

Corporate Governance Report

The assurance of long-term profitable business activities in the core competence areas cartonboard and folding carton production is the central strategy of the Mayr-Melnhof Group. Here, the consistent compliance with the principles of diligent Corporate Governance has been the basis of our goal for a long time, with high transparency and protection of the interests of our stakeholders, thus generating management and control of the Company for long-term high value added. In this context, the equal treatment of all our shareholders has a high significance. Ever since the Code became effective, Mayr-Melnhof Karton AG has voluntarily committed itself to complying with the Code, with the goal of always fulfilling up-to-date international standards of responsible Corporate Governance.

The Code is based on the provisions of Austrian stock corporation, stock exchange and capital market laws, EU recommendations as well as the guidelines contained in the OECD Principles of Corporate Governance. On a regular basis, the Code is checked against national and international developments and adjusted accordingly. The applicable version of the Code can be found online at www.corporate-governance.at.

For the business year 2010 adherence to Corporate Governance was evaluated on the basis of the most recent version of the Code of January 2010. Just as it has been the case so far, Mayr-Melnhof Karton AG continues to comply with all legal provisions without any restrictions. Additional recommendations or suggestions contained in the Code, which do not require any explanation in case of deviations, have been implemented almost entirely.

The Company deviates from the following C Rules (“comply or explain”) of the Code and explains as follows:

- Rule 27 Non-financial criteria are not taken into account for the variable compensation of the members of the Management Board.
Explanation: Contents of current contracts with the members of the Management Board.
- Rule 27a In case of an early termination of a member of the Management Board without good cause, such member shall be compensated for no more than the remaining term of contract. The economic situation of the company shall not be taken into account.
Explanation: Contents of current contracts with the members of the Management Board.
- Rule 30 The upper limits currently applicable to variable compensation shall not be stated.
Explanation: We do not believe this information is material or relevant for any decisions. A cap is designated by all means.
- Rule 31 Disclosure of the compensation of each individual member of the Management Board
Explanation: We do not believe this information is material or relevant for any decisions.
- Rule 51 Disclosure of the compensation of each individual member of the Supervisory Board
Explanation: We do not believe this information is material or relevant for any decisions.

Board members

The Management Board

Wilhelm HÖRMANSEDER

Chairman

Member of the Management Board

since March 9, 1994

appointed until December 31, 2014

born 1954

Andreas BLASCHKE

Member of the Management Board

since May 14, 2002

appointed until May 14, 2015

born 1961

Franz RAPPOLD

Member of the Management Board

since May 14, 2002

appointed until May 14, 2015

born 1952

Oliver SCHUMY

Member of the Management Board

since June 1, 2008

appointed until May 14, 2015

born 1971

The members of the Management Board do not hold any mandates in Group-external supervisory boards.

The Supervisory Board

Michael GRÖLLER

Chairman since June 8, 2002

born 1941

Romuald BERTL

Deputy Chairman since March 2, 1994

born 1953

Johannes GOESS-SAURAU

Deputy Chairman since May 7, 2008

Member of the Board since May 18, 2005

born 1955

Nikolaus ANKERSHOFEN

Member of the Board since April 28, 2010

born 1969

Gerhard GLINZERER

Member of the Board from June 17, 1997

until April 28, 2010

born 1954

Guido HELD

Member of the Board since May 7, 2008

born 1944

Alexander LEEB

Member of the Board since May 7, 2008

born 1959

Georg MAYR-MELNHOF

Member of the Board since May 7, 2008

born 1968

Michael SCHWARZKOPF

Member of the Board since April 29, 2009

born 1961

Hubert ESSER

Member of the Board since May 10, 1995

born 1959

Delegate of the European Staff Council of
MM Karton

Andreas HEMMER

Member of the Board since October 20, 2009

born 1968

Delegate of the European Staff Council of
MM Karton

Gerhard NOVOTNY

Member of the Board since May 10, 1995

born 1963

Divisional representative of MM Packaging

The current mandate of all members of the Supervisory Board elected by the shareholders will expire with the 21st Ordinary Shareholders' Meeting in 2015 on the financial year 2014.

All mandates of the Supervisory Board members delegated by the employee representation bodies are for an indefinite period of time.

Members in the committees of the Supervisory Board

Committee for Management Board Issues

Michael GRÖLLER, Chairman
Romuald BERTL
Johannes GOESS-SAURAU

Audit Committee

Romuald BERTL, Chairman
Johannes GOESS-SAURAU
Michael GRÖLLER
Gerhard NOVOTNY

Members of the Supervisory Board with additional supervisory board mandates within publicly listed companies

Michael GRÖLLER
Deputy Chairman of the Supervisory Board, RHI AG, Vienna, Austria

Gerhard GLINZERER

Member of the Supervisory Board, S.C. Armatura S.A., Cluj-Napoca, Romania, during his mandate in the Supervisory Board of Mayr-Melnhof Karton AG until April 28, 2010

Michael SCHWARZKOPF

Member of the Supervisory Board, voestalpine AG, Linz, Austria

Independence of the members of the Supervisory Board

The guidelines of the Austrian Corporate Governance Code formed the basis for the determination of the independence criteria for the members of the Supervisory Board. The criteria are published on the Company's website at <http://www.mayr-melnhof.com/en/about-mm/governance/independence-supervisory-board.html>.

All members of the Supervisory Board declared their independence in accordance with these criteria. Consequently this also applies to any committees of the Supervisory Board.

Contracts between members of the Supervisory Board and the Company subject to approval

There are no such contracts.

Share owners or representation of interests of a share > 10 % in Mayr-Melnhof Karton AG

No member of the Supervisory Board holds a share in Mayr-Melnhof Karton AG exceeding 10 % or represents a legal entity with a shareholding beyond 10 %.

Information on the procedures of the Management Board and the Supervisory Board

Allocation of rights and duties within the Management Board

Wilhelm HÖRMANSEDER	CEO
Oliver SCHUMY	CFO
Andreas BLASCHKE	Sales, Marketing MM Packaging
Franz RAPPOLD	Sales, Marketing MM Karton

Type and decision-making power of the committees of the Supervisory Board

Committee for Management Board Issues

This committee decides on issues concerning the Management Board in accordance with statutory provisions and also fulfills the appointment and compensation committees' functions. The quality of the committee's work is guaranteed by its long time experience and know-how in compensation policy.

Audit Committee

The decision-making power derives from statutory provisions. The quality of the committee's work is guaranteed by its long time experience and know-how in finance and accounting as well as reporting.

Focuses of the Supervisory Board

The Supervisory Board held six meetings in the fiscal year 2010, with the participation of the Management Board, and fulfilled its tasks and obligations in accordance with the law and the articles of association. In addition to the discussion on the current business development, the Supervisory Board above all addressed the implementation of the strategy within the individual segments, acquisition projects, planned investments and financing activities. The efficiency of the activities of the Supervisory Board was ensured by its organization and regular exchange of information.

Focuses of the committees of the Supervisory Board

The Committee for Management Board Issues met three times in 2010. Matters concerning the Management Board were addressed and Supervisory Board meetings were prepared. The committee was responsible for the implementation of the regulations applicable to the compensation of the members of the Management Board as well as for the review of the underlying compensation policy.

In 2010, the Audit Committee held two meetings and fulfilled its statutory duties.

Advancement of women as members of the Management Board or Supervisory Board and in leading positions

All positions in the Management Board, the Supervisory Board as well as all leading positions are exclusively staffed in accordance with professional and personal qualifications.

Compensation of the Management Board

The compensation of the members of the Management Board depends on the responsibility, personal performance and on the tasks covered by each member of the Management Board as well as on the achievement of the Company's objectives and the economic situation of the Company. Such compensation is comprised of fixed and variable components. The variable compensation depends above all on sustainable, long-term and multi-year performance criteria without giving reasons for taking unreasonable risks. Non-financial criteria are not being taken into account at this time.

The variable component of the compensation of the members of the Management Board, which is proportionally high in comparison to the fixed compensation, is subject to an upper limit and is based on the annual result, cash earnings and the return on capital employed. The variable compensation of the members of the Management Board is paid on the basis of the data audited by the auditor in the year following the year of their economic reference base.

In the business year 2010, the total amount of compensation of the members of the Management Board was thous. EUR 3,701. Thereof thous. EUR 1,527 were allocable to fixed compensation and thous. EUR 2,174 to variable compensation.

The members of the Management Board participate in the company pension scheme and are entitled to receive a portion of the fixed pension amount upon retirement depending on the qualifying period.

In case the function is terminated, statutory rights on the basis of the employment contract shall apply. Severance payments in case of early termination shall not exceed the compensation of the member of the Management Board for the remaining term of the member's contract and take into account the circumstances of such termination of the respective member of the Management Board.

The Company took out a D&O (Directors-and-Officers) insurance.

Compensation of the Supervisory Board

The compensation of the Supervisory Board for the current business year will be determined by the Shareholders' Meeting in the following year and is paid subsequently (Supervisory Board's compensation in 2009 amounted to thous. EUR 195). The allocation of the total compensation among the members shall be the Supervisory Board's responsibility. The members of the Supervisory Board were not granted any additional compensation.

Information on Corporate Governance is regularly carried out on the Group's website at <http://www.mayr-melnhof.com/en/about-mm/governance.html>.

Vienna, March 1, 2011

The Management Board

Wilhelm Hörmanseder m.p.

Andreas Blaschke m.p.

Franz Rappold m.p.

Oliver Schumy m.p.