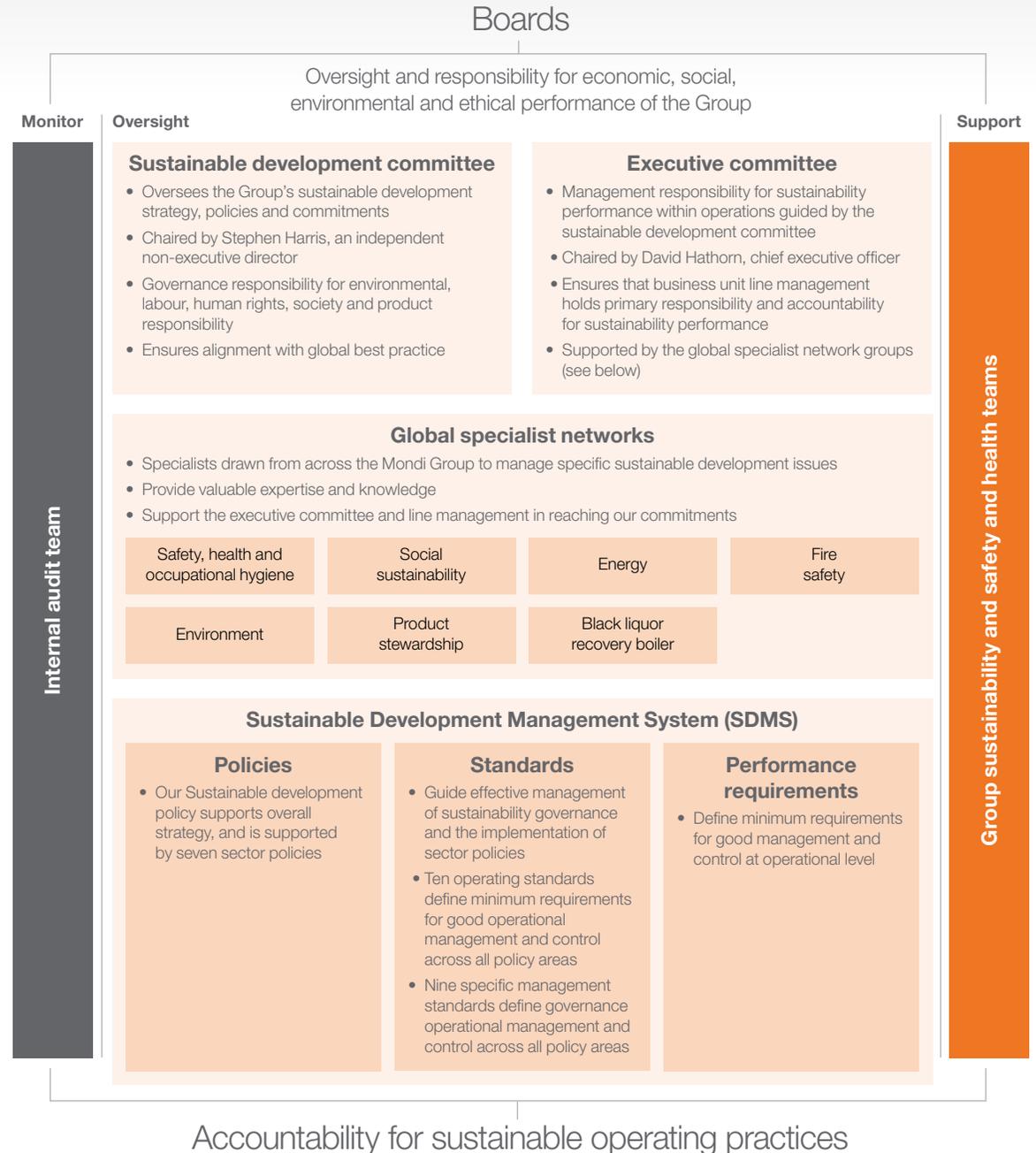


Sustainability governance

Operating responsibly

Our long-term success depends on working openly and transparently with our stakeholders. Responsible governance of our operations is fundamental to building a resilient, effective and efficient business. We seek to operate as a responsible organisation, and deliver against our sustainability commitments. To achieve this we look to manage risks and opportunities through robust policies, standards and management systems.

Our sustainability governance framework



Sustainability governance

Embedding sustainability

Our Boards and committees provide the leadership necessary to implement the principles of good corporate governance across the Group so that all deliberations, decisions and actions of our business are based on integrity, responsibility, accountability, fairness and transparency.

The Boards approve our strategy and review our performance. The members of the Boards are diverse in respect of origin, gender, race and education, reflecting the broad nature of our activities and operational territories. Two of the nine directors are women and one of the three South African directors is from an historically-disadvantaged community. Together the directors bring a wealth of experience and expertise to the Group.

The committees, to which the Boards delegate specific areas of responsibility, have the authority to make decisions according to their terms of reference.

While the Boards have ultimate responsibility, the accountability at Group level for our sustainable development (SD) policies, systems, practices, commitments and actions is guided and monitored on three levels:

1. the sustainable development committee chaired by Stephen Harris, an independent non-executive director;
2. the executive committee chaired by David Hathorn, our chief executive officer; and
3. seven global specialist network groups (see framework above).

A significant proportion of executive director and senior executive remuneration is performance-based, linked to the achievement of both short- and long-term objectives, which can be financial or non-financial and include safety metrics.

Mondi's Group sustainable development function

The Group's SD function monitors all relevant regulations and ensures that the businesses are informed and supported to ensure compliance. It oversees the management of the Sustainable Development Management System (SDMS) and facilitates all the Group's sustainability reporting, and coordinates the external assurance of such reporting.

A key responsibility of the SD function is both internal and external engagement. Internally, it is about communicating our position and performance while supporting the business units and suppliers to better understand SD issues, address the business benefits and deliver solutions that create value for our customers. Externally, it is about engagement and collaboration to ensure there is an understanding of, and where relevant, an influence on the SD landscape and a dialogue on emerging issues that are important to our business.

Sustainable development management system

Our established policies, procedures and management systems enable us to apply a consistent approach to sustainability throughout our operations. We consider the environmental, safety, health, economic and social implications of our key decisions. Our SDMS guides the effective management of all aspects of sustainability governance and the implementation of our sector policies. It covers all facilities and activities that we own and operate (including those in which we hold a controlling interest), new developments, mergers and acquisitions and businesses in which we plan to invest. Activities undertaken by contractors on

Mondi sites or while under our management, are incorporated into our SDMS, ensuring that they comply with our policies, requirements and practices.

Our Sustainable Development Policy supports our overall approach and is further supported by our sector policies: sustainable forestry; environmental performance; climate change; product stewardship; corporate citizenship; global employment; and safety and occupational health. These, in turn, inform our detailed sustainability commitments.

The sector policies apply to all our owned and managed operations. The Boards review the Group's SD policies on an annual basis.

A sustainable development governance standard provides the link between our management standards and our corporate governance structure. Nine specific management standards define our governance requirements and provide a basis for the development, enhancement and application of our sustainable development principles. A further 10 operating standards define the minimum requirements for good operational management and control across all policy areas and provide guidance on the implementation of the SDMS at Group, divisional and operational levels.

Our central reporting system captures and consolidates monthly data on key safety and health, energy, environmental and other sustainability parameters from our global operations and we independently assure selected KPIs annually. This data allows us to benchmark individual operations and identify opportunities for improvement and best practice sharing across the Group.

What is our Sustainable Development Policy?

Our Sustainable Development Policy supports our overall approach and is further supported by our sector policies: sustainable forestry; environmental performance; climate change; product stewardship; corporate citizenship; global employment; and safety and occupational health.



[Click here for more information on our Sustainable Development Policy](#)

Sustainability governance

Managing risks and opportunities

Our Group-wide risk management framework is designed to address all the significant strategic, SD, financial, operational and compliance-related risks that could undermine our ability to achieve our business objectives into the future. We exercise due diligence prior to the introduction of new operations, practices, processes and products.

Our Sustainable Development Risk and Change Management Standard guides the ways in which sustainable development risks are identified and managed. The approach we take to risk management, particularly to environmental issues, incorporates the precautionary principle, which implies our responsibility to protect the natural environment from harm where there is a plausible risk.

Our sustainable development risk register is updated 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 as well as strategic risks. In addition to the key impacts on our business and our stakeholders, we identify sustainability trends and opportunities and seek to mitigate risks that affect our longer-term prospects and financial performance.

Risk management is one of the internal processes that have informed the identification of our material sustainability issues, and the commitments we have set to monitor and improve our performance within these. For more information on our material issues please refer to [page 16](#) and for progress against our commitments [page 91](#).

Mondi's internal audit function

Our internal audit function is an integral part of our system of corporate governance. It ensures the Group's systems of control are effective and adequately mitigate business risks. The assurance provided assists the Boards in fulfilling their disclosure obligations under the corporate governance codes of South Africa and the UK, and to report annually to shareholders on the effectiveness of Mondi's systems of control.

Internal audit assumes regular evaluation of the adequacy and effectiveness of our systems of internal control, across all business sites and all business processes. They plan and undertake audits of the businesses in a systematic way to ensure that the overall control environment within the business is appropriate, effective and complies with Mondi controls and procedures. They visit every Mondi operation at least once every five years, with all major plants audited annually. Internal audit continues to increase the focus on the role of sustainability performance monitoring in key operations and use the opportunity of their audits to highlight the importance of safety and sustainability issues. They form part of the Group's assurance process on safety and sustainability reporting.

The audit committee has primary responsibility for monitoring and reviewing the effectiveness of the Group's internal audit function.

Speakout hotline

Speakout is the Group's confidential reporting hotline, operated by an independent third party. It is a simple, accessible and confidential channel through which our employees, customers, suppliers, managers or other stakeholders can raise concerns about conduct that seems contrary to Mondi's values.

During 2015, there were 133 (2014: 129) Speakout messages received Group-wide. The number of messages and quality of information is seen as a positive measure of the openness and transparency within the Group. All Speakout messages were forwarded to the respective Mondi management team in accordance with our standard procedures. We responded and took appropriate corrective action where required.

The 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 ensures that management is informed about reported issues and that risks are adequately managed. Summaries of all reported issues, and the status of all unresolved items, are presented to the audit committee.



Speakout, Mondi's confidential reporting hotline

Political donations, gifts and bribes

Mondi is opposed to all forms of corruption and illegal practices. The Group does not tolerate the giving and receiving of bribes, nor condone anti-competitive practices in dealings with governments and in the marketplace. Mondi does not permit contributions or donations for political purposes. Our approach to preventing corruption is published in corporate brochures, newsletters and on the Group website. Mondi requires any lobbying undertaken to be in line with the Group's business ethics and policies. Our policies on these matters are set out in our Group Business Integrity Policy.

Fines, non-monetary sanctions and significant legal issues

Mondi has not been the subject of any legal actions against it for anti-competitive behaviour, anti-trust, or monopoly practices during the year. Mondi has not received any fines or non-monetary sanctions for material non-compliance with laws and regulations.