

External context

Key themes shaping the packaging industry and opportunities

We operate in a fast-paced world with diverse and complex issues impacting our planet, society and the way we do business. Our success is built on our ability to anticipate and respond to the challenges and opportunities we face today and in the future in the packaging markets where we operate, and partnering with others to find long-term solutions for our stakeholders.



To learn more about our wider context, take a look at our Sustainable Development report 2019 website: www.mondigroup.com/sd19



Sustainability

Context and challenges

- Our society continues to face significant environmental challenges. Climate change, degraded ecosystems, resource scarcity, access to sustainable fibre, increasing waste and pollution and the impact of plastic leakage on the environment are key issues our industry needs to be addressing with urgency
- Consumer awareness around these challenges continues to rise, requiring corporates to take decisive action and fostering sustainability pledges by major FMCGs, retailers and packaging players
- Sustainability-related legislation is increasing at a different scale and pace across geographies, creating an increasingly complex landscape to operate in

Opportunities

- Grow with our paper-based packaging solutions, which are renewable and widely recyclable, offering a sustainable packaging alternative
- Develop circular flexible plastic packaging, which is the most resource efficient plastic-based packaging, with a focus on increasing the use of recycled content and designing for recycling
- Collaborate with stakeholders along the value chain to find innovative solutions and educate end-consumers about sustainable choices

How we are responding

- Keeping sustainability core to our business, with sustainable growth at the centre of our strategic framework and clear sustainability performance targets across our Growing Responsibly Action Areas
- Working with our customers to achieve their sustainability goals, using our EcoSolutions approach to replace less sustainable packaging; reduce raw material usage; and design packaging ready to recycle
- Further lightweighting and right-sizing our packaging solutions without compromising strength and functionality
- Working with partners such as Ellen MacArthur Foundation, CEFLEX, CISL, CEPI's 4evergreen and WWF to play a leading role in finding tangible solutions and shape our approach to sustainability

Anticipating and responding in a
FAST-PACED WORLD

“Mondi is well positioned to succeed in a world that is looking for innovative, efficient and sustainable packaging.”

Clara Valera
Group Head of Strategy and Investor Relations



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Sustainable Development report
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Digitalisation and interconnectivity

Context and challenges

- Digitalisation continues to shape the world we live in, connecting billions of people every day, with information generated and distributed at unprecedented speed and scale
- Traditional retail channels are being disrupted and new platforms are emerging
- More frequent purchases and faster deliveries are adding complexity to supply chains, requiring increased efficiency and transparency
- Consumers are ever more informed, price-savvy and time-pressured – expecting value, convenience and experience from their online purchases

Opportunities

- Serve the growing e-commerce sector with fit-for-purpose sustainable packaging solutions
- Benefit from automation and digitalisation with improvements in our manufacturing processes and cost structures and increasing efficiencies along the value chain
- Leverage data analytics to gain in-depth customer and end-consumer understanding, enabling us to help our customers offer more tailored shopping experiences
- Promote the value of greater traceability in our supply chain with a focus on raw material sourcing, especially fibre

How we are responding

- Investing in digital technologies as an accelerator, with advanced analytics, automation and robotics driving efficiency and quality, and digital platforms helping us to connect with customers and employees in an agile way
- Fostering transparency along the value chain through active engagement with key stakeholders
- Continuing to develop the right packaging solutions for our e-commerce customers, offering a multi-channel customer experience, reducing costs and optimising the amount of packaging



Enhancing our customers' brand value

Context and challenges

- Competition between brands and private labels, together with the convergence of offline and online retail channels, make it important for products to stand out on shelves and screens
- Urbanisation, migration and an ageing population continue to reshape consumer lifestyles and purchasing decisions
- Busy consumers are looking for convenience, more personalised products and services, and sustainable packaging pre- and post-consumption
- Younger consumers want to buy brands whose purpose aligns with their own values
- Packaging needs to protect products through a 'frustration free' journey from manufacturing to consumption

Opportunities

- Help our customers stand out from the crowd, convey their brand purpose and meet their sustainability commitments with our sustainable materials and innovative converting and printing capabilities
- Work with our customers to stay competitive, simplifying their processes and reducing costs while enhancing shelf-attractiveness and product performance with our range of packaging solutions and services
- Grow with our customers and create fit-for-purpose packaging that prioritises functionality and creates a seamless consumer experience across channels

How we are responding

- Creating innovative packaging solutions that portray our customers' brand values and differentiate them across channels
- Using our EcoSolutions approach to support our customers so they achieve their sustainability goals by transitioning to more sustainable packaging solutions
- Leveraging our six R&D centres, unique cross-functional packaging development expertise, and strong customer relationships to become the go-to supplier for sustainable packaging
- Investing in enhancing the capacity and capabilities of our Corrugated Packaging and Flexible Packaging businesses to broaden our capabilities and grow with our customers