



Mayr-Melnhof Karton Aktiengesellschaft
Vienna, Commercial Register No. 81906 a

Resolutions proposed by the Management Board and Supervisory Board
for the 27th Ordinary Shareholders' Meeting
April 28, 2021

- 1. Presentation of the annual financial statements including the management report and the corporate governance report, the consolidated financial statements including the management report of the Group, the proposed allocation of profit and the report of the Supervisory Board for the financial year 2020**

No resolution is required for this item of the agenda since the presentation of the aforementioned documents serves only as information to the Ordinary Shareholders' Meeting. The annual financial statements 2020 have already been approved by the Supervisory Board.

- 2. Resolution on the allocation of the balance sheet profit**

The Management Board and the Supervisory Board propose the distribution of a dividend of EUR 3.20 per share – a total amount of EUR 64,000,000 from the balance sheet profit of EUR 130,000,000 shown in the adopted financial statement as of December 31, 2020. The amount remaining after distribution is to be carried forward onto new account.

The dividend payment date is May 12, 2021.

- 3. Resolution on the discharge of the members of the Management Board for the financial year 2020**

The Management Board and the Supervisory Board propose a resolution on the discharge of the members of the Management Board in office in the financial year 2020 for this period.

4. Resolution on the discharge of the members of the Supervisory Board for the financial year 2020

The Management Board and the Supervisory Board propose a resolution on the discharge of the members of the Supervisory Board in office in the financial year 2020 for this period.

5. Resolution on the remuneration of the members of the Supervisory Board for the financial year 2020

The Management Board and the Supervisory Board propose to set the remuneration for the shareholder representatives on the Supervisory Board at EUR 697,500 (2019: EUR 497,000) and to entrust the Supervisory Board with the setting of the remuneration within the Supervisory Board.

6. Appointment of the auditor and the Group auditor for the financial year 2021

The Supervisory Board proposes the appointment of PwC Wirtschaftsprüfung GmbH, Vienna, as the auditor and Group auditor for the financial year 2021.

7. Resolution on the remuneration report for the financial year 2020

The Management Board and the Supervisory Board of a listed company must prepare a clear and comprehensible remuneration report for the remuneration of the members of the Management Board and the members of the Supervisory Board in accordance with section 78c in connection with section 98a of the Austrian Stock Corporation Act (AktG).

The remuneration report for the last financial year must be submitted to the Shareholders' Meeting for approval. The vote has a recommendatory character. The resolution is not contestable (Section 78d (1) AktG).

The Management Board and the Supervisory Board of Mayr-Melnhof Karton Aktiengesellschaft approved a remuneration report in accordance with section 78c in connection with section 98a AktG at the meeting of March 15, 2021 and proposed a resolution pursuant to section 108 (1) AktG.

The Management Board and the Supervisory Board propose that the remuneration report for the financial year 2020, as made available on the website registered in the commercial register, be adopted.

The remuneration report is attached to this proposed resolution as *Annex /1*.

Annex. /1 Remuneration report

Vienna, March 15, 2021

For the Supervisory Board

Rainer Zellner m.p.
Chairman

Management Board

Peter J. Oswald m.p.
Chairman

Franz Hiesinger m.p.

Andreas Blaschke m.p.

This English version is a translation of the German original text

Remuneration Report of Mayr-Melnhof Karton AG for the Financial Year 2020

1. Introduction

The global economy was characterized by a drop of historic dimensions in 2020 as a result of the Covid-19 pandemic, with severe effects on many economic sectors. Consumer behavior saw significant structural changes with a marked increase in demand for everyday products and record sales in the e-commerce sector. Although economic activity picked up again temporarily in the third quarter as measures were eased, the second wave of the pandemic which set in in fall once more led to significant restrictions.

Industry development

Compared to the overall economy, demand on the European cartonboard and folding carton markets was characterized by a certain resilience to the pandemic. While demand for packaging of daily consumer goods was very robust and demand in e-commerce was dynamic, sales in markets such as dutyfree, cosmetics, but also food service (fast food) were characterized by a temporary significant decline which could not be made up for in the course of the year.

The topic of sustainability in packaging, in particular the substitution of plastic, has received more attention in 2020. At the same time, there has been a continuous trend towards specialization and increasing the functionality of cartonboard packaging.

Changes in the Management Board and Supervisory Board

In the financial year 2020, there were changes to the composition of both the Management Board and the Supervisory Board. A change in the Management Board took place as of March 31, 2020. Peter Oswald succeeded Wilhelm Hörmanseder on the Management Board as Chairman of the Management Board with effect from April 1, 2020.

In addition, the following changes occurred in the Supervisory Board: Romuald Bertl and Guido Held stepped down from the Supervisory Board at the 26th Shareholders' Meeting on April 29, 2020. Ferdinand Mayr-Melnhof-Saurau, Franz Rappold and Klaus Rabel were newly elected to the Supervisory Board.

In the financial year 2020, the remuneration policy of the members of the Management Board and the Supervisory Board of Mayr-Melnhof Karton AG was redefined by resolution of the Supervisory Board in accordance with Section 78a of the Austrian Stock Corporation Act (AktG) based on the proposal of the Committee for Management Board Issues and submitted for the first time to the 26th Shareholders' Meeting on Wednesday, April 29, 2020 in accordance with Sections 78 b and 98 a AktG. Chapter 2 of this report presents the main features of the defined remuneration policy. The full remuneration policy is available on the Company website at <https://www.mayr-melnhof.com/en/about-us/responsibility/corporate-governance/>. The remuneration policy has a maximum term of 4 years and must be submitted to the Shareholders' Meeting for voting in accordance with Section 78b at least every fourth financial year as well as in the case of any significant change.

2. Main features of the remuneration policy

The 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.

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

The members of the Management Board receive both fixed and variable remuneration. The variable components of remuneration are based on meeting a number of performance criteria. Total compensation, comprising fixed and variable remuneration components, is subject to an upper limit in each case.

The fixed remuneration components consist of the basic salary and other remuneration. Other remuneration includes accident and D&O insurance for all members of the Management Board as well as the right to a company car. Depending on the contractual agreement, expenses for a driver of a company car as well as contributions to an external pension fund or pension replacement payments may also be included.

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 variable remuneration for the 2020 financial year consists of a profit-sharing bonus measured against the following Group or divisional key performance indicators:

- a) **Cash earnings** are calculated as net income before depreciation and amortisation and before impairment losses on property, plant and equipment and intangible assets and before non-cash and deferred taxes.
- b) The **annual result** as a short-term financial performance indicator is taken into account in the form of net income, earnings per share or EBIT.
- c) **Return on capital employed (ROCE)** is calculated as operating profit divided by the sum of average equity, average current and non-current interest-bearing financial liabilities including lease liabilities in accordance with IFRS 16, average non-current provisions (excluding personnel provisions) and average liabilities to non-controlling (minority) shareholders to be recognized in accordance with IAS 32, less average cash and cash equivalents.

Targets are set as part of regular budgets and are therefore generally of a long-term nature. Targets are set for each Management Board period and also annually. The weighting of the performance criteria takes into account the areas of responsibility of the individual Management Board members. Targets are determined and adopted following a separate examination by the auditor of the annual financial statements.

The total of the annual profit-sharing including any special bonuses is limited to the amount of up to five times the fixed salary.

The members of the Supervisory Board receive **basic remuneration** and **attendance fees** for their work. The basic remuneration is indexed.

3. Remuneration of the members of the Management Board

3.1. Presentation of total remuneration

Table 1: Total remuneration granted or owed per Management Board member in financial year 2020

Board member	Fixed remuneration		Total fixed	Variable remuneration	Total		Relative share		
	Basic salary	Other remuneration			2020	2019	Fixed	Variable	
Chairman of the Management Board									
Peter OSWALD (since April 1, 2020)	825,000	174,689	999,689	0 ¹	999,689	-	100.0%	0.0%	
Wilhelm HÖRMANSEDER (until March 31, 2020)	499,610	3,884	503,494 ²	0 ³	503,494	5,231,694 ²	100.0%	0.0%	
Board members									
Franz HIESINGER	488,661	111,921	600,582	1,624,381	2,224,963	2,078,668	27.0%	73.0%	
Andreas BLASCHKE	484,136	11,921	496,057	1,624,381	2,120,438	1,978,537	23.4%	76.6%	
Total	2,297,407	302,415	2,599,822	3,248,762	5,848,584	9,288,899	44.5%	55.5%	

¹Peter OSWALD was granted a lump-sum profit-sharing payment of EUR 2.75 million and was awarded a lump-sum settlement of EUR 1 million and a one-off pension insurance payment of EUR 0.4 million when he joined the Company's Managing Board.

²The fixed remuneration of Wilhelm HÖRMANSEDER was granted and paid by Mayr-Melnhof Karton GmbH.

³Under the termination agreement concluded with Wilhelm HÖRMANSEDER, he was granted remuneration for the 2020 financial year in the amount of EUR 6,715,547. This comprises a fixed salary for the remaining term of the contract, a pro rata profit-sharing bonus based on the budget figures and a cash compensation equivalent to the value of the other remuneration lost. A partial amount of EUR 5,935,547 was paid out in the 2020 financial year. The balance will be paid in the following year. In addition, contractual severance payment obligations in the amount of EUR 3,413,479 and vacation replacement benefits from previous years in the amount of EUR 1,160,047 were paid out.

Company pensions totalling EUR 327,933 were paid to former members of the Management Board in the financial year 2020.

3.2. Presentation of variable remuneration

The targets of the Management Board members for the financial year 2020 were set using the following three financial performance indicators: **Cash earnings, ROCE and net profit**. Franz HIESINGER and Andreas BLASCHKE also achieved their individual targets for the financial year 2020. The Remuneration Committee therefore decided on a variable profit-sharing bonus of EUR 1,624,381 each.

3.3. Annual change in total compensation, economic performance of the Company and average compensation of other employees of the Company

Table 2: Annual change

	2019 vs 2020		Value for the financial year 2020
	Relative change	Absolute change	
Total remuneration of Management Board members			
Peter OSWALD (since April 1, 2020) ¹	-	-	999,689
Wilhelm HÖRMANSEDER (until March 31, 2020) ¹	-	-	503,493
Franz HIESINGER	+7.0%	+146,295	2,224,963
Andreas BLASCHKE	+7.2%	+141,901	2,120,438
Commercial success (Company performance)²			
ROCE	- 11.3 %	- 174 bp	13.7%
Net profit (EUR 000)	- 14.7 %	- 27,989	162,230
Cash Earnings (EUR 000)	+ 4.8 %	+ 14,941	325,378
EBITDA (EUR 000)	+ 2.4 %	+ 9,261	398,861
Average remuneration of employees who are not members of the Management Board (full-time equivalents)			
Employees in Austria (EUR 000)	+ 4.2 %	+ 3	62.9

¹Due to the change in the Management Board in 2020, no year-on-year comparison can be made in a meaningful way for Peter OSWALD and Wilhelm HÖRMANSEDER.

²The KPIs of the Group's economic performance in the 2020 financial year include one-off effects from restructuring measures with an EBIT effect of EUR 64 million, which make an undistorted comparison with the previous year difficult.

4. Presentation of the total remuneration of Supervisory Board members

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 Supervisory Board's compensation in 2020 amounted to thous. EUR 697.5.

The remuneration consists of a basic remuneration, which is value-protected plus attendance fees. The members of the Supervisory Board receive an attendance fee of thous. EUR 1.5 for each meeting of the Supervisory Board and its committees or for an Executive Committee (Präsidium) meeting they have attended. The Chairman receives an additional thous. EUR 1.5 per meeting. The attendance fee is paid only once for several attendance meetings held on the same day.

Table 3: Total remuneration granted or owed per Supervisory Board member in financial year 2020

Supervisory Board member	Total remuneration	Of which basic remuneration	Of which attendance fees
Rainer ZELLNER	198,000	150,000	48,000
Johannes GOESS-SAURAU	99,000	75,000	24,000
Nikolaus ANKERSHOFEN	99,000	75,000	24,000
Alexander LEEB	62,000	50,000	12,000
Georg MAYR-MELNHOF	59,000	50,000	9,000
Ferdinand MAYR-MELNHOF-SAURAU ,MSc (since April 29, 2020)	46,500	37,500	9,000
Klaus RABEL (since April 29, 2020)	55,500	45,000	10,500
Romuald BERTL (until April 29, 2020)	19,500	15,000	4,500
Guido HELD (until April 29, 2020)	14,000	12,500	1,500
Franz RAPPOLD (since April 29, 2020)	45,000	37,500	7,500
Total	697,500	547,500	150,000

Pro rata remuneration was provided for 2020 for the members who left the Supervisory Board; correspondingly for the new members who joined the Supervisory Board.

Vienna, March 15, 2021

Peter J. Oswald m.p.
Chairman of the Management Board

Rainer Zellner m.p.
Chairman of the Supervisory Board

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