



TOGETHER

**CONSOLIDATED NON-FINANCIAL REPORT
MAYR-MELNHOF KARTON AG**

2020

Consolidated Non-financial Report

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The MM Group in the context of sustainability

INTRODUCTION

Sustainability has always been a decisive success factor in the orientation and management of the Mayr-Melnhof Group. Since the start of non-financial reporting in 2017, we have been reporting in ever greater depth and more comprehensively on key environmental, employee and social issues. The legal requirements pursuant to section 267 a of the Austrian Commercial Code as well as the usual international standards serve as a basis. The aim is to document key sustainability topics at the MM Group by systematically presenting the relevant management concepts, objectives, measures as well as risks and opportunities. This consolidated non-financial report describes non-financial topics on which the business of the MM Group has a major impact or which are of particular interest for our stakeholders. It also describes the way in which we deal with them. Our aspiration is to continuously optimize and complement our annual reporting, especially by taking into account the findings and requirements identified in our continuous stakeholder dialog. The impact of Covid-19 on non-financial matters is discussed in a separate section.

As a member of the United Nations Global Compact, we are committed to the Sustainable Development Goals (SDGs) of the United Nations. This report on the year 2020 is for the first time based on the GRI (Global Reporting Initiative) standards. By taking this step toward greater transparency and international comparability, we respond to the growing need of our stakeholders (especially investors, employees and the public) for more in-depth information on the Company based on ESG (Environment, Social, Governance) criteria.

Responsible circular economy has long been an intrinsic part of our business activities due to the concentration of our business on cartonboard and paper products, which are mainly produced using renewable raw materials and are fully recycled after use. Therefore, we strive to offer new possibilities for the substitution of plastics and to create attractive future potential in the current packaging discussion through innovative and competitive solutions using cartonboard and paper.

The basis for the sustainable orientation of the MM Group is our strategic positioning as market leader on the basis of cost and innovation leadership as well as the rules laid down in our Code of Conduct, which also include the universal principles of the UN Global Compact in the areas of labor standards, human rights, environmental protection, and anti-corruption. We set our targets and allocate resources based on the Group's sustainable orientation.

In this context, the management of sustainability and occupational safety, which had previously been largely decentralized, was established as a Group function in 2020, with the aim of further improving Group-wide performance by harmonizing systems, tools, and standards and creating new competitive advantages for the Group. In addition, the high importance of these areas is also increasingly taken into account by supplementing the basis for the variable remuneration of managers by criteria relating to occupational safety and climate protection (Management Board only).

The fact that the MM Group succeeds in making continuous progress in economic as well as ecological, social and societal terms is due to the high sense of responsibility and performance of the entire MM team, for which we would like to express our special thanks to our employees.

The topics described below were determined in the course of a materiality analysis in the Company. Relevant performance indicators were identified on the basis of the GRI Standards, and the appropriate internal experts were involved. They also provided assistance in taking into account the interests of our stakeholders. The definition and collection of non-financial indicators were analyzed throughout the Group and are intended to be further developed for future reports.

BUSINESS MODEL

The production of cartonboard and folding cartons for consumer goods is the core business of the Mayr-Melnhof Group, which covers almost the entire fiber cycle with the exception of the purely recycled fiber business. The integrated setup of the Group is covered by the divisions MM Karton and MM Packaging, which are managed as profit centers and trade among each other at market conditions. Cartonboard is the most important raw material for folding cartons which are mainly used for the packaging of consumer staples. About 10,000 employees in the Group produce approximately 1.7 million tons of cartonboard per year and process approximately 847,000 tons of cartonboard and paper. The MM Group generated sales of around EUR 2.5 billion in 2020. Mayr-Melnhof is present in 20 countries with 6 cartonboard mills¹ and 44 packaging sites and sells its products to around 100 countries worldwide, with Europe as main market.

MM Karton is the largest producer of cartonboard in Europe with a leading position in the field of recycled fiber-based cartonboard and a growing position in the field of virgin fiber-based cartonboard. The broad product and service portfolio of the cartonboard division comprises cartonboard grades for a great variety of consumer goods industries, especially in the sectors of fast-moving consumer goods (FMCG) and e-commerce. In line with the product portfolio, around 75 % recycled fibers and 25 % virgin fibers are used as raw materials. The significantly lower virgin fiber share consists mainly of groundwood pulp and a smaller proportion of cellulose. Besides fibers, the most important input factors are coating chemicals for the cartonboard surface and energy which mainly comes from natural gas. As already described in the introduction, unprocessed cartonboard is mainly used in packaging production. All cartonboard products of MM Karton are produced using renewable fibers and are both recyclable and biodegradable.

¹ In addition, MM Karton produces virgin fibers at the FollaCell site.

Customers of the cartonboard division are mainly folding carton producers, but consumer goods manufacturers also have an influence on the choice of cartonboard.

MM Packaging is the largest producer of folding cartons in Europe and in several countries outside Europe. Production focuses primarily on manufacturing packaging for everyday consumer goods in the sectors of fast-moving consumer goods (FMCG) and e-commerce as well as in the premium sector. While the first sector serves a wide range of food and non-food applications, the premium business comprises highly specialized packaging markets such as health, beauty & personal care, cigarette, and luxury. Recycled and virgin fiber-based cartonboard are used as raw materials in roughly equal proportions, with the majority of cartonboard being purchased from outside the MM Group. In addition to the raw material cartonboard, inks, varnishes and die-cutting tools are important input factors in the production of packaging which is more labor-intensive but more energy-extensive than cartonboard production. MM Packaging's customers include both multinational and local consumer goods producers.

The recycling rate for cartonboard and paper currently totals around 85 % in Europe. Circular economy is an inherent part of the MM Group's business model through the use of paper for recycling in cartonboard production and the manufacture of recyclable cartonboard packaging.

There were no significant changes in the Group's business model or with regard to the supply chain in the past year.

SUSTAINABILITY STRATEGY AND GOALS

Value added and growth in the core business

The focus of our strategy is the sustainable generation of value added and growth along the supply chain according to the business model described above, focusing on the two core business areas: MM Karton and MM Packaging.

Striving for best practice

To this end, we focus on excellent industrial performance, striving to achieve cost, innovation and technology leadership and to use best practice opportunities in the areas of resource consumption, circular economy, safety and the development of our human resources, diversity, respect for human rights as well as an ongoing fight against corruption and bribery. By implementing a Group-wide sustainability management, we aim at further emphasizing MM's attractiveness as a sustainable company and at responding even better to our customers' expectations in this connection.

Growth based on sustainable solutions

We focus on the development and optimization of recyclable packaging solutions made of cartonboard and paper as we are convinced that we will meet the expectations of the market in the long term and achieve success with sustainably produced products that create added value. We strive for growth both organically and through acquisitions. We support our customers in their expansion aspirations, open up new sales areas and penetrate existing markets with highly competitive and innovative products and processes.

Our goal is to grow faster than the market through innovative, sustainable packaging solutions and to reduce the number of occupational accidents and CO₂ emissions.

GOVERNANCE

The ultimate responsibility for non-financial matters lies with the Management Board.

In the Group, the central function "Sustainability Management" has been set up, reporting directly to the Management Board and ensuring that sustainability management is implemented and operated on behalf of and in the interests of the Management Board. This central function was set up to conduct a materiality analysis, data collection, and reporting. The respective local management exercises its managerial duties, with each employee making her or his own contribution. Sustainability management therefore does not take place in an isolated way, but as an integral element of the organization and its processes.

PwC Wirtschaftsprüfung GmbH, Vienna, has performed an independent audit of the consolidated non-financial report with limited assurance. The respective report can be found on page 54.

The Supervisory Board complies with its legal obligation of auditing the consolidated non-financial report.

COVID-19 PANDEMIC

Impact of Covid-19 on business activities

With the Covid-19 pandemic, a new material issue has arisen in 2020, which, due to its far-reaching effects, also requires reporting with regard to the impact on the non-financial concerns of the Company and its business model. It should be noted that the overall economic impact of Covid-19 on the Company has so far been largely neutral and the supply chain has been kept intact despite temporary challenges.

Due to the fact that the mills are still in operation, there were no significant direct changes in environmental aspects. Investment subsidies were used to invest in more climate-friendly expansions, however, e.g. at the cartonboard site in Frohnleiten. In addition, the limited travel activities within the Group have caused fewer emissions.

From a social point of view, the system relevance of cartonboard and cartonboard packaging for the supply of people with goods for their daily needs manifested itself as an opportunity. In contrast, lockdowns result in particular in higher volatilities in the volume and prices of paper for recycling.

Changes in working conditions resulted in particular from higher hygiene standards to reduce the risk of infection, the need for greater flexibility, and new requirements and opportunities arising from the fact that employees were working at home. No impact on fundamental rights or changes in susceptibility to corruption and bribery were identified in connection with business activities during the corona pandemic.

Management concepts and due diligence processes

The objective of the pandemic management concepts is to ensure the safety of employees in the best possible way at all times and to maintain operations. With a view to maintaining the supply chain, broad-based monitoring of goods and logistics and flexible planning within and among the plants are used in close coordination with business partners. Control measures are cascaded at both plant and divisional levels. A steering committee set up at Group level also monitors ongoing developments and makes decisions on overarching guidelines and measures within the Group and regulations at Group headquarters. Hygiene management is assigned to the individual subsidiaries, with minimum standards in place.

Measures and development

Objective	Developments and measures 2020
Employee safety	Training and advice on hygiene measures, provision of protective equipment and testing, flexible work scheduling, enabling home office
Maintaining operation	Ongoing monitoring involving supply chain partners, back-up concepts; in view of possible future pandemics, contingency plans will be further refined based on the level that has been significantly improved since the Covid-19 outbreak.

	MM Group
Covid-19 diseases	382
Covid-19-related deaths	0

CLIMATE CHANGE

Impact of business activities on climate change

Cartonboard and cartonboard packaging have two specific advantages:

- They are based on wood, a renewable resource. Wood absorbs CO₂ during its growth phase.
- They store carbon and, through recycling, CO₂ remains bound. It's not returned to the atmosphere.

When forests are sustainably managed, as in Europe, carbon sequestration in wood increases steadily or at least remains stable.

The latest CO₂ footprint for cartonboard was calculated in 2019 by the RISE Research Institutes on behalf of Pro Carton. In addition to the fossil emissions previously considered exclusively, resulting mainly from energy production, the new method now also covers biogenic emissions and their decomposition as well as direct land use changes. With a CO₂ eq/t value of 326 kg, cartonboard has extremely low CO₂ ratings compared to other packaging materials, such as plastic, glass, or aluminum. This value is the result of a methodologically new study initiated by Pro Carton and available at <https://www.procarton.com/wp-content/uploads/2019/10/Carbon-Footprint-Report-2019-Exec-Summary-English-1.pdf>. The CO₂ footprint of cartonboard for 2019 has improved by 9 % compared to 2015 when applying the old method.

For years, the division MM Packaging has moreover been participating in the world's largest collection of primary emission data of companies, the CDP (Carbon Disclosure Project), with the aim of evaluating the climate footprint in the value chain on the basis of this database. In this context, the MM Group, for its part, strives for refining its monitoring to achieve even higher transparency. On this basis, climate change is also to be increasingly taken into account by the Group's risk management.

Risks from the Company's activities in connection with climate change are mainly concentrated on the use of fossil energy sources in the energy production of our cartonboard mills and on logistics along the value chain. This is, however, offset by opportunities arising in connection with the increased use of renewable energy and the progressive substitution of plastic packaging with sustainable cartonboard and paper solutions.

Relevance of climate change for the business model

We currently consider the direct and short-term effects of climate change on the business model of the MM Group to be insignificant regarding the supply chain as well as to the general conditions. From today's perspective, we also do not expect any significant changes in the medium term due to the geographical positioning of the MM Group and the availability of raw materials and sustainable sales markets. The effects of possible future regulatory measures on our business environment are subject to risk but cannot be assessed.

Opportunities derive in particular from the positive positioning of renewable packaging products made of cartonboard and paper with low CO₂ values and high recycling rates. Risks can arise above all from regulatory changes with regard to the raw materials and energy used and transportation. MM pursues consistent minimization of specific consumption as well as an optimization in the planning, use and choice of means of transport.

CONTEXT OF NON-FINANCIAL TOPICS WITH BUSINESS DEVELOPMENT

Taking a strategic approach to dealing with non-financial issues in the context of business development allows for a comprehensive risk and opportunity management.

For the MM Group, there is a range of factors in the areas of environment, human resources and society that drive costs, revenues, and sales volumes and impact or might impact current as well as future business success.

A relevant sales driver is the trend towards an increased demand for sustainable packaging solutions, which we aim to meet by continuously positioning of our offer and innovation according to changing market and consumer preferences.

The human capital of our employees is a significant value driver and the engine of continuously necessary changes and adjustments. The MM Group's multi-faceted education and advanced training programs and measures aimed at employee retention and recruitment contribute to the Group having a sufficient number of qualified employees to secure and develop its position.

Costs relating to non-financial matters result from personnel, energy requirements, water consumption, or waste generation of the MM Group. Future cost drivers might arise in particular from regulatory changes, including an increase in the costs of CO₂ certificates, changing or stricter guidelines and regulations at both national and EU levels.

In contrast, broad social developments represent possible future opportunities for the business model of the MM Group. Advancing digitalization and automation will continue to raise efficiency in production processes, thus allowing for cost savings. Developments in the transport sector may contribute to fuel and personnel cost savings. The trend towards urbanization and smaller households as well as growing private consumption in emerging economies might contribute to increased sales volumes in the future, for example through a greater demand for smaller product units.

The current business development of the Mayr-Melnhof Group in 2020 was characterized by a relatively high resilience to the Corona pandemic and thus by a high degree of continuity compared to the previous year. In addition, structural adjustment measures as well as significant acquisition and investment decisions were taken. The impact of non-financial issues and the correlations of related key performance indicators (KPIs) with the annual financial statements, however, did not show any significant changes or particular anomalies. Taking an overall view of non-financial and financial aspects, we consider the measures taken as part of sustainability management to be effective in terms of minimizing risks and optimizing opportunities in the Group. The following key figures from the economic value added statement confirm this finding, taking into account one-off effects. A task force has been set up for the climate-related financial disclosure required as of the fiscal year 2021.

Participation of stakeholders in net value added

The Group's value added is the difference between total operating revenue and the products and services provided by third parties. In the statement of distribution, the share of all parties participating in the net value added is shown.

Value added

(in millions of EUR)	Year ended Dec. 31, 2020	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019	Year ended Dec. 31, 2019
Origin:				
Sales	2,528.4		2,544.4	
Other operating income	19.8		11.9	
Change in finished goods and own work capitalized	(1.1)		(6.6)	
Financial result and result from investments	(9.4)		(4.1)	
Total operating revenue	2,537.7		2,545.6	
(-) Expenditures on purchased goods and services	(1,613.7)		(1,655.2)	
(-) Depreciation and amortization	(167.5)		(134.3)	
Net value added	756.5	100.0 %	756.1	100.0 %
Distribution:				
Employees	(307.1)	(40.6 %)	(288.5)	(38.2 %)
Social benefit costs	(143.4)	(19.0 %)	(142.0)	(18.8 %)
Public authorities	(143.8)	(19.0 %)	(135.4)	(17.9 %)
Non-controlling (minority) interests	(1.0)	(0.1 %)	(0.5)	(0.1 %)
Shareholders' dividend (proposed for 2020)	(64.0)	(8.5 %)	(64.0)	(8.5 %)
Company	97.2	12.8 %	125.7	16.6 %

In the financial year 2020, the MM Group generated a total operating revenue of EUR 2,537.7 million, after EUR 2,545.6 million in the previous year. After the deduction of expenditures on purchased goods and services as well as depreciation and amortization including impairment totaling EUR 1,781.2 million (2019: EUR 1,789.5 million), a net value added of EUR 756.5 million (2019: EUR 756.1 million) was achieved.

With 40.6 % or EUR 307.1 million (2019: 38.2 %; EUR 288.5 million), the major share of the net value added was again distributed to our employees. A similarly large proportion of 38.0 % or EUR 287.2 million (2019: 36.7 %; EUR 277.4 million) was paid to public authorities and social insurance. The shareholders of the Company are to receive a dividend of EUR 64.0 million or 8.5 % of the net value added (2019: EUR 64.0 million; 9.5 %) for the financial year 2020. A profit of EUR 97.2 million or 12.8 % of the net value added will be retained within the Group (2019: EUR 125.7 million; 16.6 %).

STAKEHOLDERS

The MM Group knows its stakeholder groups and assumes its responsibility towards them in the long-run.

In an analysis along the value added chain involving internal experts from various business areas, we identified the following stakeholder groups which remained unchanged compared to the previous year:

Stakeholders of the MM Group

- Customers and consumers
- Employees
- Capital markets (e. g., shareholders, analysts)
- Suppliers
- Public bodies (e. g., politicians, authorities, inspection bodies, NGOs)
- Industry associations
- Media
- Residents

Stakeholder dialog

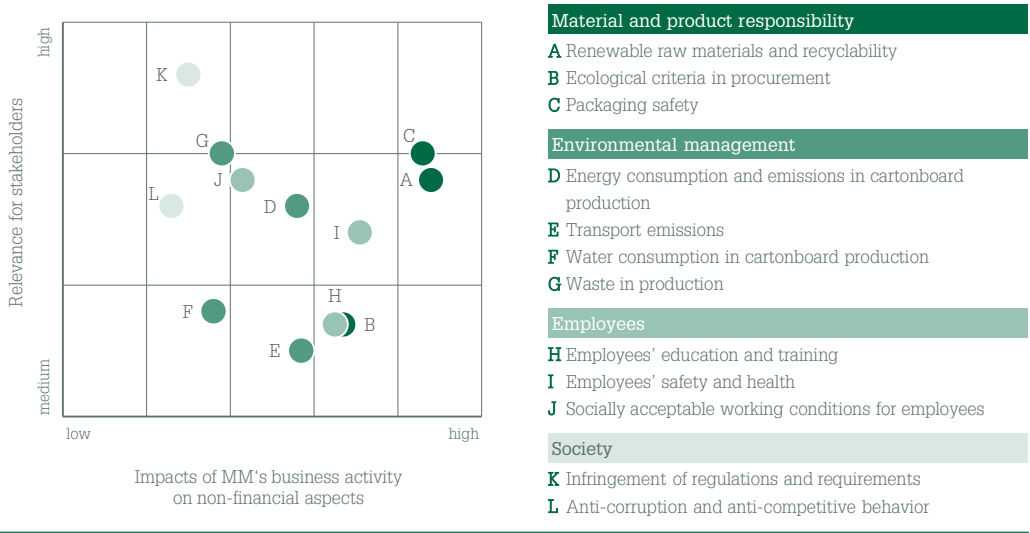
We attach great importance to a sustained, open and constructive exchange with our stakeholder groups, because it gives us the opportunity to understand their concerns and expectations, identify potential for improvement, and take appropriate action. Our stakeholder dialog takes place in a number of different ways. We use modern digital means of communication, such as the Internet and intranet platforms, e-newsletters or online surveys, as well as direct personal contact in one-on-one discussions and forums of various formats. Due to the situation in 2020, dialogs via video and telephone conferences were also significantly extended. MM is regularly represented at relevant trade shows and congresses, takes part in competitions and is involved in European (e. g., CEPI, ECMA) and national interest groups (e. g., VDP, Austropapier) on a long-term basis. Employee appraisals are generally held once a year. Shareholders and capital market participants are in regular contact with the Investor Relations department.

MATERIAL TOPICS

The MM Group has developed the material topics listed below in two process steps. In the financial year 2017, the value added chain of MM was analyzed with regard to potential risks for the environment, society, and the economy. The impacts of MM's business activity on these areas were evaluated in terms of their significance. Responsible persons from all relevant specialist areas were involved in this process. As a second dimension of the materiality analysis, the relevance of non-financial matters for MM's various stakeholder groups was prioritized, with internal experts performing the assessment as representatives of these groups. In addition, an industry analysis confirmed the relevance of the identified topics in the general context of sustainability and industry-specific characteristics. At an internal workshop with 14 department managers and technical experts with the participation of the Management Board held in 2018, we conducted a more detailed analysis of topics that had been identified as relevant in 2017. This provided us with a better understanding of the impacts on non-financial matters and their potential significance for business development.

The analysis and prioritization were performed separately for the two divisions of the MM Group and were then combined to obtain a weighted result for the Group. A review for 2020 in which the Management Board was also involved has shown no need for changes in the material topics in terms of completeness, topicality and relevance for the business model, neither in the area of taxes. When considering the two dimensions - impacts and stakeholder interests - for MM, the material topics can be illustrated as follows:

Materiality matrix



Material and product responsibility

Material topic	Influence and responsibility of MM	Non-financial matters	GRI topic
Renewable raw materials and recyclability	The consumption of renewable raw materials and the production of recyclable products are under the influence of MM. MM assumes responsibility by minimizing the specific use of raw material and maintaining or improving the recyclability of its products.	Environmental matters	301 Materials
Ecological criteria in procurement	The choice and design of procurement processes has a significant impact on the environment. MM assumes responsibility by choosing the means of transport, route planning and using the cargo area.	Environmental matters	308 Supplier Environmental Assessment
Packaging safety	Packaging has a considerable influence on the safety of the packaged goods. MM takes the safety of packaging into account by selecting input factors, processing operations, quality assurance as well as research & development.	Social matters	416 Customer Health and Safety

Environmental management

Material topic	Influence and responsibility of MM	Non-financial matters	GRI topic
Energy consumption and emissions in cartonboard production	Industrial cartonboard production is associated with significant energy consumption and emissions. MM assumes responsibility by reducing specific energy consumption and related emissions as well as optimizing energy production and the choice of energy sources.	Environmental matters	302 Energy, 305 Emissions
Transport emissions	From raw material procurement to distribution, the supply chain of cartonboard packaging is associated with logistics services that cause transport emissions. MM assumes responsibility in particular by choosing the means of transport and logistical planning.	Environmental matters	305 Emissions
Water consumption in cartonboard production	Water is an essential operating resource in the cartonboard production process. MM takes this into account by controlling water consumption and water usage.	Environmental matters	303 Water and Effluents (2018)
Waste in production	Different waste fractions are generated in the production of cartonboard and packaging. MM sets the priorities in waste reduction: prevention before recycling and disposal.	Environmental matters	306 Effluents and Waste

Employees

Material topic	Influence and responsibility of MM	Non-financial matters	GRI topic
Employees' education and training	The employees of MM are supported to be able to fulfill their professional tasks in the best possible way.	Employee matters	404 Training and Education
Health and safety of employees	Measures to ensure safety at work and health protection contribute to the health and sustainable performance of employees.	Employee matters	403 Occupational Health and Safety (2018)
Socially acceptable working conditions for employees	MM ensures socially acceptable working conditions in accordance with the core labor standards of the International Labour Organization (ILO) and the principles of the UN Global Compact. An attractive working environment that promotes employee identification and satisfaction is always important to us.	Employee matters, respect for human rights	102 General Disclosure, 408 Child Labor, 409 Forced or Compulsory Labor

Society

Material topic	Influence and responsibility of MM	Non-financial matters	GRI topic
Infringement of regulations and requirements	MM pursues consistent compliance with laws, guidelines and regulations.	Social matters	419 Socioeconomic Compliance
Anti-corruption and anti-competitive behavior	MM systematically prevents corruption, bribery and anti-competitive behavior.	Fight against corruption and bribery	205 Anti-Corruption, 206 Anti-Competitive Behavior

Alignment with Sustainable Development Goals (SDGs)

As a member of the UN Global Compact, the MM Group contributes in particular to the following objectives for sustainable development (Sustainable Development Goals, SDGs). These were adopted by the United Nations (UN) in 2015 and involve the private sector as an important partner in achieving these goals. The selection was made taking into account the value added chain of MM and the Company's potential to achieve the greatest positive impact.

The basic prerequisite and starting point for our activities is compliance with all laws, internationally applicable minimum standards and human rights.

Material topic	Targets	Influence by MM
Renewable raw materials and recyclability	<i>SDG 12: Responsible Consumption and Production</i> 12.2. Achieve the sustainable management and efficient use of natural resources 12.5. Reduce waste generation through prevention, reduction, recycling and reuse	Reduce the consumption of natural resources; Use recycled and renewable fibers; Conserve resources through product recyclability
Ecological criteria in procurement	<i>SDG 8: Decent Work and Economic Growth</i> 8.4. Improve progressively global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation <i>SDG 15: Life on Land</i> 15.2. Promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally 15.5. Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and protect and prevent the extinction of threatened species	Contribute to improving forest management and protecting sustainable habitats and biodiversity
Packaging safety	<i>SDG 3: Good Health and Well-being</i> 3.9. Reduce the number of deaths and illnesses from hazardous chemicals	Ensure and improve product safety; Health protection

Material topic	Targets	Influence by MM
Energy consumption and emissions in production	<i>SDG 7: Affordable and Clean Energy</i> 7.3. Double the global rate of improvement in energy efficiency	Increase in energy efficiency, reducing the demand for non-renewable energy sources
Transport emissions	<i>SDG 13: Climate Action</i> 13.1. Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries	Reduction in traffic volume and transport emissions
Water consumption in production	<i>SDG 6: Clean Water and Sanitation</i> 6.4. Increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater <i>SDG 12: Responsible Consumption and Production</i> 12.2. Achieve the sustainable management and efficient use of natural resources	Reduction in water consumption
Waste in production	<i>SDG 12: Responsible Consumption and Production</i> 12.4. Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle 12.5 Reduce waste generation through prevention, reduction, recycling and reuse	Reduction in hazardous and non-hazardous waste
Employees' education and training	<i>SDG 4: Quality Education</i> 4.4. Increase the number of youth and adults who have relevant skills for employment	Promoting professional and personal qualifications
Health and safety of employees	<i>SDG 8: Decent Work and Economic Growth</i> 8.8. Protect labor rights and promote safe and secure working environments for all workers	Reduction in the accident rate; Promote safe and healthy working conditions
Socially acceptable working conditions for employees	<i>SDG 8: Decent Work and Economic Growth</i> 8.7. Take immediate and effective measures to eradicate forced labor, end modern slavery and human trafficking and secure the prohibition and elimination of child labor 8.8. Protect labor rights and promote safe and secure working environments for all workers	Safeguarding socially acceptable working conditions
Infringement of regulations and requirements	<i>SDG 16: Peace, Justice and Strong Institutions</i> 16.3. Promote the rule of law at the national and international levels and ensure equal access to justice for all	Require and promote behavior that meets compliance requirements
Anti-corruption and anti-competitive behavior	16.5. Reduce corruption and bribery in all their forms	Require and promote behavior that meets compliance requirements

How the sustainability objectives of MM are implemented is explained in the sections on the respective topics.

Sustainability topics

MATERIAL AND PRODUCT RESPONSIBILITY

1 — RENEWABLE RAW MATERIALS AND RECYCLABILITY

With the production and processing of cartonboard, MM focuses on a packaging material that particularly satisfies the increasingly important requirement of recyclability in the packaging world and combines clear advantages when compared to other packaging materials with regard to the following parameters for sustainability.

Because cartonboard is

RENEWABLE due to the use of the raw material wood from sustainably managed forests. Certifications for fibers and sourcing from responsibly managed forests are considered standard in the European cartonboard industry.

RECYCLABLE and can thus be reused several times. Used cartonboard packages have the highest recycling rate of all packaging materials in the EU (85 %) and form the basis of the production of an environmentally friendly packaging material – recycled fiber-based cartonboard.

BIODEGRADABLE/COMPOSTABLE. Once released into the environment, paper-based packaging disintegrates within a few weeks.

Besides fibers, chemicals (mainly inorganic pigments, binders, starch and glues) and packaging materials are essential materials in the production and sale of cartonboard. The main materials used in the production of folding cartons are cartonboard, printing inks, varnishes, glue, and finishing materials, such as foils and packaging materials.

a — Impacts, risks and opportunities

Both divisions of the MM Group process a predominant proportion of renewable materials, i. e. fibers. Non-renewable raw materials only play a subordinate role. This is also reflected in the volumes used, which are presented on page 19. While MM Karton, as a leading manufacturer of coated recycled fiber-based cartonboard, processes almost three quarters of recycled fibers in its cartonboard mills, the use of print substrates (cartonboard and paper) made from recycled and virgin fibers is balanced at MM Packaging.

Due to the geographical positioning of our cartonboard sites, the raw materials wood and recycled fiber are sufficiently available. Around 60 million tons of paper are collected and reprocessed in Europe every year. MM Karton processes around 1.2 million tons thereof. Risks consist in an interruption or slowdown

of the logistics chain and the collection volume due to regulatory restrictions on social and economic life.

Stock preparation, i. e. breaking down individual fibers before supplying them to the cartonboard machine, is possible for recycled fibers with high energy-efficiency. In addition to the energy-saving aspect of the use of paper for recycling, other ecological benefits include the protection and conservation of natural resources. Opportunities for increasing fiber recovery (fiber efficiency) arise in particular from technological progress.

Risks arising from the raw materials area arise in particular from the supply chain and the use of chemicals. One potential scenario is the discharge of chemicals in the course of production for both divisions. This is minimized by complying with the relevant statutory regulations and by additional specific safety measures, such as chemical storage areas equipped with retention basins, staff training, and meticulously planned incident management.

The main purchasing categories correspond to the materials discussed above, which are primarily obtained from European suppliers via a sustainable supply chain.

b — Management concepts and due diligence processes

The goal of the MM Group is to guarantee a continuous supply of raw materials, ensure minimization and environmental protection in the area of material consumption along with the highest possible recyclability of our products.

Paper for recycling is subject to strict quality standards. The different grades are precisely defined in the EN 643 standard. MM Karton obtains its raw materials exclusively from certified sources. The qualities used are subject to strict quality inspections of the quality management system implemented at MM Karton. Our procurement organization has been instructed to ensure the optimum verification of origin and quality as well as the highest level of supply reliability.

Cartonboard mills therefore work continuously on projects aimed at optimizing fiber use. Improvements in extracting recycled fibers are achieved primarily through progress in stock preparation. Technological innovations on machines aim, among other things, at higher effectiveness in fiber utilization or reduction in fiber use. Constant monitoring ensures optimum use in ongoing operation.

All chemicals used in cartonboard production comply with the 36th Recommendation (Paper and Board for Food Contact) of the Federal Institute for Risk Assessment (Federal Ministry of Food and Agriculture – Federal Republic of Germany) – BfR XXXVI and with the provisions of the REACH Regulation.

In the area of chemicals management, we pursue the goal of minimizing the harmful effects of the use and storage of chemicals to humans and the environment.

At MM Packaging, only low-migration inks and varnishes that comply with all relevant legal regulations are used for food packages. In Europe, these include Regulations (EC) No. 1935/2004 and No. 2023/2006, for example. Furthermore, the inks and varnishes are produced in accordance with the EuPIA Guideline on Printing Inks and comply with Swiss Ordinance 817.023.21. We attach great importance to implementing these high European standards at all sites throughout the Group. Food-contact inks and mineral-oil-free inks conforming to the EuPIA recommendation are also used for other packages and are more environmentally friendly in the recycling cycle and beyond.

The types of glue used for food packages have to fulfill high demands in terms of processability, strength of the adhesive seam, and safety for use with food, and are continuously optimized. We use only adhesives and glues which comply with Regulations (EC) No. 1935/2004 and No. 2023/2006 and which are produced in accordance with the FEICA guidance.

MM Group part of the 4evergreen Alliance

Since 2019, the MM Group is part of the 4evergreen Alliance, which was initiated by CEPI, the European paper industry association (<http://www.cepi.org/4evergreen>). 4evergreen brings together companies from all sections of value added chain to promote the recycling of fiber-based packaging and cooperation in the development of recyclable materials. The aim is to increase the contribution of fiber-based packaging to a sustainable circular economy in order to minimize impacts on climate and environment.

c — Measures and development

Objective	Developments and measures 2020
Reduce the consumption of natural resources; Use recycled and renewable fibers; Conserve resources through product recyclability	Examine the topic of plastics reduction and substitution with a focus on market and technology, closely involving customers and experts
	MM Karton
	Reduction in the use of cellulose by expanding the in-house production of groundwood pulp, increased use of FSC/PEFC and/or recycled cartonboard grades
	Optimization of chemical consumption through process modifications, such as the installation of measuring devices in the bleaching process
	MM Packaging
	A large number of projects to reduce rejects of cartonboard and paper substrates through process optimization
	Projects to reduce or substitute the use of plastics
	The focus in chemicals management was placed on optimizing consumption and waste.
	For shipping packaging, reduction in packaging material and increased use of pallets made from recycled wood

This supports the implementation of the following Sustainable Development Goals (SDGs): SDG 12.2., SDG 12.5.

	Cartonboard production ¹⁾	Packaging production
Renewable raw materials ²⁾	1.7 million t	0.9 million t
Fiber use/cartonboard and paper use	1.6 million t	0.8 million t
Recycled fibers ³⁾ /recycled fiber-based cartonboard	1.2 million t	0.4 million t
Virgin fibers ⁴⁾ /virgin fiber-based cartonboard	0.4 million t	0.4 million t
Non-renewable raw materials ²⁾	0.2 million t	0.0 million t
Share of renewable raw materials	89 %	95 %

¹⁾ excluding MM FollaCell AS

²⁾ including packaging materials

³⁾ excluding rejects

⁴⁾ groundwood pulp equivalent

2 — ECOLOGICAL CRITERIA IN PROCUREMENT

Ecological criteria in procurement are another important topic for the MM Group in terms of material and product responsibility. The efficient use of resources and a positive contribution to the long-term conservation of natural areas and biodiversity are our main focus. In this context, we attach particular importance to the independent monitoring of raw material procurement and the verifiable compliance of the Company's operations with international environmental and social standards that support long-term sustainable development. In addition, we generally seek to keep delivery distances short in procurement and, if possible, use sources of supply close to our production sites.

a — Impacts, risks and opportunities

The potential risk of encroachment on local communities and ecosystems, e. g., through illegal logging, is counteracted by chain-of-custody certification according to FSC® and PEFC™ standards for all cartonboard mills. Opportunities lie in particular in the increasing awareness of end customers and the associated positive effects on demand.

Risks and opportunities arising in procurement logistics are identified and managed through logistics projects in close coordination with the central logistics manager. The focus of activities is currently on MM Karton and will be further expanded for this division as well as for MM Packaging. This involves the pursuit of multimodal logistics concepts as well as storage concepts (see also topic of transport emissions).

b — Management concepts and due diligence processes

The MM Group pursues a Chain-of-Custody standard (CoC) in order to comply with the principle of dealing responsibly with resources and using designated sustainable raw materials in production preserving natural habitats and biodiversity. This is particularly done by establishing specifically designed management systems and certifications according to FSC® und PEFC™.

The certification of all six MM cartonboard mills according to the PEFC™ and FSC® standards (license FSC-C003336) since 2009 has demonstrated that all the virgin fibers used in cartonboard production come from responsibly managed forests and/or from controlled sources and are inspected by independent third parties on a regular basis.

The currently valid FSC® Controlled Wood Standard excludes the purchase from the following sources:

- Illegally harvested wood
- Wood from areas where traditional and basic civil rights are violated
- Wood from forests whose special rights of protection are endangered by forest management
- Wood gained from the transformation of natural forests into plantations or for non-forestry use
- Wood from forests planted with genetically modified tree species

The CoC standard is implemented differently in the divisions of the Group.

Mills of MMK Karton work with a so-called "credit system" which records all purchased virgin fibers and their certification status. There is no physical separation of fibers in the mill itself. They are stored and processed together. The quantity of cartonboard with FSC® or PEFC™ certification that can be sold depends on the volume of certified and creditable fibers purchased.

MM Packaging plants store and process FSC®- and PEFC™-certified cartonboard strictly separately from non-certified cartonboard. Which type of cartonboard is used in folding carton production depends on our customers' wishes and the respective field of application.

In addition, other applicable industry standards, such as ISO 14001, EMAS, and ISO 50001, also address the evaluation of ecological criteria in procurement within the MM Group and go beyond the purchase of fibers, covering all relevant input factors including technical equipment and machinery.

We expect our business partners to always comply with all legal regulations and customary industry standards along the supply chain, and we encourage them to introduce and implement similar principles of responsibility. In MM's terms and conditions of purchase, suppliers are obliged to comply with the MM Group's Code of Conduct.

c — Measures and development

Objective	Developments and measures 2020
Contribute to improving forest management and protecting sustainable habitats and biodiversity	MM Karton
	Re-certification of individual mills in accordance with FSC® und PEFC™, ISO 9001, 14001 und 50001
	MM Packaging
	Supplier FSC®- und PEFC™ qualification, ISO 14001, EXMA/GMP, re-certification of individual mills in accordance with FSC® und PEFC™

This supports the implementation of the following Sustainable Development Goals (SDGs): SDG 8.4., SDG 15.2., SDG 15.5.

	Cartonboard production ¹⁾²⁾	Packaging production
Share of fiber use		
- from FSC®-certified sources	23 %	17 %
- from PEFC™-certified sources	36 %	10 %
- from controlled sources ³⁾	41 %	-
FSC®-certified production sites ⁴⁾	6 of 6	40 of 44
PEFC™-certified production sites ⁴⁾	6 of 6	34 of 44
Number of suppliers audited for environmental criteria ⁵⁾	> 300	> 200

¹⁾excluding MM FollaCell AS

²⁾groundwood pulp equivalent

³⁾including FSC® Controlled Wood

⁴⁾excluding Hirschwang mill

⁵⁾including MM FollaCellAS

3 — PRODUCT SAFETY

The safety of food packages has long been a central topic for the MM Group. This means that, firstly, products of the MM Group are themselves free from any harmful substances and, secondly, outer migration-proof. Accordingly, no transfer takes place from inks and varnishes printed onto cartonboard, nor from any other materials with which cartonboard may come into contact, in quantities that might endanger human health.

a — Impacts, risks and opportunities

Possible risks of product contamination, a potential hazard for the health of consumers, and possible violations of relevant regulations, legislation, and standards as well as possible recalls along the supply chain are minimized by applying high quality management standards and carrying out regular internal and external inspections. Opportunities are offered in particular by the development of innovative packaging solutions that combine a high level of safety for the packaged goods and the consumer with ecological benefits arising from resource conservation and recyclability.

b — Management concepts and due diligence processes

Certifications provide important evidence for customers and consumers of MM Karton and MM Packaging that our products are sustainable, socially acceptable, and do not pose any risk to health. Moreover, they serve as a proof of legal compliance in the area of product safety. In addition, certifications also serve as confirmation of safety of its supply chain for MM.

At the same time, regular inspections of MM products to ensure conformity with certification criteria guarantee rigorous quality assurance that is also externally visible.

Certifications in the area of product quality and food safety have been obtained in particular in accordance with:

- ISO 9001
- BRC Packaging
- FSSC 22000 (ISO 22000)
- EN 15593
- ECMA GMP

The respective certifications of individual MM locations can be found in detail on our divisional websites at <http://www.mm-karton.com/en/company/mills> and <http://www.mm-packaging.com/en/locations>.

ISO 9001

The Mayr-Melnhof Group has been certified according to the ISO 9001 quality management system for a long time. It currently covers all production sites of both divisions.

In addition to the internal benefits of a quality management system, such as efficient workflows and processes, defined implementation rules, and, above all, continuous further development, customer satisfaction is our highest priority. Our primary goal is to guarantee our customers consistent product quality and application-oriented product solutions while ensuring maximum security of supply.

BRC Packaging and FSSC 22000

The British Retail Consortium (BRC) Packaging standard is a global standard for packages and packaging materials that focuses on monitoring food hygiene and product safety. This standard, along with the global FSSC 22000 standard for food safety management systems (food safety system certification), which also covers the requirements of ISO 22000, are hygiene management systems recognized by the Global Food Safety Initiative (GFSI). With their certification according to BRC Packaging and FSSC 22000, our sites prove their competence in the areas of risk management, hygiene, product safety, and quality systems, and thus comply with our customers' requirements regarding food safety.

Certified hygiene management in accordance with EN 15593

The requirements of certified hygiene management in accordance with EN 15593 apply in particular to cartonboard packaging products used in the fields of food and pharmaceuticals. In this connection, it is important to meet the high demands placed on the hygienic cleanliness of products and thus on production itself. Visible proof of compliance is the certification of our relevant sites according to the EN 15593 hygiene management system standard. It covers sensitive and important parameters, such as personal hygiene, foreign-object and glass checking, cleaning cycles, pest management, and microbiology. All MM cartonboard production sites and more than 60 % of MM's packaging plants are certified according to one or more of these international hygiene management standards.

ECMA GMP

Supplying customers and consumers with safe food packages made from cartonboard is a priority in the folding carton industry. The ECMA GMP guideline was developed as an initiative of the European Carton Makers Association (ECMA). All European packaging sites comply with the requirements of this guideline.

c — Measures and development

Objective	Developments and measures 2020
Ensure and improve product safety; Health protection	Regular internal and external analysis of state-of-the-art cartonboard products and continuous evaluation of compliance with relevant rules and regulations
	Staff training in product safety and food contact
	MM Karton
	Preparation for ISO 22000 certification for food safety management systems
	Product innovations and developments, e.g., fat separator products, substitutes for superabsorbents in foodpads.
	EN 15593 certification (hygiene management in the production of food packaging), ISEGA (hygiene management)
	MM Packaging
	Improvements of existing food safety certifications (BRC, FSSC 22000, ECMA GMP, ISO 22000, ISEGA) and the fulfillment of special customer requirements
	Optimization of legal compliance monitoring
	Microbiological analysis of suppliers, integration of REACH

This supports the implementation of the following Sustainable Development Goals (SDGs): SDG 3.9.

	Cartonboard production	Packaging production
Share of cartonboard types for which the impact on consumer health and safety is assessed	100 %	
ISO 9001-certified production sites ¹⁾	6 of 6	43 of 44
Production sites certified in the areas of food safety and hygiene ¹⁾	6 of 6	27 of 44

¹⁾excluding MM FollaCell AS and Hirschwang mill

ENVIRONMENTAL MANAGEMENT

1 — ENERGY CONSUMPTION AND EMISSIONS IN PRODUCTION

Important environmental impacts from the business operation of the MM Group mainly result from the high energy consumption within the cartonboard production and related emissions. In comparison, the energy demand of the packaging division is significantly lower.

Natural gas is predominantly used as the primary energy source in MMK mills. Each mill has its own power station in which natural gas is used to generate steam for the demands of cartonboard production and to produce electricity from the generated high-pressure steam via a turbine. In addition, electricity is also purchased from energy supply companies. Other fossil energy sources in the individual mills include light heating oil, diesel, and liquefied gas.

The production of MM Karton, whose energy efficiency continues to grow, is increasingly supplied with power from renewable energy sources, such as biomass, biogas and hydroelectric power.

a — Impacts, risks and opportunities

Exhaust air emissions that result from cartonboard production are mainly caused in energy production by burning natural gas. Emissions of CO₂, NO_x, and CO are constantly monitored and observed according to legal provisions. In contrast, direct exhaust air produced by cartonboard machines consists primarily of steam. MM Karton constantly undertakes new measures to further reduce exhaust air emissions in line with the latest technological standards.

Energy use at MM Packaging is far lower than at MM Karton, accounting for less than 10 % of Group-wide energy consumption. Nevertheless, programs aimed at raising the energy efficiency especially of machinery and lighting are also implemented in the packaging division. Waste heat from the machinery pool is used in several plants to pre-heat other premises, for example.

Risks arise in particular from possible new regulatory requirements and technological limits to further optimization. In contrast, the increased use of renewable energies and modernized systems offers opportunities for further reducing emissions and the specific energy demand.

Resource-efficient operations not only pay off for us but also for our environment.

b — Management concepts and due diligence processes

Responsible management of energy consumption and associated emissions has a high priority. Throughout the Group, attention is paid to integrating the best possible standards and consistently upgrading existing plants.

Existing environmental management systems within the MM Group have been set up in such a way that changing requirements can be incorporated and adapted easily and as quickly as possible. Currently, environmental and energy management systems are in place at six production sites of MM Karton and at 30 sites of MM Packaging. The intention is to further increase the degree of penetration within the Group.

Every year, environmental objectives are defined at all concerned levels and for each relevant area at the locations with environmental management systems. In order to achieve these objectives, a program is initiated containing the aspired objectives, specific measures, the people responsible for accomplishment, a time frame, and the funds required for the achievement. The environmental officer reports to the management on environmental performance and further planned measures as part of the management review.

Internal and external audits (especially in connection with certifications and re-certifications) and an appraisal by the management based on the management review are performed in order to guarantee those environmental standards already achieved, to satisfy new requirements, and to monitor the effectiveness of the environmental management system.

The aim of energy management consists in sustainably reducing the energy consumption of our factories, raising efficiency and obtaining an ever increasing share of the required energy from renewable sources. Certifications are also of great importance for our energy management and help us to identify Group-wide energy-saving potentials.

Certifications regarding environment and energy management are in particular based on the following standards:

- ISO 14001
- EMAS
- ISO 50001

ISO 14001

The systematic incorporation of environmental protection into management considerations was already established more than two decades ago with the certification of the cartonboard mill in Frohnleiten according to ISO 14001, the globally applicable standard for environmental management systems. Regular internal and external audits safeguard the high level achieved and support us in meeting new requirements.

EMAS

The cartonboard production site in Frohnleiten participated voluntarily in the EC's ecological auditing regulation already in 1996. The "Eco-Management and Audit Scheme" (EMAS) is a common system for environmental management and environmental auditing. Participation supports the information policy of the Mayr-Melnhof Group in presenting its corporate culture characterized by responsible action. Together with the ISO 14001 certification, EMAS forms the basis of the continuous safeguarding of an integrated environmental management system at MM. Today, the sites at Frohnleiten, Eerbeek, and the fiber mill FollaCell are certified according to ISO 14001, with Frohnleiten additionally being certified according to EMAS. The cartonboard mills that are not directly certified have internal environmental protection systems for continuous improvement and use synergies with the certified sites. 29 locations in the packaging division are certified according to ISO 14001 and/or EMAS.

ISO 50001

The MM Group strives to make sure that in particular the mills of the energy-intensive cartonboard division increasingly comply with the provisions of ISO 50001. Four production facilities in the cartonboard division as well as the fiber mill FollaCell and seven packaging sites are currently certified according to this standard.

Energy management is consistently continued and optimized on the basis of sustainable monitoring and has already resulted in a significant reduction in energy costs, greenhouse gas emissions, and other emissions in the past. The success of projects implemented in this context is the starting point of new optimization initiatives.

Greenhouse gas emissions (CO₂ certificates)

The EU Emissions Trading Scheme (EU ETS) is the centered European climate protection instrument for reducing greenhouse gas emissions in the EU and a number of non-EU countries, such as Norway. It includes the energy industry as well as selected energy-intensive industrial sectors, such as the paper and cartonboard industry, hence also the six MM cartonboard mills within the EU and the FollaCell fiber mill. The scheme is based on the "cap & trade" principle according to which an upper limit on permitted emissions is set in order to issue a limited number of emission allowances (CO₂ certificates). These can be freely traded on the market if required. The allocation of free CO₂ certificates is without charge under certain conditions in order to avoid "carbon leakage", i.e. the transfer of emissions to countries with less stringent climate protection regulations. A benchmark procedure is used to ensure that selected sectors subject to international competition receive some of their certificates free of charge. The free allocation is based on benchmarks that reward the most efficient facilities in every sector. As the EU's political goal is to further reduce CO₂ emissions, free allocations are also gradually decreasing, creating incentives for reducing emissions and adopting energy-efficient technologies. The European Green Deal is expected to lead in particular to further reductions in CO₂ emissions. The previous target of reducing the EU's CO₂ emissions by 40 % by 2030 compared to 1990 is to be stepped up to a reduction of at least 55 %.

In the third ETS allocation period (2013 – 2020), the six MM Karton mills and the FollaCell fiber mill also benefited from a largely free allocation of CO₂ certificates thanks to good benchmarking results. Accordingly, sufficient CO₂ certificates were available for the sites until the end of 2020. The allocation process for the fourth ETS allocation period (2021 – 2030) will, however, be subject to an EU review. Based on what we know at present, free certificates will again be allocated on the basis of a benchmark procedure. CO₂ allocation notices for the period 2021 to 2025 are expected for the second half of 2021. In addition, we expect CO₂ emissions to be dynamically allocated as of 2021, which means that monitoring activity data as of 2020 will be required as part of a monitoring methodology.

With the European Climate Protection Regulation (EU) 2018/842, the states have now also adopted a greenhouse gas reduction target in certain non-ETS sectors; these are sectors that are not covered by the EU emissions trading system. A key measure in Germany is the introduction of a national emissions trading system (nETS) for non-ETS sectors, such as heating and transport. Legislation provides for a CO₂ tax to be levied on the distributors of fuels and combustibles as of 2021. All companies using fossil fuels will be indirectly affected by these costs being passed on, irrespective of their participation in the EU ETS scheme. Although there is a plan for EU ETS sites (MM Karton) to be relieved from the national CO₂ pricing, there is currently no practicable solution. MM Karton could now be subjected to a double burden or at least would have to pay up front. Operators of production sites not covered by the EU ETS scheme (MM Packaging) will face an additional cost factor due to CO₂ pricing. A similar system has already been discussed in Austria.

c — Measures and development

Objective	Developments and measures 2020
Increase in energy efficiency; Reducing the resource demand	MM Karton
	Comprehensive energy-saving programs launched for all mills as part of a new initiative, with subsequent potential for CO ₂ reductions. The projects cover all areas of cartonboard production.
	Increased use of biogas from water treatment, increased use of biomass for heating
	Optimization of energy generation, improvements in heat recovery continued ISO 14001, EMAS, ISO 50001 certifications; new energy monitoring system, energy audits
	MM Packaging
	The conversion to LED lighting was continued systematically.
	Investments in heat recovery and renewable energy forms, such as solar panels, nitrogen generator
	Energy efficiency was enhanced at several production sites by modifying existing equipment and renewing machinery and infra-structure.
	Measures taken to improve air-conditioning systems and thermal insulation
	Investments in systems for treating polluted exhaust, metering systems, and intelligent energy management systems

This supports the implementation of the following Sustainable Development Goals (SDGs): SDG 7.3.

	Cartonboard production	Packaging production
ISO 14001- or EMAS-certified production sites ¹⁾	2 of 6	29 of 44
ISO 50001-certified production sites ¹⁾	4 of 6	7 of 44
Energy consumption - total ²⁾	3.4 TWh	0.4 TWh
Share of renewable sources - total	12 %	25 %
Specific energy consumption ³⁾	1.9 MWh/t	0.4 MWh/t
Fuel consumption	2.8 TWh	0.1 TWh
Share of renewable sources (mainly biomass and biogas)	4 %	0 %
Electricity consumption	0.6 TWh	0.2 TWh
Share of renewable sources	43 %	40 %
Steam, heating, and cooling purchased for consumption	-	0.02 TWh
Share of renewable sources	-	9 %
Energy sold	0.04 TWh	-
Share of renewable sources	17 %	-
Direct CO ₂ emissions ^{2) 4)}	0.5 million t CO ₂ e	0.03 million t CO ₂ e
Specific direct CO ₂ emissions ³⁾	0.3 t CO ₂ e/t	0.03 t CO ₂ e/t
Indirect CO ₂ -emissionen from electricity consumption ⁵⁾	0.08 million t CO ₂ e	0.04 million t CO ₂ e

¹⁾excluding MM FollaCell AS and Hirschwang mill

²⁾including MM FollaCell AS

³⁾based on net production or tonnage processed

⁴⁾at MM Karton: emissions reported according to section 9 of the Emissions Certificates Act 2011; at MM Packaging: emission factors used according to the German Federal Environment Agency (Umweltbundesamt)

⁵⁾emission factors used: according to the German Federal Environment Agency (Umweltbundesamt)

2 — TRANSPORT EMISSIONS

In addition to direct emissions from production, greenhouse gas emissions resulting from upstream and downstream transport are another, albeit less significant, component that contributes to the ecological footprint of the Mayr-Melnhof Group. As our production sites do not have their own vehicle fleet, reference is made here to external transport services, e. g., freight forwarders. Transport emissions resulting from the MM Group's business activities are consequently not to be attributed to direct but to indirect emissions.

a — Impacts, risks and opportunities

Cartonboard and cartonboard packaging are voluminous bulk goods that require considerable transport services both in the procurement flows of the raw materials and in the shipment of the finished products. The MM Group transports approximately six million tons of raw materials and finished products each year.

The resulting transport emissions are determined in part by the ton-kilometers covered which are caused by long delivery distances on both, the procurement and the sales side. Furthermore, the choice of transport means and their specific characteristics are also responsible for the volume of greenhouse gases emitted. The selected means of transport depends primarily on available transport options between the participants in the value added chain and is usually predetermined by the relevant connections between the shipping parties. Transport by rail and ship is subject to many restrictions inherent to the system. Even though rail is considered the most ecological means of transport, the MM Group mainly uses trucks and multimodal logistics concepts due to a lack of rail infrastructure. While two of MM Karton's mills have direct rail connections, this is only the case at one MM Packaging production site. Transport

is therefore only possible by truck at many sites, especially at the smaller folding carton production sites, as well as for most customers and suppliers.

In times of smaller batch sizes as well as short-notice call-offs and acceptance time windows, the logistical challenges, and hence also those relating to transport emissions, are increasing significantly.

On the whole, emissions resulting from transport are of lesser importance compared to the emissions released during the production process. CO₂ emissions caused by transportation to MMK customers are less than one fifth of direct CO₂ emissions caused by cartonboard production.

Risks arise in particular from the availability of ecological modes of transport along the respectively required connections.

b — Management concepts and due diligence processes

Optimizing traffic volumes, logistics and transport emissions is of great relevance to the MM Group, both, in economic and ecological terms, and is therefore a priority. Besides cost minimization, the concept of sustainability therefore also plays a key role in logistics projects, with a central logistics manager in the cartonboard division assuming responsibility for strategic coordination.

In procurement, care is generally taken to keep delivery distances short and, if possible, to use sources of supply close to our production sites. Across the Group, the MM Group can purchase more than half of the raw materials it uses from local suppliers, with an even higher share in the cartonboard division. The broad geographical spread of the packaging sites in turn contributes significantly to minimizing ton-kilometers and transport emissions on the sales side.

Throughout the MM Group, high priority is attached to making optimum use of transport space, as this has both, ecological and economic benefits. Ideal transport and storage facilities play an important role already in course of the product design of packaging solutions.

The Mayr-Melnhof Group strives to give priority to rail as the most ecological means of transport in logistics planning. The largest MM Karton mill in Frohnleiten, which has a direct rail connection, now ships about two thirds of its finished goods directly by rail. The share of rail transportation at the Koliccevo cartonboard mill is somewhat lower due to the lack of rail infrastructure at customers. At the Vienna packaging site, the share of rail in shipments is about one third. Due to its geographical location, the fiber producer FollaCell loads all its goods onto ships.

Despite the fact that only a few MM production sites and their suppliers and customers have direct rail connections or access to a port, the MM Group makes use of the ecological advantages of rail and ship. Both divisions are pursuing interesting approaches in connection with multimodal logistics concepts. Depending on the route and available connections, low-emission intermodal transport is part of daily business, bringing substantial CO₂ savings compared to conventional road transport alone. In combination with the integration of external interim storage facilities, rail is used as an integral part of the

transport chain throughout Europe, while ships are used for overseas deliveries. Intermodal transport thus makes it possible to limit the need for road transport to the "last mile".

c — Measures and development

Objective	Developments and measures 2020
Reduction in traffic volume and transport emissions	Development and implementation of multimodal logistics concepts, transport space optimization
	MM Karton
	Mills optimize transport services, in particular through improvements in the use of truck capacities, reduction of big bag shipments on trucks for chemicals by switching to suspension deliveries, efficiency increases in internal logistics and an optional increase in rail transport.
	MM Packaging
	Improved truck utilization, regular maintenance of the vehicles, optimization of internal transport, increase of rail transport wherever possible

This supports the implementation of the following Sustainable Development Goals (SDGs): SDG 13.1.

	MM Karton
Indirect CO ₂ emissions ¹⁾ from shipments to MMK customers	0.1 million t CO ₂ e/t

¹⁾including MM FollaCell AS; emission factors used (g/tcm): truck 97.5, rail 23.4, ship 33.4; transport emissions from shipments to MMP customers not available

3 — WATER CONSUMPTION IN PRODUCTION

Water is an essential operating resource in the cartonboard production process. By contrast, almost no water is needed for production in cartonboard processing. As a result, there are higher waste water volumes in the cartonboard division than in the packaging division.

a — Impacts, risks and opportunities

Water is used in large quantities during cartonboard manufacturing over the entire course of production – from stock preparation of paper for recycling through processing fibers to being used as a coolant and for the production of steam in power generation.

In this connection, it is important to clearly differentiate between water use and water consumption. One part of the water is only used temporarily in production (e.g., as cooling water) before being treated and returned. The risk of water shortage due to production is therefore low. Only a small part of the water used is not actually returned, but remains either in the product as residual moisture or evaporates.

b — Management concepts and due diligence processes

MM Karton's aim is a sustainable reduction in the use of water by continuously optimizing production processes and products. Specific water consumption is measured on an ongoing basis and is kept very low or further reduced through recirculation switching as well as increases in efficiency.

At MM Karton, the concept is to generally use the extracted ground and surface water a number of times, first as cooling water and then as process water in several stages. Excessive water is initially cleaned mechanically and then treated in a multi-step biological wastewater purification process before being discharged again – overuse or contamination do not take place.

The water used repeatedly in the production process is cleaned and treated in state-of-the-art wastewater purification plants before it leaves the mills.

Wastewater volumes are continuously recorded and evaluated by specifically trained Company-internal staff and by regular external inspections. Compliance with the relevant statutory regulations is verified by the respective national or regional authorities. Modernizations and expansions of wastewater treatment plants are regularly implemented with a view to the future. For information regarding certifications in environmental management, please refer to page 26.

c — Measures and development

Objective	Developments and measures 2020
Reduction in water consumption	MM Karton
	Technological modernization and expansion of industrial wastewater treatment plants for future requirements, introduction of group-wide benchmarking for water treatment, establishment of an anaerobic wastewater process including biogas production.
	MM Packaging
	Projects to reduce fresh water consumption and corresponding training Increased focus on differentiation between process and non-process water, leakage detection and reduction using optimized pressure plates Rainwater for fire-extinguishing tanks

This supports the implementation of the following Sustainable Development Goals (SDGs): SDG 6.4., SDG 12.2.

	Cartonboard production¹⁾	Packaging production
Water consumption	19.7 million m ³	0.7 million m ³
Surface water	11.6 million m ³	0.03 million m ³
Groundwater	8.0 million m ³	0.3 million m ³
Third party water	0.1 million m ³	0.3 million m ³

¹⁾including MM FollaCell AS

4 — WASTE IN PRODUCTION

Reducing waste in the production and optimizing the use of materials are of central importance within the MM Group to maintain cost leadership and make an important contribution to the conservation of resources. Projects with this focus relate in particular to measures to further reduce waste and improvements in separation and recycling.

a — Impacts, risks and opportunities

The largest share of waste at MM Karton in terms of volume in recycling mills is the residual waste from the processing of paper for recycling, the so-called reject. Together with the sludge and household-waste-like commercial waste, they are either used in a thermal recovery process within the mills or handed over to authorized disposal firms. Hazardous waste, such as used oil, chemicals, contaminated liquids, wastewater contaminated by chemicals, workshop waste, and batteries, are handed over to licensed waste disposal companies for disposal in compliance with statutory regulations.

At MM Packaging, the largest share of waste in folding carton production is also by far represented by non-hazardous materials that are introduced into the recycling cycle. The most important category of waste by volume is cartonboard scrap from the die cutting process. It is largely reused within the MM Group or in other companies and processed into new cartonboard.

Solvent, ink and varnish residues, used oils, humidifying water, and wastewater from the printing machines are regarded as hazardous waste that makes up only a small fraction of the total waste volume and which is handed over to authorized waste disposal firms in compliance with statutory regulations.

After use, products of the MM Group are generally disposed of by end customers or consumers. The environmental impacts of the packaging waste caused by this are low, as the materials used are environmentally friendly (recyclable and compostable cartonboard, mineral-oil-free inks) and can be seen as an opportunity compared to other forms of packaging. Furthermore, the waste volume and its associated impact on the environment are reduced by MM's business model – reuse of paper for recycling.

b — Management concepts and due diligence processes

The MM Group's waste management focuses on the concept "prevention before recycling before disposal". Waste management at the sites is implemented by the respective waste management officer. Waste disposal itself is performed by authorized waste collectors, recyclers, and disposal firms in accordance with the respective statutory provisions, depending on the type of waste. We aim at combining economic and ecological benefits, in particular by constantly minimizing the amount of residual materials and recycling.

For information regarding certifications in environmental management, please refer to page 26.

c — Measures and development

Objective	Developments and measures 2020
Reduction in hazardous and non-hazardous waste	MM Karton
	Improvements in fiber recovery, process changes, and optimization of fiber supply sources
	Implementation of thermal utilization of wood residues in Kolicervo
	MM Packaging
	Improvements in the production process based on new technology
	Optimization of separate collection
	Minimization of hazardous waste (e. g., solvent and paint residues) through avoidance or substitution
	Optimization of process stability and investment in new machinery to reduce substrate waste.
	Installation of washing/distillation machines for recycling solvents.

This supports the implementation of the following Sustainable Development Goals (SDGs): SDG 12.4., SDG 12.5.

	Cartonboard production ¹⁾	Packaging production
Non-hazardous waste	0.2 million t	0.2 million t
Hazardous waste	1 thous. t	3 thous. t

¹⁾including MM FollaCell AS

EMPLOYEES

1 — EMPLOYEE EDUCATION AND TRAINING

At the end of 2020, the Mayr-Melnhof Group employed a total of 9,938 people in 27 countries. They form the basis of the Company's development and sustainable success.

a — Impacts, risks and opportunities

A central element in personnel development of MM is to ensure general conditions in which employees at all levels can fully develop their abilities over the long term and, with growing skills, take on more responsible tasks. We actively promote career paths and international deployment within the Group in order to retain knowledge and talents within the Group over the long term and enable our employees to grow together with MM.

We take great care to ensure that people enjoy working at MM and that qualified experts and managers are available to the Group on a sustainable basis. Ensuring a high level of employability in terms of professional and personal development throughout the entire employment relationship at MM is at the core of our personnel development concept.

The MM Group promotes the development of professional and personal skills of its employees through a variety of training and further education programs as well as challenging professional tasks. Our aim is to control the risk of a sufficient availability of qualified employees and, on the other hand, to make sure that the Group has good chances when competing for skilled workers. The latter is supported by targeted employer branding which is aimed at maintaining MM's attractiveness as an employer. We counteract risks arising from fluctuation and the outflow of know-how through sustainable employee retention by providing attractive development opportunities and allowing our employees to work in a climate of mutual appreciation.

b — Management concepts and due diligence processes

The central "Group Human Resources" function manages the Group's human resources program with a focus on employee development, training and continued education, and recruiting for key positions. The individual components of the program are continuously evaluated and adapted to current requirements in terms of content, methods, and technology (e. g. digitalization).

MM has established numerous programs within the Group that systematically accompany employees along their career paths within the Mayr-Melnhof Group. In all programs, particular emphasis is placed on designing them to offer challenging tasks and interesting content and make an active contribution to the Company's success.

MM-Academy

The "MM-Academy" is the central institution for education and advanced training for our employees at all levels within the MM Group. The main focus is placed on teaching specialist knowledge and language skills and further development of social and managerial skills as well as the "MM Apprentice Academy". The key criterion for every training is the creation of added value for our Company. In our "Leadership Journey", we teach employees in managerial positions the latest management tools and promote an international exchange in accordance with our corporate values: performance, responsibility, and passion. In the "MM-Academy", employees are trained in both, class-based and online training courses, with the e-learning offering being significantly expanded.

Systematic support from the start

With the "Young Professionals" program, we offer ambitious young job starters at the beginning of their careers a holistic, inter-company course of training going far beyond a conventional apprenticeship. After a careful selection process, we encourage our junior staff to acquire high professional skills and to develop their personality-related soft skills as well as foreign language skills in order to prove themselves in an international environment. "The apprentice as an opportunity for our Company and our Company as an opportunity for the apprentice" is the guiding principle.

In the "Ranger" program, we prepare "High Potentials" for future top or executive positions and assign each of them responsible tasks from the very beginning. The development plan involves three different areas of responsibility at three different locations over the course of three years. We accompany "Rangers" on their paths to future management functions by providing exchange with experienced managers and specific opportunities for training and gaining experience. Special professional qualification, high motivation, language skills, and international mobility are fundamental requirements for participating in the program. In addition to their individual tasks, "Rangers" work together on a project of topical relevance within the Group every year.

The "Explorer" program offers young university graduates attractive career paths in Key Account Management, Controlling, or Engineering with a focus on production and automation. We support "Explorers" in an exciting ongoing activity by means of personal mentoring and technical upskilling.

The "Fast Mover" program was set up to meet the challenges arising from a shortage of skilled workers on the labor market with the primary goal of strengthening our position in the production sector and attracting, developing, and retaining the best people for our Company in the long run. The program includes specifically tailored training plans and position-dependent competence profiles and optimally complements the training and development opportunities within the Group.

"Methusalems" program

We tie the long-standing experience and expert knowledge of senior employees to the Company in the "Methusalems" program within selected projects. The aim is to successfully combine time-proven practice with innovation and to fundamentally safeguard complex projects. The exchange of ideas between young and old is a highly appreciated, regular element of our personnel development programs.

Active personnel marketing

Already prior to an employment, we offer potential employees various opportunities to get to know the Group and get in touch with us. We use our continuous collaboration with schools, universities, and colleges as well as our regular participation in career fairs to position the Mayr-Melnhof Group as an attractive employer and to get into contact with young people at an early stage, for example.

Due to the pandemic, the focus in 2020 was on maintaining ongoing business operations, including maintaining jobs, and the health of our employees. Both worked out well in these difficult times. Since we wanted to keep the risk of infection as low as possible, many training courses have been converted to virtual formats so that ongoing training in key areas is still possible. Other training courses had to be canceled or postponed.

c — Measures and development

Objective	Developments and measures 2020
Promoting professional and personal qualification	The development programs described above were consistently continued. In 2020, we provided position-specific training and further education to around 4,000 participants in the "MM Academy". The e-learning offer (e.g. personal qualification, foreign languages, compliance, communication in times of crisis) was further expanded. Training courses are adapted even more specifically to the respective tasks/functions and issues in the Company. Particular emphasis was placed on information security and data privacy, as well as ways of dealing with professional tasks and personal challenges in the corona situation in the best possible way.
MM as an attractive employer and workplace	The year 2020 was marked by the Covid-19 pandemic. As an employer, MM very quickly took the necessary steps to enable employees to work from home, on the one hand, and to create safe framework conditions, in particular for employees in the plants, through comprehensive safety measures that reduce the possibility of infection, on the other hand. MM has proven to be a reliable and stable employer even in these difficult times.

This supports the implementation of the following Sustainable Development Goals (SDGs): SDG 4.4.

	MM Karton	MM Packaging
MM-Academy courses ¹⁾	273	
Participants in MM-Academy courses ¹⁾	1,232 male / 356 female	1,614 male / 876 female
Thereof executives	250	456
MM-Academy training hours ¹⁾	13,440	18,638

Participants in central HR programs: Young Professionals: 53 in Germany, 49 in Austria; Leadership Academy: 45; Rangers: 5; Explorers: 7; Past Movers: 3; Methusalems: 3.

¹⁾Including 95 web-based training courses amounting to 20,635 hours

2 — HEALTH AND SAFETY OF EMPLOYEES

The health and safety of all participants along the value chain is a top priority for MM. It is our corporate responsibility to ensure that all stakeholders return home safely from their workplace at the end of a working day. As safety risks are inherent in manufacturing companies, occupational safety is of particular importance in our production plants. At the same time, accidents are also a relevant economic factor, as downtime also generates costs. Promoting occupational health and safety therefore also constitutes an important contribution to the Company's operational efficiency and competitive strength.

a — Impacts, risks and opportunities

Despite accident prevention and health promotion measures, risks arise from work-related stress. Possible adverse effects arise from working in shifts, handling chemicals, working in confined spaces, and from fire and hot work. In addition, psychological strain may have an impact on employees' health. The risk is reduced by actively planning health promotion measures.

b — Management concepts and due diligence processes

As a Group, we have set ourselves the goal of promoting employee health and safety by implementing a Group function of Occupational Safety. Immediate starting concepts include the development of a sustainable safety strategy, standardized reporting and management tools, awareness-raising initiatives, the definition of projects, and an increased focus on fire safety.

In addition to the central Group function, occupational health and safety is a key area of responsibility of the respective local site managers and safety officers, as they best know the needs within their facilities and how to comply with country-specific regulations. The successful implementation of occupational health and safety management systems is confirmed by OHSAS 18001 or ISO 45001 certifications for 16 production sites. Local regulations and standards for occupational health and safety are complied with. Accordingly, workplaces are regularly evaluated together with the employees, work-related hazards are identified using appropriate procedures, risks are assessed and preventive measures derived from there are implemented. Training courses and awareness-raising campaigns are aimed at continuously improving health and safety at the workplace.

Our objectives in the area of occupational safety include the continuous reduction of accidents and the promotion of safety awareness by providing employees with regular training and information. As a result of organizational changes in 2020, higher priority was attached to this aspect as part of a sustainable progress of the MM Group, so that safety management is now being reformed throughout the Group.

The area of health protection in 2020 was dominated by the Covid-19 pandemic. Accordingly, in addition to continuously improving health protection in general, we also pursued the goal of providing the highest possible protection of our employees' health under the extraordinary conditions of a pandemic.

c — Measures and development

Objective	Developments and measures 2020
Reduction of accidents; promote safe and healthy working conditions, minimization of Covid-19 infections	Ongoing company medical care, the continuous offer of training courses on health and occupational safety, and preventive check-ups. Health and safety management focused in particular on preventive measures in the workplace and working environment, with a special emphasis on hygiene and organizational measures to prevent the spread of Covid-19. The main focus of training was placed on optimization in the areas of first aid as well as accident and sickness (pandemic) prevention. Further mandatory training courses for specific target groups are planned for 2021.

This supports the implementation of the following Sustainable Development Goals (SDGs): SDG 8.8.

	MM Karton	MM Packaging
ISO 45001- and OHSAS 18001-certified production sites ¹⁾	0 of 6	16 of 44
Work-related injuries ²⁾ – employees	69	185
Rate of work-related injuries ²⁾ – employees	3.7	3.0
Work-related injuries ²⁾ – temporary workers	5	20
Rate of work-related injuries ²⁾ – temporary workers	8.7	4.8
High-consequence work-related injuries ²⁾ – employees	2	2
Fatalities – employees	0	0

¹⁾ excluding MM FollaCell AS and Hirschwang mill; number of employees covered: 2,546

²⁾ fully consolidated companies; work-related injuries with > 3 lost days; rate based on 200,000 hours worked

3 — WORKING CONDITIONS/ENVIRONMENT

Our goal is to guarantee minimum general framework standards within the MM Group in which our employees can contribute to the Company's success over the long term. At the end of the year, around 87 % of the employees were located in Europe and 13 % in the Americas, the Middle East, and Asia. Their diversity in terms of culture and experience is an enrichment for our international business activities. By supporting diversity and equal opportunities, we promote innovation capability and creativity as well as our competitiveness in an increasingly global context.

The MM Group is aware of the importance of human rights from a value-based as well as from an economic perspective and fully commits itself to respecting and upholding human rights and to actively preventing human rights violations.

Employees of the Group

	Dec. 31, 2020		Dec. 31, 2019	
	Number	%	Number	%
Western Europe (excl. Austria)	4,239	42.7 %	4,299	42.9 %
Austria	1,764	17.8 %	1,846	18.4 %
Eastern Europe (incl. Turkey)	2,626	26.4 %	2,569	25.7 %
Asia and MENA	841	8.4 %	812	8.1 %
The Americas	468	4.7 %	488	4.9 %
Total¹⁾	9,938	100.0 %	10,014	100.0 %

¹⁾ full employment equivalent

a — Impacts, risks and opportunities

Although a major part of MM Group's sites are located in European countries, the Company may be exposed to risks regarding human rights, especially in countries outside Europe where MM operates. In some of these countries, there is, for example, a risk of forced labor, child labor, and the violation of labor standards and equal opportunities. In our industry and regarding the supply chain, the risks are deemed to be low, however.

A potential risk for our employees arises in connection with shift work in production operations, which may result in health restrictions (see chapter on health and safety of employees).

b — Management concepts and due diligence processes

We observe the applicable regulations concerning working time in all Group companies and comply with the statutory provisions of the relevant countries. The respective site manager is responsible for this. As in most industrial companies, production operations in the MM Group run in shifts. This means that appropriate statutory compensation measures are offered to the employees. Flexible working time models, such as part-time work, are intended to contribute to the reconcilability of family and career. In the MM Group, 2 % of employees, mostly women, make use of this option. The Group offers the majority of its employees permanent employment contracts; only 2 % of the employees, including apprentices and trainees, are employed on the basis of fixed-term contracts. At the end of the year, the Group also employed 465 temporary workers.

We recognize the entitlement of our employees to appropriate remuneration: the remuneration paid is based on the standard market remuneration for comparable positions in the relevant sector. At some locations, this includes the application of collective wage agreements. Almost two thirds of the employees of the MM Group are in an employment relationship that is governed by a collective agreement.

A high level of personal identification with the success of the Company is firmly rooted within our corporate culture. For this reason, performance-related forms of remuneration have had a long tradition throughout the Group to ensure that high-performing individuals are able to get their share of the Company's success. By including occupational safety as a success factor, we aim at significantly increasing Group-wide identification with this performance indicator.

We respect our employees' right of freedom of association. We strive for a long-term constructive dialog with the employees' representatives, both, at a local level and in regional federations of companies.

The MM Group undertakes to comply with human rights within its sphere of influence and rejects any form of forced labor in its organization and among its business partners. The risks of human rights violations are limited through the application of the Code of Conduct and regular external audits.

We also reject child labor, irrespective of local legislation, throughout our Company and in the companies of our business partners. Throughout the Group we are guided by the international standards (ILO Conventions C 138 and C 182) and keep records that show that all members of our workforce are of the minimum age required by law.

The MM Group offers all employees the same rights and opportunities regardless of age, gender, culture, religion, origin or other diversity characteristics.

The majority of employees in the Group is covered by defined contribution plans as part of statutory pension schemes. Apart from statutory pension schemes, the Group has also made performance- and contribution-based pension commitments to certain employees on the basis of individual commitments and company agreements. In addition, there are performance- and contribution-based severance obligations and obligations as part of statutory pre-retirement schemes at individual locations.

The Code of Conduct covers the fundamental needs of our employees. This standard applies to all employees of the MM Group. The MM Code of Conduct reflects our basic principles with regard to complying with laws, child labor, human rights, working hours and remuneration, health and safety, drugs and alcohol, and the development of employees. Local management is responsible for ensuring compliance with the CoC.

Ongoing communication (e. g., via Intranet, Internet, folders) and training courses provide information about the working environment in the Mayr-Melnhof Group.

c — Measures and development

Objective	Developments and measures 2020
Ensuring socially acceptable working conditions	In the pandemic year 2020, technical and other precautions were quickly taken to ensure that work can continue to be carried out safely. IT investments and upgrades were made, and new communication tools were implemented to enable virtual collaboration. Within the framework of the respective legal and operational possibilities, work was made more flexible (e.g. work from home). Various safety measures were taken, including new rules on attendance, meetings and business trips, a clear separation of (shift) teams, disinfectants on site, masks, plexiglass partition walls, etc.

This supports the implementation of the following Sustainable Development Goals (SDGs): SDG 8.7., SDG 8.8.

	MM Karton	MM Packaging
Cases of child labor	0	0
Cases of forced labor	0	0
Production countries ¹⁾ with Fundamental Rights Index ≤ 0.4 (Rule of Law)	0 of 5	0 of 18
Number of employees by gender ²⁾		
Male	2,088	5,693
Female	330	1,827

¹⁾ including MM FollaCell AS
²⁾ full employment equivalent

SOCIETY

COMPLIANCE

MM aims at a sustainable increase in the value of the Company through responsible business activities in compliance with all legal regulations, industry standards and the universal principles of the UN Global Compact in the areas of human rights, labor standards, environmental protection and the fight against corruption. In this context, "compliance with laws, standards, codes of conduct" and "the fight against corruption, anti-trust compliance" have been identified as key issues for the MM Group and its contribution to society.

1 — COMPLIANCE WITH LAWS, STANDARDS AND RULES OF CONDUCT

The MM Karton division generates 88 % of its sales in Europe and 12 % in countries outside Europe. The six cartonboard mills are located in Germany, Austria, the Netherlands, and Slovenia. The MM Packaging division has 44 production sites in 18 countries on three continents. 82 % of sales are generated in European countries. MMP's production outside Europe takes place in China, the Philippines, Canada, Columbia, Chile, Vietnam, Jordan, and Iran.

We comply with all the relevant laws and regulations of the countries we operate in and observe their social standards. Some of the important regulations, guidelines, standards, and certifications relating to sustainability are partly cited in previous sections.

a — Risks and impacts

Compliance with policies and regulations is essential for our customer relationships and the trust of all other stakeholders.

Potential risks resulting from the MM Group's business activities are possible non-compliance with standards, laws, rules of conduct and, possibly, voluntary declarations of commitment and human rights violations. The risk of human rights violations is classified as very low in European countries, owing to statutory frameworks.

b — Management concepts and due diligence processes

Compliance comprises all those actions and measures aimed at observing laws, codes of conduct, and other standards and is a key task of the Management Board in the Mayr-Melnhof Group.

The compliance risk arising from a potential failure to adhere to standards, laws, rules of conduct and, possibly, voluntary declarations of commitment is assessed, in particular, through regular compliance monitoring in the individual organizational units (sites, divisions, central Group functions), the principle of dual control and guidelines (such as the Code of Conduct). Furthermore, we have appointed a Compliance Officer who coordinates the development of compliance management in cooperation with the legal department and the CFO.

We deal with the risk area of "Legal Compliance" which covers all actions and measures geared towards ensuring compliance with legal regulations and contractual provisions through the position of a Legal Manager, the use of a central legal compliance system, and, where necessary, by consulting external experts.

c — Measures and development

Objective	Developments and measures 2020		
Require and promote behavior that meets compliance requirements	Mandatory acknowledgement of a new edition of Group Guidelines on a wide range of compliance topics		
This supports the implementation of the following Sustainable Development Goals (SDGs): SDG 16.3.			
No significant fines or sanctions for non-compliance with legislation and regulations in the social and business field	<table border="1"> <thead> <tr> <th data-bbox="1002 1093 1308 1120">MM Group</th> </tr> </thead> <tbody> <tr> <td data-bbox="1002 1128 1308 1171" style="text-align: center;">✓</td> </tr> </tbody> </table>	MM Group	✓
MM Group			
✓			

2 — ANTI-CORRUPTION, ANTI-TRUST COMPLIANCE

We always act in the best interest of the Mayr-Melnhof Group and strictly separate the interests of the Company from private interests. We aim at avoiding even the mere appearance of a conflict of interests. We take decisions based on reasonable economic aspects in line with laws and standards. In our business relations, we always act properly in line with the respective regulations against corruption, bribery, fraud, and money laundering. We undertake not to accept gifts or financial benefits and not to enter into any participation that might result in a conflict of interests. Furthermore, no bribes or any other form of unlawful payments or benefits may be accepted, offered, or paid.

We fully commit ourselves to fair competition with our competitors, business partners, and other market participants. At the same time, we undertake to comply with the laws on the restriction of competition that apply in the countries where the Mayr-Melnhof Group does business.

a — Risks and impacts

Potential risks resulting from the MM Group’s business activities are cases of corruption and anti-competitive behavior. The risk of corruption is classified as very low in European countries due to statutory provisions. We also assume that the business operations of the MM Group are not the target of fraudulent actions, especially as the products manufactured are of low fungibility.

b — Management concepts and due diligence processes

Our employees are provided with clear guidelines on compliance and lawful conduct in our Group Organizational Guidelines. In complex areas, in particular in the field of competition law, these guidelines are supplemented by training courses.

Accepting gifts, granting benefits (according to the Code of Conduct)

Employees of the Mayr-Melnhof Group may not demand, accept, offer, or grant any direct or indirect unwarranted benefits in the course of their business activities.

Guideline: competition compliance

Agreements with competitors and coordinated practices that aim at or result in a restriction or prevention of competition are prohibited.

c — Measures and development

Objective	Developments and measures 2020
Require and promote behavior that meets compliance requirements	Mandatory acknowledgement of a new edition of corporate guide-lines on a variety of compliance topics

This supports the implementation of the following Sustainable Development Goals (SDGs): SDG 16.5.

	MM Karton	MM Packaging
Production countries ¹⁾ with corruption index < 30 according to Transparency International Corruption Index 2020	0 of 5	1 of 18
Confirmed cases of corruption	0	0
Lawsuits/legal proceedings for anti-competitive practices	0	0

¹⁾ including MM FollaCell

ABOUT THE CONSOLIDATED NON-FINANCIAL REPORT

With this report, the Mayr-Melnhof Group fulfills its obligation to prepare a separate consolidated non-financial report in accordance with section 267 a of the Austrian Commercial Code (UGB). Accordingly, Mayr-Melnhof has now expanded its annual financial reporting for the fourth time to include disclosures on material non-financial aspects of its business activities in the areas of employee, social and environmental topics as well as respect for human rights and the fight against corruption and bribery.

This year, for the first time, the consolidated non-financial report was prepared in accordance with the GRI standards issued by the Global Sustainability Standards Board (GSSB). The standards of the Global Reporting Initiative (GRI) have become established as an internationally recognized framework for sustainability reporting. The GRI content index is included in the appendix starting on page 51.

This consolidated non-financial report has been prepared by Mayr-Melnhof Karton AG, based in Vienna, as of December 31, 2020. It includes the activities and key figures of the Mayr-Melnhof Group in accordance with the reporting boundaries and the reporting period of the Annual Report 2020. Any deviations from the scope of consolidation are indicated in the individual chapters. The report refers to the financial year 2020, which corresponds to the calendar year 2020. The last available report is dated December 31, 2019. During the reporting period, the following significant changes in the size, structure and ownership of the organization occurred: closure of the cartonboard production in Hirschwang, Austria.

PwC Wirtschaftsprüfung GmbH, Vienna, has been responsible for conducting an independent limited assurance review of the consolidated non-financial statements. The corresponding report can be found on page 54.

The consolidated non-financial report of Mayr-Melnhof Karton AG has been published annually since 2017 and is subject to a continuous improvement process. In 2020, sustainability management and non-financial reporting were significantly advanced. The orientation towards the GRI standards resulted in a significant expansion of the reported non-financial indicators. At the same time, we tried to ensure continuity in the reporting structure for to a large extent. We intend to continue updating the materiality analysis and the ongoing development of data collection processes and reporting in the coming years.

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Vienna, March 15, 2021

The Management Board

Peter Oswald m. p.

Andreas Blaschke m. p.

Franz Hiesinger m. p.

Appendix

NON-FINANCIAL INDICATORS AT A GLANCE

Material and product responsibility

Renewable raw materials and recyclability¹⁾	2020	2019	2018	2017
<i>Cartonboard production²⁾</i>				
Renewable raw materials	1.7 million t	1.7 million t	1.6 million t	1.6 million t
Fiber use	1.6 million t	1.6 million t	1.5 million t	1.6 million t
Recycled fibers ³⁾	1.2 million t	1.2 million t	1.1 million t	1.2 million t
Virgin fibers ⁴⁾	0.4 million t	0.4 million t	0.4 million t	0.4 million t
Share of renewable raw materials	89 %	88 %		
Non-renewable raw materials	0.2 million t	0.2 million t	0.3 million t	0.3 million t
<i>Packaging production</i>				
Renewable raw materials	0.9 million t	0.9 million t	0.8 million t	0.8 million t
Cartonboard and paper use	0.8 million t	0.8 million t	0.8 million t	0.8 million t
Recycled fiber-based cartonboard	0.4 million t	0.3 million t	0.3 million t	0.4 million t
Virgin fiber-based cartonboard	0.4 million t	0.3 million t	0.3 million t	0.4 million t
Share of renewable raw materials	95 %	91 %		
Non-renewable raw materials	0.0 million t	0.1 million t	0.0 million t	0.0 million t

¹⁾ including packaging materials

²⁾ excluding MM FollaCell AS

³⁾ excluding rejects

⁴⁾ groundwood pulp equivalent

Ecological criteria in procurement	2020	2019	2018	2017
<i>Virgin fibers in cartonboard production^{1) 2)}</i>				
- from FSC [®] -certified sources	23 %	17 %	14 %	17 %
- from PEFC [™] -certified sources	36 %	36 %	38 %	36 %
- from controlled sources ³⁾	41 %	47 %	48 %	47 %
<i>Packaging production</i>				
- from FSC [®] -certified sources	17 %			
- from PEFC [™] -certified sources	10 %			
<i>FSC[®]-certified production sites</i>	46 of 50 ⁴⁾	46 of 52		
<i>PEFC[™]-certified production sites</i>	40 of 50 ⁴⁾	40 of 52		

¹⁾ excluding MM FollaCell AS

²⁾ groundwood pulp equivalent

³⁾ including FSC[®] Controlled Wood

⁴⁾ excluding Hirschwang mill

Product safety	2020	2019	2018	2017
Percentage of cartonboard grades whose impacts on customers' health and safety are verified	100 %	100 %	100 %	100 %
ISO 9001-certified production sites ¹⁾	49 von 50	52 of 52	43 of 44	43 of 44
Production sites ¹⁾ which are certified in the areas of food safety and/or hygiene	33 von 50	34 of 52	32 of 44	32 of 44

¹⁾ excluding MM FollaCell AS

Environmental management

	2020	2019	2018	2017
Environmental and energy management				
ISO 14001- or EMAS-certified production sites ¹⁾	31 of 50	33 of 52		
ISO 50001-certified production sites ¹⁾	11 of 50	10 of 52		
Energy consumption				
Energy consumption in cartonboard production ²⁾	3.4 TWh	3.3 TWh	3.4 TWh	3.4 TWh
Share of renewable sources	12 %			
Specific energy consumption ^{2) 3)}	1.9 MWh/t	1.8 MWh/t	1.9 MWh/t	1.9 MWh/t
Energy consumption in packaging production	0.4 TWh	0.4 TWh	0.3 TWh	0.3 TWh
Share of renewable sources	25 %			
Specific energy consumption ³⁾	0.4 MWh/t	0.5 MWh/t	0.4 MWh/t	0.4 MWh/t
Emissions				
<i>Cartonboard production^{2) 4)}</i>				
Direct CO ₂ emissions	0.5 million t CO ₂ e	0.5 million t CO ₂ e	0.5 million t CO ₂ e	0.5 million t CO ₂ e
Specific direct CO ₂ emissions ³⁾	0.3 t CO ₂ e/t	0.3 t CO ₂ e/t	0.3 t CO ₂ e/t	0.3 t CO ₂ e/t
Indirect CO ₂ emissions from electricity consumption ⁵⁾	0.08 million t CO ₂ e			
Indirect CO ₂ emissions from shipments to MMK customers ²⁾	0.1 million t CO ₂ e	0.1 million t CO ₂ e		
<i>Packaging production⁴⁾</i>				
Direct CO ₂ emissions	0.03 million t CO ₂ e	0.03 million t CO ₂ e	0.03 million t CO ₂ e	
Specific direct CO ₂ emissions ³⁾	0.03 t CO ₂ e/t	0.04 t CO ₂ e/t	0.04 t CO ₂ e/t	
Indirect CO ₂ emissions from electricity consumption ⁵⁾	0.04 million t CO ₂ e	0.1 million t CO ₂ e		
Water consumption				
Water consumption in cartonboard production ³⁾	19.7 million m ³	21 million m ³	22 million m ³	24 million m ³
Water consumption in packaging production	0.7 million m ³	0.7 million m ³	0.3 million m ³	0.3 million m ³
Waste				
Non-hazardous waste in cartonboard production ²⁾	0.2 million t	0.2 million t	0.3 million t	0.4 million t
Non-hazardous waste in packaging production	0.1 million t	0.1 million t		
Hazardous waste in cartonboard production ²⁾	1 thous. t	1 thous. t	4 thous. t	4 thous. t
Hazardous waste in packaging production	3 thous. t	3 thous. t		

¹⁾ excluding MM FollaCell AS and Hirschwang mill

²⁾ including MM FollaCell AS

³⁾ based on net production or tonnage processed

⁴⁾ at MM Karton: emissions reported according to section 9 of the Emissions Certificates Act 2011; at MM Packaging: emission factors used according to the German Federal Environment Agency (Umweltbundesamt)

⁵⁾ emission factors used: according to the German Federal Environment Agency (Umweltbundesamt)

Employees¹⁾

	2020	2019	2018	2017
Employee education and training				
MM-Academy courses	273 ⁶⁾	149		
Participants in MM-Academy courses	4,055 ⁶⁾	1,447	3,853	1,067
Thereof executives	706 ⁶⁾			
MM-Academy training hours	32,078 ⁶⁾	12,494		
Health and safety of employees				
ISO 45001- or OHSAS 18001-certified production sites ²⁾	16 of 52	16 of 52		
Work-related injuries with more than 3 lost days				
Work-related injuries – employees	254			
Rate of work-related injuries ³⁾ – employees	3.1			
Work-related injuries – temporary workers	25			
Rate of work-related injuries ³⁾ – temporary workers	5.2			
High-consequence work-related injuries – employees	4			
Fatalities – employees	0	0	0	0
Working conditions/environment				
<i>Human Rights</i>				
Cases of child labor	0	0	0	0
Cases of forced labor	0	0	0	0
Production countries ¹⁾ with Fundamental Rights Index ≤ 0.4 (Rule of Law)	0 of 21	3 of 21	2 of 18	2 of 18
<i>Number of employees by gender⁶⁾</i>				
Male	7,781			
Female	2,157			

¹⁾ fully consolidated companies

²⁾ excluding MM FollaCell AS and Hirschwang mill

³⁾ based on 200,000 hours worked

⁴⁾ including MM FollaCell AS

⁵⁾ full employment equivalent

⁶⁾ including 95 web-based training courses amounting to 20,635 hours

Society

	2020	2019	2018	2017
Compliance with laws, standards, rules of conduct				
No significant fines or sanctions for non-compliance with legislation and regulations in the social and business field	✓	✓	✓	✓
Anti-corruption, anti-trust compliance				
Production countries ¹⁾ with corruption index < 30 according to Transparency International Corruption Index 2020	1 of 21	2 of 21	1 of 18	3 of 18
Number of cases of corruption or anti-competitive practices	0	0	0	0

¹⁾ including MM FollaCell AS

Material local employment effects	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
<i>Number of employees¹⁾ per country</i>				
Germany	2,632	2,715	2,760	2,854
Austria	1,764	1,846	1,498	1,499
France	919	916	918	937
Poland	670	687	736	811
Russia	624	609	495	492
Turkey	478	450	575	612
Slovenia	398	389	392	389
Chile	244	239	270	336
Iran	270	239	245	263
Great Britain	255	236	220	232
Ukraine	229	224	226	229
China	202	212	0	0
Colombia	174	204	196	224
Romania	223	202	214	218
Netherlands	209	202	200	207
Spain	139	143	146	163
Vietnam	137	123	135	146
Philippines	117	120	0	0
Jordan	112	115	127	139
Norway	73	69	65	61
Canada	49	44	0	0
Others	20	30	27	44
Total	9,938	10,014	9,445	9,856

¹⁾ full employment equivalent

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¹ This information can be found in the Annual Report 2020 of Mayr-Melnhof Karton AG.

The English version of this report is a translation of the original German text. In case of doubt, the German version takes precedence.

INDEPENDENT LIMITED ASSURANCE REPORT

Independent limited assurance report on the consolidated non financial report 2020

We have performed a limited assurance engagement of the consolidated non financial report 2020 of Mayr-Melnhof Karton Aktiengesellschaft, Wien, and its subsidiaries (the "Group") for the year ended December 31, 2020.

Management's responsibility

The Management is responsible for the preparation of the consolidated non financial report 2020 in accordance with the requirements of section 267 a UGB as well as the GRI Standards: Core option. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the consolidated non financial report 2020 that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a limited assurance conclusion based on our procedures performed and evidence obtained.

We performed our engagement in accordance with the professional standards applicable in Austria with regard to KFS/PG 13 "Other assurance engagements", KFS/PE28 "Selected issues in connection with the assurance of non financial statements and non financial reports pursuant to sections 243 b UGB and 267a UGB as well as sustainability reports" and the International Standards on Assurance Engagements (ISAE) 3000 (Revised) "Assurance engagements other than audits or reviews of historical financial information". These standards require that we comply with our ethical requirements, including rules on independence, and that we plan and perform our procedures by considering the principle of materiality to be able to express a limited assurance conclusion based on the assurance obtained. As provided under section 275 para. 2 UGB (liability provision regarding the audit of financial statements of small and medium-sized companies), our responsibility and liability towards the Company and any third parties arising from the assurance engagement are limited to a total of EUR 2 million.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement; consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The selection of the procedures lies in the sole discretion of the auditor and comprised the following:

- Critical assessment of the Group's analysis of materiality considering the concerns of external stakeholders by interviewing the responsible employees and inspecting relevant documents
- Obtaining an overview of the policies pursued by the Group, including due diligence processes implemented as well as the processes used to ensure an accurate presentation in the consolidated non financial report by interviewing the Company's management and inspecting internal guidelines, procedural instructions and management systems in connection with non financial matters/disclosures
- Obtaining an understanding of reporting processes by interviewing the relevant employees and inspecting selected documentations
- Evaluating the reported disclosures by performing analytical procedures regarding non financial performance indicators, interviewing relevant employees and inspecting selected documentations. All interviews as well as audit activities were conducted virtually due to the ongoing Covid-19 pandemic and the respective coronavirus protective measures
- Examining the consolidated non financial report regarding its completeness in accordance with the requirements of section 267 a UGB as well as the GRI Standards: Core option
- Evaluating the overall presentation of the disclosures and non financial information

The following is not part of our engagement:

- Examining the processes and internal controls particularly regarding their design, implementation and effectiveness
- Performing procedures at individual locations as well as measurements or individual evaluations to check the reliability and accuracy of data received
- Examining the prior-year figures, forward-looking information or data from external surveys
- Checking the correct transfer of data and references from the (consolidated) financial statements to the non financial report; and
- Examining the information and disclosures on the website or further references on the internet

Neither an audit nor a review of financial statements is objective of our engagement. Furthermore, the disclosure and solution of criminal acts, as e. g. embezzlement or other kinds of fraud, and wrongful doings, nor the assessment of the effectiveness and profitability of the management are objectives of our engagement.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the consolidated non financial report 2020 is not prepared, in all material aspects, in accordance with the requirements of section 267 a UGB as well as the GRI Standards: Core option.

Vienna, March 15, 2021

PwC Wirtschaftsprüfung GmbH

Aslan Milla m. p.
Austrian Certified Public Accountant

We draw attention to the fact that the English translation of this report is presented for the convenience of the reader only and that the German wording is the only legally binding version.