figure 6 Our policy commitments with regards to human rights and modern slavery

Between 2016 and 2021, in developing and reviewing our policies related to labour and human rights, which include modern slavery, we have consulted with stakeholders including internal experts in our Sustainability, Human Resources, Legal and Procurement teams, and external stakeholders with expertise in the relevant areas of risks we are working to mitigate. We have implemented the recommendations on our policies and governance from the work done in 2019/2020 with the Danish Institute for Human Rights (DIHR). More details on this process and the sources we have consulted in the last years are available [in our previous statements](#).

Our policies are published on our [website](#) and communicated to all our employees through our global intranet, planetmondi.

In 2021, we consulted with internal stakeholders, such as Legal, Procurement, Human Resources, Sustainability, and local operations to finalise the Human Rights Operating Standard and Human Rights Due Diligence Practice Note. These documents comprise the second and third tier of our Sustainable Development Management System (SDMS) to guide the management and implementation of the Group Labour and Human Rights Policy.

The aspects covered by Human Rights Operating Standard are illustrated in Figure 7.

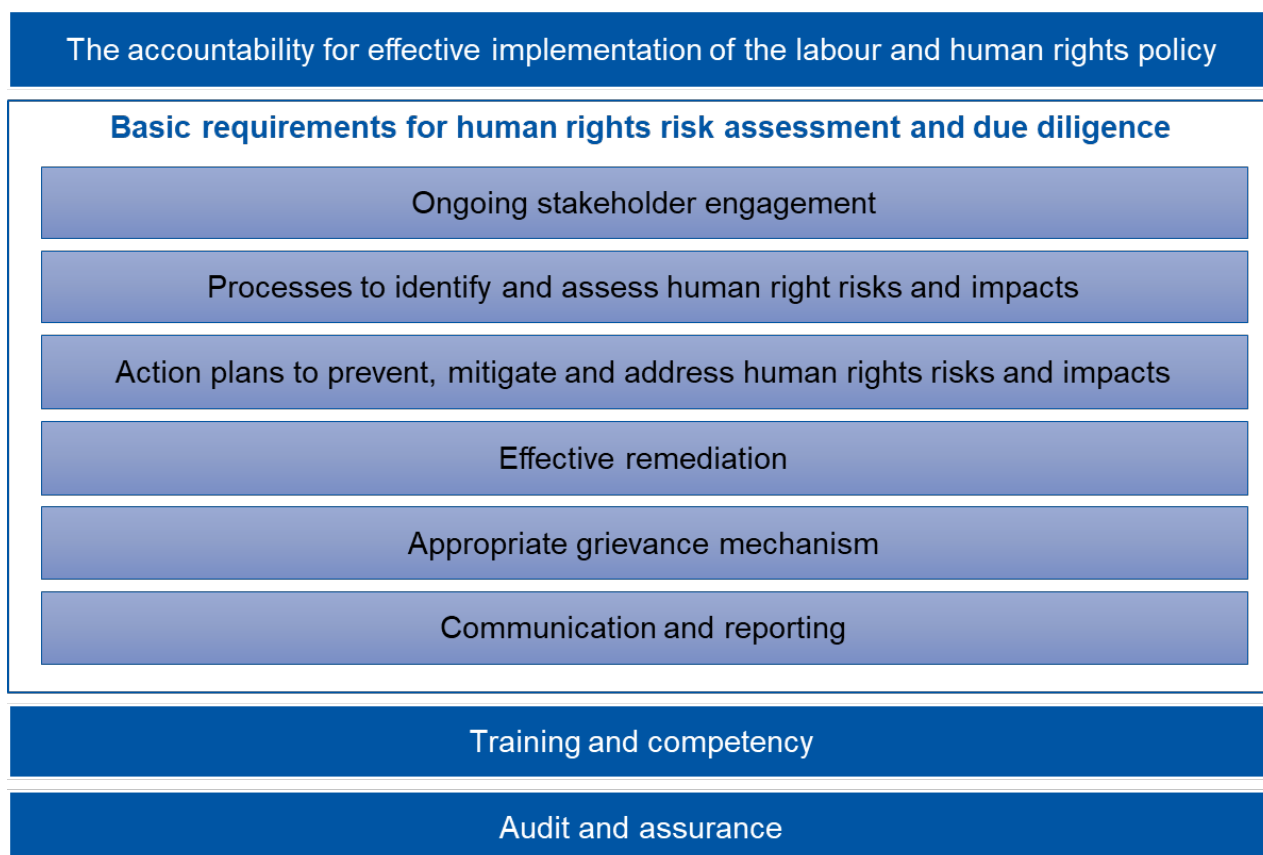


Figure 7 Aspects covered by our Operating Standard on Human Rights

For all our employees, the Code of Business Ethics sets out the five fundamental ethical principles that govern the way in which Mondi and its employee conduct business. Mondi's respect of the Universal Declaration of Human Rights is one of these principles, whose application is documented in the Sustainable Development Policies mentioned above.

The Board, supported by the SD Committee, reviews the Group's policies on an annual basis. Our annual updates look to address any changes in the sustainability landscape, regulatory requirements and stakeholder expectations.

In 2021, the Labour and Human rights policy was deemed appropriate by the Board.

Details of annual policy updates done 2016-2020 can be found in our [previous statements](#).

Code of Conduct for Suppliers

Our [Code of Conduct for Suppliers](#) refers to the following key focus areas for suppliers:

- Legal Compliance
- Product Safety, Environment and Climate
- Safety and Occupational Health
- Labour and Human Rights
- Business Ethics

In order to address the risk of modern slavery and human trafficking in the supply chain the Code covers aspects such as work permits and employment contracts, fair wages, trade unions, child labour, harassment, inhumane treatment, modern slavery and human trafficking. We expect suppliers to provide a safe and fair working environment for their employees and contractors and to observe and respect internationally recognised human rights as described in the International Labour Organization (ILO)'s Core Conventions, United Nations Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the United Nations Global Compact. All Mondi Group companies and business units worldwide, including joint ventures where we have a controlling interest, are required to apply this Code to their suppliers of all goods and services irrespective of the jurisdiction in which they operate and the laws applicable to such jurisdiction (where this Code represents a higher standard). Where we have a non-controlling interest, we encourage the application of this policy with our business partners. The Code is available in English, German, Polish, Czech, Turkish and Russian on our website.

The Code is reviewed and updated on a regular basis. In 2021, this included an update to the Business Ethics section to highlight the compliance requirement linked to our Mondi Business Integrity Policy.

We continue to roll out our Code of Conduct to all of our suppliers, and require them to demonstrate that they have in place the following processes to address human rights violations:

- Duly map human rights impacts whenever the need for such action is agreed
- Have in place adequate remedial mechanisms in case of any violations
- Notify Mondi immediately in writing if they become aware of any breaches

We expect our suppliers to be aware of all sites and companies involved in their production and supply network, and, upon request, to be able to provide Mondi with adequate details of the supply chain for the goods and/or services supplied to Mondi. Suppliers are responsible for ensuring that their employees, representatives and subcontractors understand and comply with the requirements of our Code. We expect our suppliers to apply similar requirements for their own supply chain.

Our Group Procurement function is responsible for the Code and its roll-out. As this part of the business (supported where relevant by other functions), also implements the Responsible Procurement programme, we believe that this approach increases the effectiveness of our due diligence by virtue of a shared governance and policy structure.

Non-compliance with our Code of Conduct for Suppliers is also addressed as a clause in the Code, and actions we take include working with the supplier to implement appropriate corrective actions. We reserve the right to suspend sourcing from the supplier until we are satisfied with their performance. Suppliers who deviate persistently or in a significant way from these requirements will be excluded from business with Mondi.

Due diligence

We recognise that human rights risks (including modern slavery and human trafficking) are not limited to our own operations, but can occur anywhere along the value chain. Our impact on human rights can occur through our own activities or through our business relationships and suppliers. We believe all those involved, suppliers, customers, distributors, partners and other key stakeholders, need to work together to develop practical, risk-based solutions for a responsible and inclusive supply chain.

Due diligence forms an integral part of our overall risk assessment and management process, and the reporting in this section should be considered in conjunction with the processes we describe in the 'Risk assessment and management' section.

In our MAP2030 framework, we have defined the commitment to strengthen governance systems to prevent human rights violations and remedy any adverse impacts. Modern slavery and human trafficking are an integral part of our approach to human rights. Based on the human rights risk and gap analysis recommendations by the DIHR we have defined as first target to develop the due diligence and risk assessment methodology and guidance by end of 2021.

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 Operating Standard and Human Rights Due Diligence 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. For more details see page 9 under policies and governance.

In 2021, we have also developed a supplementary Human Rights Due Diligence (HRDD) toolbox as a further support for our operations, including detailed examples, templates, practical tips and additional educational material. Dedicated training material prepares and sensitise the assessment teams to identify signs that point to possible risks, for example by using the ILO indicators on forced labour.

Based on the UN Guiding Principles on Business and Human Rights (UNGPs) we have defined the key steps in our HRDD approach. Our HRDD process contains all steps to enable Mondi to identify human rights risks and impacts, assess them and to implement appropriate management controls and corrective action.

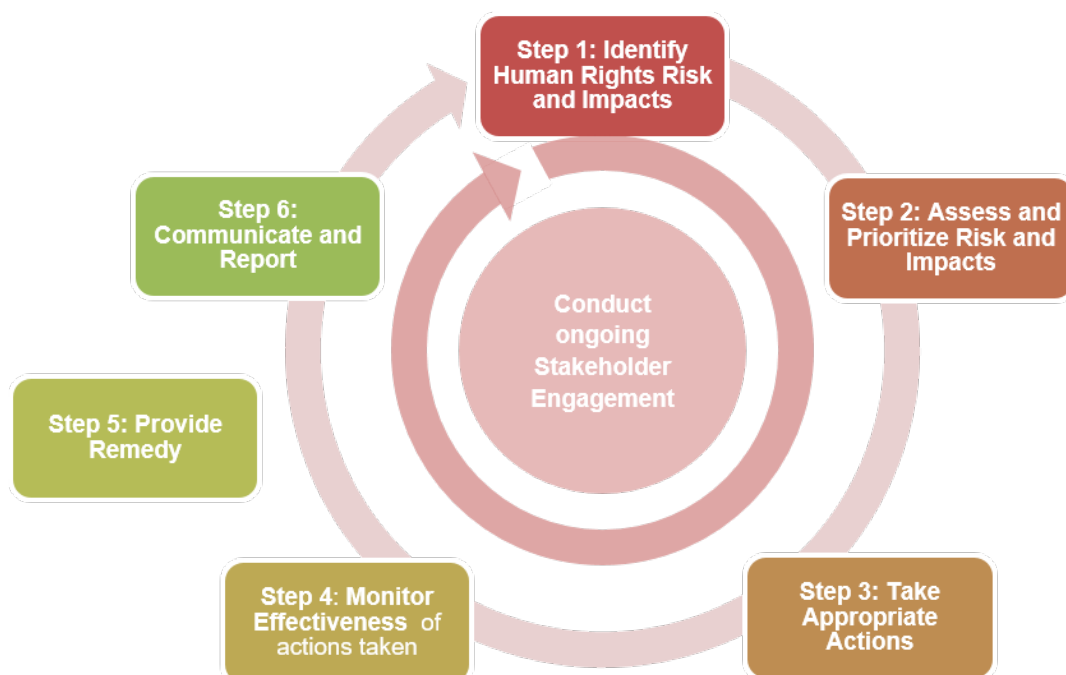


Figure 8 Steps of our HRDD approach based on UNGPs

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. An important next step is to roll out self-assessment pilots to support the development of an effective implementation roadmap for all operations.

The development of the methodology and guidance in 2021, 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. By 2030, 100% of our operations need to have addressed their human rights impacts (investigate, prevent future occurrences and remedy adverse impacts).

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.

Due diligence and Responsible Procurement



Our Responsible Procurement process applies a risk-based approach to assess suppliers against the requirements of our Code of Conduct for Suppliers. It is facilitated by the Group procurement function and aims to achieve a consistent process for selecting, evaluating, on-boarding and monitoring suppliers globally based on their sustainability risk and performance (see 'Risk assessment and management') along with other factors.

Our evaluation process for suppliers is detailed in our [previous statements](#), and the 2021 results are reported in the following section of this statement.

As we make progress in assessing our suppliers, we will take relevant action on the overall findings, and will report on the results of the monitoring process, including on the work we may undertake with suppliers to improve performance and to address risk. This may include audits, site visits and collaboration on joint initiatives, or a decision to stop sourcing from certain suppliers.

Whistleblowing and grievance mechanisms

We provide robust internal processes and tools to facilitate the reporting, investigation and resolution of grievances, including those related to potential human rights violations also including modern slavery and human trafficking. 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, modern slavery, human trafficking or other significant topics.

It provides a simple, accessible and confidential channel through which employees and other stakeholders, including our contractors and suppliers, can raise concerns without fear of retaliation. The system ensures full anonymity and confidentiality, and in the case that the reporter or whistleblower volunteers to identify themselves, the investigative team ensures protection of their identity against potential retaliation by other parties.

These grievance mechanisms can support us in identifying and reporting potential human rights, modern slavery and human trafficking risks and concerns. SpeakOut findings of non-compliance with our policies and codes, including with our Labour and Human Rights Policy and Code of Conduct for Suppliers (should such instances of non-compliance be reported through SpeakOut), are investigated by Mondi's Internal Audit function, and appropriate action is taken to resolve the grievances, remedy any violation, and prevent future occurrences. Proven misconduct could lead to process improvements, disciplinary actions, and/or legal actions .

The Board's audit committee oversees the adequacy of the SpeakOut procedures, while Internal Audit is responsible for the day-to-day monitoring of the SpeakOut process. This enables management to be appropriately informed about reported issues and assures that risks are adequately managed.

In 2021, we had a total of 61 cases (2020: 74), 47 from SpeakOut and and 14 further cases through other channels. These covered a number of topics, in particular:

- 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.

SpeakOut reports in 2021 did not include findings related to modern slavery or human trafficking.

While we welcome the absence of reports pointing to modern slavery or human trafficking, we recognise that such risks may exist and we need to ensure our mechanisms for identifying, mitigating and remediating them are appropriate. Possible reasons for SpeakOut and similar reporting mechanisms not having identified human rights violations to date may include SpeakOut being inaccessible, unknown or untrustworthy in the perception of stakeholder groups, such as supplier employees.

Improving access to SpeakOut has been a focus in 2021, see information below.

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.



We will continue to work on the alignment of SpeakOut with the specific requirements related to human rights standards, in particular, the effectiveness criteria for grievance mechanisms as set out in Principle 31 of the UNGPs.

Risk assessment and management

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 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.

Each of the Group's principal and emerging risks are reviewed in detail by either the Board, the Audit Committee or the Sustainable Development Committee through the course of the year, considering the detailed risk description, the controls and mitigating actions in place, the level of internal and external assurance obtained, and the resultant residual risk exposure. Potential impact and mitigation of human rights and modern slavery risks are included in the Group's compliance risks. More information about our risk management framework and principle risks can be found in the [Integrated Report](#) on page 86-99.

In our own operations

Many existing assessments and procedures that are already in place have strong links to human rights issues, typically involving health and safety issues, labour law compliance, community impact assessment and environmental due diligence.

For example, our Socio-Economic Assessment Toolbox (SEAT) assessments comprise a series of focus group meetings and an opportunity for stakeholders, including employees, suppliers, contractors and their employees, to speak openly to a panel of Group and local management, and to a third-party facilitator. Since 2005 (when the first SEAT was conducted at Mondi), we have not had any findings pointing to modern slavery or human trafficking, or violation of labour and employment laws (for more details access all past SEAT reports [on our website](#)).

We target to have a completed human rights due diligence and risk assessment, including an action plan to address findings, for all our operations by 2025. We start with self-assessment pilots to support the development of an effective implementation roadmap for all operations.

To assess and understand the risks of modern slavery and human trafficking in our own operations, we have relied on the UNGP to inform our approach. We have integrated the UNGP into our updated Operating Standard, supporting Practice Note and HRDD toolkit, to be able to identify the Group's most salient human rights issues in our operations, including potential risks of modern slavery and human trafficking. Potential areas of risk can vary depending on the sector but also on the type of operation and the activities connected to it. 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. The country heatmap developed by DIHR as well as indexes such as the Global Slavery Index, Global Rights Index (International Trade Union Confederation), World Bank Governance Indicators and other reports on countries' or industry human rights practices inform our understanding of the inherent risks of modern slavery.

Based on the prioritisation of risks and impact, suitable actions and measures to tackle risks and impacts are identified, monitored and communicated.

Where operations identify that they have caused or contributed to adverse impacts, they must provide for effective remediation. Remediation can take various forms depending on a) the nature and severity of the adverse impact and b) whether the impact has occurred in the context of the operation itself or through a relationship with a business partner.



In our supply chain

As part of our Responsible Procurement programme, we have developed a comprehensive methodology for assessing sustainability risks in our supplier base – including labour rights and modern slavery. To identify key risks we have incorporated various public databases/tools, such as the Global Slavery Index, Global Rights Index (International Trade Union Confederation) and World Bank Governance Indicators, into our processes to help us identify specific risks of the country of production or nature of the industry related to modern slavery and human trafficking. More details on our Responsible Procurement process are outlined in the [previous statements](#).



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 suppliers were included in the risk assessment process conducted in 2021. Over the last three years we have successfully screened over 6,000 suppliers representing 77% of our total spend.

In 2021 we screened 2,617 supplier production sites, most of which were local suppliers.

- 12.6% of supplier sites were found to be potentially 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% of supplier sites were requested to complete a questionnaire.
- Based on evaluation of these questionnaires and follow up conversations with our sustainability specialists, additional 5.9% of suppliers were de-escalated
- We have actively worked with local buyers to encourage their suppliers to respond to our questionnaire. Of all suppliers screened, the total percentage of non-responsive suppliers was 2.3% and the number of incompletely filled questionnaires was 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. In 2020 the total number of high-risk, non-responsive and incomplete questionnaires was 1.3% of suppliers screened.

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.

We will use the findings from our 2021 screening process to adapt and improve our methodology. The complexity, scale, diversity and global nature of our supply chain means embedding largescale change will take time. We are committed to keep working to develop a scalable process for implementation of risk-assessment of our suppliers to create greater transparency of the sustainability performance of our supply chain and to address the recommendations highlighted by the DIHR gap analysis related to procurement.

Evaluating the effectiveness of our approach

The Executive Committee and the Board’s SD committee discussed the progress Mondi is making to address its modern slavery risks, including an overview of Mondi’s processes and procedures to minimise the risk of human trafficking and modern slavery, during 2021. The Board’s SD committee approved Mondi’s UK Modern Slavery Act statement.

Our KPIs

Our sustainability framework Mondi Action Plan 2030 (MAP2030) sets out the targets and milestones we need to achieve to meet our ambitious sustainability commitments. 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. Underpinning MAP2030 are our ‘Responsible Business Practices’ – our approach to governance and ethics, responsible procurement, communities, human rights and environmental emissions – which form the foundation of our sustainability approach. See our [Sustainable Development Report 2021](#) for more details.

A number of the MAP2030 commitments and targets set under Responsible Business Practices support our human rights efforts, that imply our approach to address modern slavery, particularly under ‘responsible procurement’ and ‘human rights’. We monitor the performance against the set targets and report transparently on our progress in our Sustainable Development Report.

Human Rights

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 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](#)

Procurement

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

Linked to SDGs:



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

Further KPIs from other focus areas and existing practices support our human rights approach, from health and safety, to environmental emissions and incidents, community impact assessments, and SpeakOut results, among others. Details of our performance against these may be found in our [Sustainable Development Report 2021](#).

The progress made in the areas of policy & governance, due diligence & risk assessment, grievance reporting and training are indications for the effectiveness of our approach so far.

| Approach and development | | Progress 2021 |
|--|--|--|
| Policy & Governance | Annual review to strengthen response to modern slavery risks including external review and recommendations by DIHR | In 2021, we finalised the Operating Standard and Practice Note supporting operations to implement the Group Labour and Human Rights policy |
| Due Diligence & Risk assessment | Over the last three years we have successfully screened over 6,000 suppliers through our Responsible Procurement process | 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. We screened 2,617 supplier production sites (2020: 1,061). |
| Grievance Reporting | We have developed processes and tools to facilitate the reporting, investigation and resolution of grievances. SpeakOut is made available to all stakeholders. | In 2021, we had a total of 61 cases (2020: 74), 47 from SpeakOut and 14 further cases through other channels. No cases related to modern slavery or human trafficking. |
| Training | We have undertaken training of different employee groups since the introduction of the UK Modern Slavery Act, including senior management. | In 2021, we have started dedicated training of relevant functions on the content of the Human Rights Due Diligence practice note and toolkit. |

We will continue to review and evaluate the scope and effectiveness of the current mechanisms to improve risk assessment, identification and reporting of human trafficking and modern slavery risks in order to strengthen our approach going forward.

Training

Training is an important component of our approach to addressing potential modern slavery and human trafficking risks. This helps raise awareness of potential risks, inform our people of our policies and approach, improve knowledge and learning across the Group, and provide the tools and know-how to relevant teams on how to monitor, report and manage risks and incidents.

We have undertaken training of different employee groups since the introduction of the UK Modern Slavery Act. Details of training conducted between 2016 and 2020 are outlined in our previous statement, and include training of some of our senior management teams and group functions on the Act, policy training for different employee groups, training of our buyers and procurement specialists on the Responsible Procurement process and the Code of Conduct for Suppliers, and others.

As part of sharing our MAP2030 framework, specific sessions to introduce the commitments and targets related to responsible procurement, business ethics & governance, and human rights were held with the global procurement team, sales and marketing global functions. In 2021, we have started dedicated training of relevant functions on the content of the Human Rights practice note and HRDD toolkit. The training includes sections about human rights in general, the link to Mondi policies and the relevance of conducting due diligence. This also addresses the DIHR recommendation to ensure that all business functions have a common understanding of human rights and modern slavery.

Future training focus

To reach our target of 100% of operations with a completed human rights due diligence and risk assessment in place by 2025, we are developing a roadmap for building up the required competencies across our businesses. This will include training to cover the broad spectrum of expertise needed in local businesses, central functions, management skills and general awareness for modern slavery and human rights.

Our existing approach to training, covering modern slavery and human trafficking risks, focuses on permanent employees of Mondi. We recognise that the provision of training for our suppliers on our approach and on addressing risks, including modern slavery and human trafficking, will be important to secure the integrity of our supply chain.



Closing message

This statement is made in accordance with Section 54 of the UK Modern Slavery Act 2015 and constitutes Mondi's statement for the financial year commencing 1 January 2021 and ending 31 December 2021. The Mondi Board has reviewed and approved the statement on 04 May 2022, and it has been signed on its behalf. The statement has also been confirmed by all obligated legal entities within the Mondi Group. A list of those legal entities has been attached.

Andrew King
Chief Executive Officer
04 May 2022



Appendix 1

Obligated companies by the UK Modern Slavery Act for the 2021 financial cycle

Corporate:

Mondi AG

Mondi Paper Sales GmbH

Uncoated Fine Paper:

Joint Stock Company Mondi Syktyvkar

Mondi SCP, a.s.

Mondi Neusiedler GmbH

Mondi South Africa (Pty) Limited

Engineered Materials

Mondi Ascania GmbH

Mondi Coating Steti a.s.

Mondi Coating Zeltweg GmbH

Mondi Gronau GmbH

Mondi Heerlen B.V.

Mondi Inncoat GmbH

Mondi Jackson LLC

Mondi Jülich GmbH

Mondi Örebro AB

Mondi Release Liner Austria GmbH

Corrugated Packaging

Mondi Powerflute Oy

Mondi Simet Sp z o.o.

Mondi Swiecie S.A.

Mondi Szczecin Sp z o.o.

Mondi Tire Kutsan Kagit Ve Ambalaj Sanayi A.Ş.

Mondi Warszawa Sp. z o.o.

Mondi Wellpappe Ansbach GmbH

Flexible Packaging

LLC Mondi Aramil

Mondi Bags Mielec Sp. z o.o.

Mondi Bags Swiecie Sp. z o.o.

Mondi Békéscsaba Kft

Mondi Dynäs Aktiebolag

Mondi Frantschach GmbH

Mondi Halle GmbH

Mondi Italia S.r.l.

Mondi Kale Nobel Ambalaj Sanayi Ve Ticaret A.Ş.

Mondi Korneuburg GmbH

Mondi Maastricht N.V.

Mondi Padova S.r.l.

Mondi Poperinge N.V.

Mondi Poznan Sp. z o.o.

Mondi Solec Sp. z o.o.

Mondi Steti a.s.

Mondi Steti White Paper s.r.o.

Mondi Styria GmbH

Mondi Szada Kft.

Mondi Trebsen GmbH