



REMUNERATION REPORT OF MAYR-MELNHOF KARTON AG FOR THE FINANCIAL YEAR 2021

Dear Shareholders,

We are pleased to present the remuneration report for the financial year 2021. With this report, we implement the requirements of Section 78 c as well as Section 98 a of the Austrian Stock Corporation Act (AktG) and provide a comprehensive overview of the remuneration granted and owed to the members of the Management Board and Supervisory Board in 2021. The remuneration report was prepared by the Management Board and the Supervisory Board and is to be submitted to the 28th Annual General Meeting on April 27, 2022 for voting.

Our report builds on shareholders' experiences and reactions regarding the disclosure of the previous year's remuneration. The previous financial year 2020 was marked by changes in the Management Board and the Supervisory Board. This transitional phase was used to largely standardize the remuneration components of the members of the Management Board and to align them even better overall with the strategy and business activities of the MM Group as well as to explicitly promote the long-term development of the company - also with regard to sustainability goals. In particular, the long-term profit-sharing scheme as a sustainable performance incentive was anchored for all members of the Management Board for the first time and the past financial year 2021 represents the first year of a three-year observation period. In addition, the annual profit-sharing scheme was uniformly aligned with the financial performance indicators EBITDA, earnings per share or net profit for the year, the divisional result and return on capital employed (ROCE), as well as non-financial performance indicators.

The Management Board and the Supervisory Board of Mayr-Melnhof Karton AG have set themselves the goal of increasing the transparency of remuneration in the remuneration report in order to allow shareholders a comprehensive and full understanding of the remuneration granted and owed, as well as to align the disclosure with international standards. This manifests itself through a more detailed description of the individual fixed and variable remuneration components, in particular through a clear presentation of the granting of the annual bonus and long-term incentive. These measures took into account the result of the vote on the remuneration report for the 2020 financial year at the 27th Annual General Meeting.

The remuneration policy was also further developed in the course of these efforts towards more transparency. It was revised taking into account feedback from shareholders as well as in line with international governance standards and will also be put to a vote at the 28th Annual General Meeting on April 27, 2022. It was drawn up on the proposal of the Committee for Management Board Issues by resolution of the Supervisory Board at its meeting on March 14, 2022. The new remuneration policy will only apply from the financial year 2022 onwards.

Financial year 2021

The MM Group was able to overall successfully close the financial year 2021, which was characterized by historically unprecedented cost increases, in particular for energy, recovered paper and pulp. The strong pressure on margins was successively compensated for by price increases, which could only be implemented with a time lag due to contractual commitments. The continuing strong demand for cartonboard packaging and papers and thus high capacity utilization in both divisions provided significant support in this respect.

With the acquisition of the cartonboard and paper mills Kwidzyn in Poland and Kotkamills in Finland as well as the sale of the two smaller cartonboard mills, Baiersbronn and Eerbeek, and the launching of several major investments to increase efficiency, innovation, and sustainability, 2021 was a year of significant strategic transformations at MM in addition to operational challenges. The fundamental objective is to enable long-term growth in sustainable fiber-based packaging solutions as well as an increase in profitability through intensified competitiveness. Through the acquisitions in the virgin fiber sector, MM has not only strengthened its position as the leading cartonboard and folding carton producer in Europe, but also acquired two new core products, kraft papers and uncoated fine papers, which offer interesting potential and are managed in the division MM Board & Paper.

The Group's consolidated sales reached EUR 3,069.7 million which is 21.4 % or EUR 541.3 million above the previous year's figure (2020: EUR 2,528.4 million). This increase was mainly acquisition-related from the division Board & Paper. At EUR 269.6 million, operating profit was 16.5 % or EUR 38.2 million above the previous year (2020: EUR 231.4 million). Around 55 % of this increase is attributable to MM Board & Paper and around 45 % to MM Packaging. One-off expenses from the initial consolidation of the mills Kwidzyn and Kotkamills in the amount of EUR 26.3 million, which are mainly attributable to ancillary acquisition costs including transaction taxes and inventory valuation, as well as restructuring expenses in the division MM Packaging of EUR 20.1 million were offset by one-off income from the sale of the Eerbeek and Baiersbronn mills in the amount of EUR 46.1 million (after incidental transaction costs). In 2020, one-off effects amounted to EUR -64.0 million. The Group's operating margin was therefore at 8.8 % (2020: 9.2 %), the return on capital employed at 12.8 % (2020: 13.7 %). EBITDA rose by 5.5 % or EUR 22.1 million to EUR 421.0 million (2020: EUR 398.9 million), the EBITDA margin reaching 13.7 % (2020: 15.8 %).

Financial income of EUR 3.3 million (2020: EUR 1.7 million) was contrasted with financial expenses of EUR -24.4 million (2020: EUR -7.9 million). The latter increased mainly due to the issuance of Schuldschein loans and Namensschuldschreibungen to finance the acquisitions and organic growth projects. "Other financial result - net" amounted to EUR -4.0 million (2020: EUR -3.2 million), mainly attributable to changes in the foreign currency result.

Accordingly, profit before tax at EUR 244.5 million was 10.1 % higher than in the previous year (2020: EUR 222.1 million). Income tax expenses totaled EUR 53.8 million (2020: EUR 59.8 million). Profit for the year thus rose by 17.5 % or EUR 28.5 million to EUR 190.7 million (2020: EUR 162.2 million).

In line with the solid profit development, a dividend increase to EUR 3.50 per share (2020: EUR 3.20) for the financial year 2021 will be proposed to the 28th Annual General Meeting on April 27, 2022.

1 PRESENTATION OF THE TOTAL REMUNERATION OF THE MEMBERS OF THE MANAGEMENT BOARD

1.1 Main Features of the Remuneration Policy

The currently valid principles of the remuneration policy of the members of the Management Board and the Supervisory Board of Mayr-Melnhof Karton AG were drawn up based on the proposal of the Committee for Management Board Issues by resolution of the Supervisory Board at its meeting on March 16, 2020 and presented for resolution at the 26th Annual General Meeting on April 29, 2020. The complete Remuneration Policy is available on the Company's website <https://www.mm.group/en/about-us/responsibility/corporate-governance/>.

The remuneration policy is intended to ensure that the total remuneration of the Management Board includes appropriate incentives to promote the implementation of corporate strategy and the long-term development of the Company. The remuneration of the Management Board is to be commensurate with the Company's situation and in line with market conditions at comparable companies. To this end, remuneration in industrial companies of comparable and ascending size beyond the DACH region from the international labour market is used to attract and retain qualified Management Board members.

The members of the Management Board receive both fixed and variable remuneration. The variable components of remuneration are based on meeting of several performance criteria. The **variable remuneration** components of the Management Board's compensation provide an incentive for corporate development with sustainable value creation at a reasonable risk.

The remuneration of the Management Board is made up as follows:

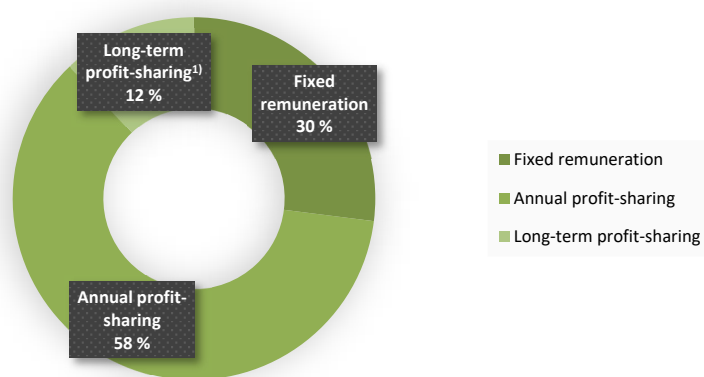
Remuneration components	Description
Fixed remuneration	
Base salary	The base salary is intended to be a competitive income that takes into account the scope of responsibility and duties of the individual board members as well as the complexity of the tasks.
Other remuneration	Other remuneration includes accident and D&O insurance as well as the right to a company car. The Chairman of the Management Board is also provided with a driver.
Pension provision ¹⁾	Depending on the contractual arrangement: pension contributions to an inter-company pension fund or pension replacement benefits
Variable remuneration	
Performance-related bonus	Annual profit-sharing, measured by Group or divisional key indicators for EBITDA, net profit for the year and return on capital employed (ROCE) as well as by non financial performance indicators
Long-term profit-sharing	Profit sharing over an observation period of three years based on a target EBIT margin within the framework of the multi-year plan. To be applied for the first time as of the financial year 2021. Payment will be made in the year of the Annual General Meeting that decides on the last year of the three-year plan.

¹⁾ In addition, one Management Board member was granted a defined benefit pension commitment from existing contracts when he was first appointed, for which a corresponding provision is made in the consolidated and annual financial statements.

The total remuneration, which results from the fixed and variable remuneration components, is provided with a maximum limit. Furthermore, the included annual profit-sharing component as well as the long-term profit-sharing component are also limited with a maximum gross amount per annum.

The total annual remuneration of the Management Board in 2021 (incl. long-term profit-sharing) assuming 100 % target achievement is divided as follows:

Composition of Management Board remuneration in % of total annual remuneration



¹⁾ The long-term profit-sharing corresponds to the total entitlement achieved at the end of the observation period

The individual components and their basis of calculation are explained in detail below.

Variable remuneration - annual profit-sharing

Part of the variable remuneration for the financial year 2021 consists of a profit-sharing bonus, measured against the following quantitative Group or divisional key indicators:

- a) **EBITDA** (Earnings before Interest, Income Taxes, Depreciation and Amortization) is calculated as operating profit plus depreciation, amortization and impairment of property, plant and equipment, and intangible assets. This measure reflects the operating profitability of Mayr-Melnhof Karton AG.
- b) **Earnings per share or net profit for the year** for divisional results are taken into account as a short-term financial performance indicator for the annual result.
- c) **Return on capital employed (ROCE)** is calculated as operating profit divided by the sum of average total equity, average current and non-current interest-bearing financial liabilities including lease liabilities according to IFRS 16, and less average cash and cash equivalents. ROCE is a key indicator for assessing capital efficiency and profitability and is intended to ensure balanced growth.

These key indicators are adjusted on the basis of the IFRS consolidated financial statements for non-recurring income and non-recurring expenses if they exceed EUR 10 million (e.g. gains/losses from disposals of companies, extraordinary impairments and restructuring). In addition, in the case of acquisitions and company disposals during a financial year, the financial ratios are adjusted according to the periods in which these acquisitions and company disposals affect the ratios.

In addition to financial targets, the annual profit-sharing scheme also takes into account the achievement of non financial performance indicators:

- Reduction of occupational accidents for all members of the Management Board
- Reduction of CO₂ consumption per ton of cartonboard: additional for the CEO

The majority of the variable remuneration is based on financial targets.

The target values of the performance indicators are determined by the remuneration committee within the framework of the periodic budgets. Targets are set in each case for a board period or also annually.

Table 1: Targets for the annual profit-sharing per member of the Management Board from achievement of the performance indicators

Performance indicator (in thousands of EUR)	Peter Oswald		Franz Hiesinger		Andreas Blaschke ¹⁾			
	100 % Target achievement	Capping	100 % Target achievement	Capping	100 % Target achievement		Capping	
					Group	Division	Group	Division
EBITDA	850	-	360	580	170	190	300	300
Earnings per share/net profit for the year (for divisional results)	850	-	360	580	170	190	300	300
ROCE	850	-	360	580	170	190	300	300
Reduction of occupational accidents	100	-	60	60	60	-	60	-
Reduction CO ₂ /t cartonboard	100	-	-	-	-	-	-	-
Total	2,750	3,500	1,140	1,800	570	570	900	900

¹⁾ In addition to an annual profit share in the Group result, Andreas Blaschke is also entitled to a share in the result of the Packaging Division, which is shown in a separate column in each case

If the total entitlement to the annual profit-sharing bonus achieved in the respective financial year is less than thous. EUR 1,200, taking into account the additions or deductions resulting from the deviation between target figures and actual target achievement, the annual profit-sharing bonus for the Chairman of the Management Board is at least thous EUR 1,200. There is no such minimum profit-sharing bonus for the other members of the Management Board. If the total entitlement exceeds the total maximum amount, the cap applies. With the exception of the Chairman of the Management Board, the entitlements resulting from the achievement of the individual target key indicators are also capped at a maximum amount (see Table 1).

With the exception of the Chairman of the Executive Board, the annual profit-sharing in the Group or divisional results is linked to the condition that a certain EBIT threshold is reached in the financial year 2021. If this threshold is not exceeded, no annual profit-sharing is due.

Calculation of the annual profit-sharing



If occupational accidents are reduced compared to the previous year, the amount of the premium related to this indicator is the target bonus. If remaining unchanged or increasing, the target bonus from this non-financial target does not apply (taking into account a possible minimum limit for Peter Oswald with regard to the total bonus). The same applies to the reduction of CO₂ emissions from cartonboard for Peter Oswald.

Variable remuneration - long-term profit-sharing ("LPS")

The basis for the LPS is the planning of the EBIT margin for the next three years based on a three-year plan. For an EBIT margin determined at the beginning, the Management Board is entitled to a profit-sharing bonus in a defined amount. Deviations from this average EBIT margin lead to additions or deductions from this amount. The first payment of long-term profit-sharing is made in the year of the Annual General Meeting (2024), which decides on the last year (2023) of the three-year plan (2021-2023).

Process of the long-term profit-sharing scheme:

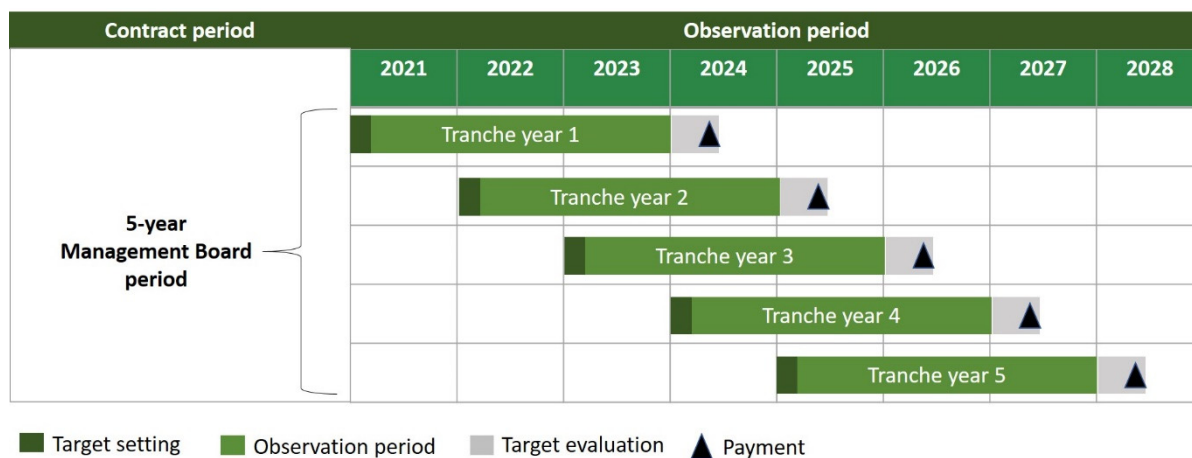


Table 2: Long-term profit-sharing p.a. (LPS):

(in thousands of EUR)	Peter Oswald			Franz Hiesinger			Andreas Blaschke		
	100 % Target achievement	Capping	Minimum	100 % Target achievement	Capping	Minimum	100 % Target achievement	Capping	Minimum
LPS	850	1,200	300	360	500	-	360	500	-

If the total entitlement to the long-term profit-sharing achieved at the end of the observation period is less than thous. EUR 300, taking into account the additions or deductions resulting from the deviation between the target key indicator and the actual target achievement, the long-term profit-sharing bonus for the Chairman of the Management Board is at least thous. EUR 300. There is no such minimum profit-sharing bonus for the other members of the Management Board.

1.2 Presentation of the total remuneration of the Management Board

Table 3: Remuneration granted or owed per Management Board member in the financial years 2020 and 2021:

(in EUR)	Peter Oswald		Franz Hiesinger		Andreas Blaschke ¹⁾	
	2021	2020	2021	2020	2021	2020
Fixed remuneration (non-performance-related)	1,346,736	1,399,689	641,921	600,582	503,018	496,057
Base salary	1,112,200	825,000	500,000	488,661	491,097	484,136
Other remuneration (company car, insurance)	12,096	9,431	11,921	11,921	11,921	11,921
Contributions to the inter-company pension fund	-	-	130,000	100,000	-	-
Pension replacement payment	222,440	565,258	-	-	-	-
Variable remuneration (performance-related)	2,713,805	2,750,000	1,140,078	1,624,381	1,292,991	1,624,381
Annual profit-sharing	2,548,805	2,750,000	1,059,522	1,624,381	1,212,435	1,624,381
<i>Payment from previous year(s)</i>	<i>2,750,000</i>	-	<i>1,624,381</i>	<i>1,490,000</i>	<i>1,624,381</i>	<i>1,490,000</i>
Long-term profit-sharing	165,000	-	80,556	-	80,556	-
Other remuneration	1,800,000	1,000,000	400,000	-	-	-
Special bonus ²⁾	1,800,000	1,000,000	400,000	-	-	-
Total	5,860,541	5,149,689	2,182,999	2,224,963	1,796,009	2,120,438
<i>thereof relative share non-performance-related</i>	<i>23.0%</i>	<i>27.2%</i>	<i>29.4%</i>	<i>27.0%</i>	<i>28.0%</i>	<i>23.4%</i>
<i>thereof relative share performance-related</i>	<i>77.0%</i>	<i>72.8%</i>	<i>70.6%</i>	<i>73.0%</i>	<i>72.0%</i>	<i>76.6%</i>

¹⁾ A defined benefit pension commitment was made to Andreas Blaschke under previous contracts. With the extension of his appointment as a member of the Management Board, he was alternatively granted the option to redeem the claim from the pension commitment by making a one-time cash payment in the amount of the surrender value of the reinsurance policy in place for the purpose of congruent reinsurance of this commitment.

²⁾ By resolution of the Remuneration Committee of March 4, 2022, a one-time, voluntary and non-prejudicial special bonus of EUR 800,000 was granted retroactively to Peter Oswald and EUR 400,000 to Franz Hiesinger for their extraordinary commitment in connection with major acquisitions in the financial year 2021. Peter Oswald will also receive the second partial payment of his bonus of EUR 1,000,000 on the occasion of his transfer to the Management Board of MMK AG in 2020.

In the financial year 2021, company pensions totaling EUR 840,996 as well as a residual amount of EUR 780,000 related to the termination agreement with Wilhelm Hörmanseder were paid to former members of the Management Board.

The remuneration granted relates to remuneration components that are economically attributable to this reporting period based on legal or contractual obligations, but whose final determination and payment will only take place in (a) later period(s). This concerns the respective annual tranches within the 3-year observation period of the long-term profit-sharing scheme. This does not include allocations to provisions for severance payments and pensions. These can be found in the notes to the consolidated financial statements, section 15.

The remuneration owed includes the amounts actually received by the member of the Management Board within the reporting period, which are attributable to this reporting period, as well as the entitlements finally acquired for this period, even if payment is not made until a later period. This concerns, inter alia, the base salary, non-monetary remuneration, pension and insurance contributions as well as the annual profit-sharing. The non-monetary remuneration (e.g. for company cars) is stated with taxable non-monetary remuneration values.

1.3 Determination of the variable remuneration

Based on the achievement of the financial and non-financial performance indicators and the exceeding of the EBIT threshold as a condition for the annual profit-sharing bonus, the Remuneration Committee decided on an annual profit-sharing bonus for the past financial year in the following amount:

Table 4: Entitlement to annual profit-sharing per Management Board member in 2021

	Peter Oswald	Franz Hiesinger	Andreas Blaschke ¹⁾	
			Group	Division
Bonus for 100 % target achievement (in EUR)	2,750,000	1,140,000	570,000	570,000
+ Additions/deductions per deviation from target figure				
EBITDA	(187,500)	(75,000)	(50,000)	(7,500)
Earnings per share or net profit for the year at divisional result	(73,695)	(29,478)	(24,565)	33,500
ROCE	60,000	24,000	16,000	105,000
Total addition/deduction	(201,195)	(80,478)	(58,565)	131,000
Annual profit-sharing	2,548,805	1,059,522	511,435	701,000

¹⁾ In addition to an annual share in the Group's profit, Andreas Blaschke is also entitled to a share in the profit of the Packaging Division, which is shown in a separate column.

For the key indicators for annual profit-sharing the results of acquired companies since belonging to the Group or expenses in connection with the acquisitions were not taken into account. Furthermore, the key indicators were adjusted for profits from the disposal of companies exceeding EUR 10 million.

Based on the expected target achievement of the average EBIT margin for the period 2021 - 2023, the following long-term profit-sharing was granted for the 2021 tranche:

Table 5: Expected entitlement to the long-term profit-sharing in 2021

	Peter Oswald	Franz Hiesinger	Andreas Blaschke
Bonus for 100 % target achievement (in EUR)	850,000	360,000	360,000
+ Additions/deductions per deviation from expected average EBIT margin	(355,000)	(118,333)	(118,333)
LPS total	495,000	241,667	241,667
LPS Tranche 2021	165,000	80,556	80,556

1.4 Annual change in total remuneration, economic performance of the Company and average remuneration of other employees of the Company

Table 6: Annual change

	2020 vs. 2021		2019 vs. 2020		Value for the 2021 financial year
	Relative change	Absolute change	Relative change	Absolute change	
Total remuneration of the Management Board members					
Peter Oswald (since April 1, 2020)	+13.8%	+711,227	-	-	5,857,916
Franz Hiesinger	-1.9%	-42,814	+7.0 %	+146,395	2,180,949
Andreas Blaschke	-15.3%	-324,304	+7.2 %	+141,901	1,796,485
Economic performance (Company Performance)					
ROCE	-6.6 %	-90 bp	-11.3 %	-174 bp	12.8 %
EBIT Margin	3.3 %	30 bp	-8.8 %	-80 bp	8.9 %
Earnings per share (EUR)	+17.4 %	+1.4	-15.1 %	-1.4	9.46
EBITDA (in thousands of EUR)	+5.5 %	+22.1	+2.4 %	+9,261	421,000
Average remuneration of other employees (full-time equivalents)					
Employees in Austria (in thousands of EUR)	+3.3 %	+2	+4.2 %	+3	63.3

2 PRESENTATION OF THE TOTAL REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD

2.1 Basic Features of the Remuneration Policy

The remuneration of the shareholder representatives on the Supervisory Board for the current financial year is decided by the Shareholders' Meeting in the following year and is paid subsequently. The members of the Supervisory Board receive a basic remuneration as well as attendance fees for their work. The basic remuneration is indexed to the CPI. In 2021, a value adjustment of the basic remuneration was made in this regard. The basic remuneration for the 2021 financial year for the individual members of the Supervisory Board is as follows:

Table 7: Basic remuneration 2021 per Supervisory Board member (in EUR)

Chairman of the Supervisory Board	
Rainer Zellner	156,300
Deputy Chairmen	
Johannes Goess-Saurau	78,150
Nikolaus Ankershofen	78,150
Chairman Audit Committee	
Klaus Rabel	62,520
Other members of the Supervisory Board	
Alexander Leeb	52,100
Georg Mayr-Melnhof	52,100
Ferdinand Mayr-Melnhof-Saurau	52,100
Franz Rappold	52,100

2.2 Presentation of the total remuneration of the Supervisory Board

The members of the Supervisory Board receive an attendance fee of EUR 1,500 per presence at the meetings of the Supervisory Board or a committee as well as reimbursement of their cash expenses. The respective chairman receives an additional EUR 1,500 per meeting. For several meetings personally attended on one day, the attendance fee is paid only once.

The attendance fees were paid on the basis of the following presence at meetings:

Table 8: Overview of presence at meetings per Supervisory Board member

	Plenum	Presidium ¹⁾	Audit Committee ²⁾	Total
Rainer Zellner	7/7	7/8	2/2	16/17
Johannes Goess-Saurau	7/7	7/8	2/2	16/17
Nikolaus Ankershofen	7/7	8/8	2/2	17/17
Klaus Rabel	7/7	-	2/2	9/9
Alexander Leeb	7/7	-	-	7/7
Georg Mayr-Melnhof	6/7	-	-	6/7
Ferdinand Mayr-Melnhof-Saurau	7/7	-	-	7/7
Franz Rappold	7/7	-	-	7/7

¹⁾ whereby twice a Presidium meeting and a Supervisory Board meeting were held on the same day

²⁾ whereby each Audit Committee meeting was held on the same day as a Supervisory Board meeting

The Presidium of the Supervisory Board assumes the tasks of the Personnel and Remuneration Committees, among others.

The total Supervisory Board remuneration for 2021 amounted to EUR 717,020. Thereof EUR 93,000 was attributable to attendance fees for Supervisory Board activities and EUR 40,500 for committee activities.

Table 9: Total remuneration per Supervisory Board member

Member of the Supervisory Board		Basic remuneration ¹⁾	Attendance fees	Total amount		
		in EUR	in EUR	SUM	% ^o fix	% ^o variable
Rainer Zellner Chairman	2021	156,300	39,000	195,300	80.0 %	20.0 %
	2020	150,000	48,000	198,000	75.8 %	24.2 %
Johannes Goess-Saurau Deputy Chairman	2021	78,150	19,500	97,650	80.0 %	20.0 %
	2020	75,000	24,000	99,000	75.8 %	24.2 %
Nikolaus Ankershofen Deputy Chairman	2021	78,150	21,000	99,150	78.8 %	21.2 %
	2020	75,000	24,000	99,000	75.8 %	24.2 %
Klaus Rabel (since April 29, 2020) Chairman Audit Committee	2021	62,520	13,500	76,020	82.2 %	17.8 %
	2020	45,000	10,500	55,500	81.1 %	18.9 %
Alexander Leeb	2021	52,100	10,500	62,600	83.2 %	16.8 %
	2020	50,000	12,000	62,000	80.6 %	19.4 %
Georg Mayr-Melnhof	2021	52,100	9,000	61,100	85.3 %	14.7 %
	2020	50,000	9,000	59,000	84.7 %	15.3 %
Ferdinand Mayr-Melnhof-Sarau (since April 29, 2020)	2021	52,100	10,500	62,600	83.2 %	16.8 %
	2020	37,500	9,000	46,500	80.6 %	19.4 %
Franz Rappold (since April 29, 2020)	2021	52,100	10,500	62,600	83.2 %	16.8 %
	2020	37,500	7,500	45,000	83.3 %	16.7 %
Total	2021	583,520	133,500	717,020	81.4 %	18.6 %
	2020	547,500	150,000	697,500	78.5 %	21.5 %

¹⁾ In 2021, the basic remuneration was adjusted by 4.2% compared to the previous year due to the indexation with the consumer price index.

For the newly added members, a pro rata remuneration was provided for in 2020.

Vienna, March 14, 2022

Peter J. Oswald
Chairman of the Management Board

Rainer Zellner
Chairman of the Supervisory Board

This English version is a translation of the German original text