Leading in
Consumer Packaging

Think next.

Consolidated Non-financial Report
Mayr-Melnhof Karton AG

2023

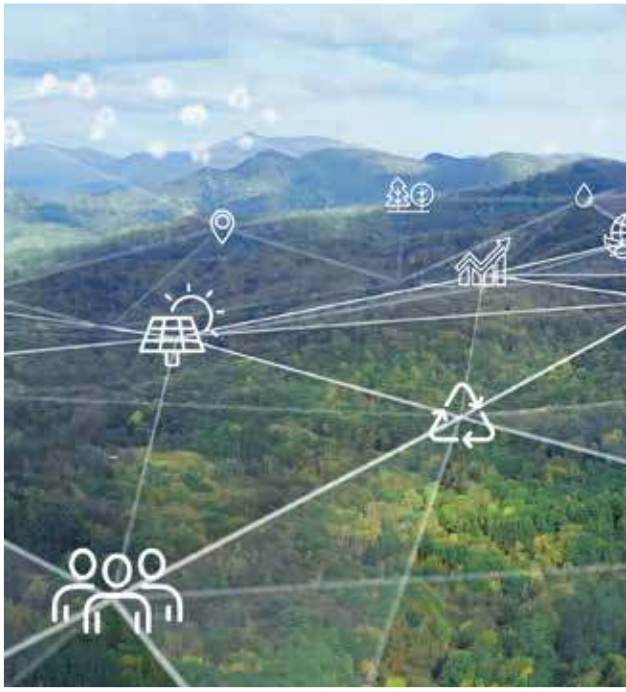
Consolidated Non-financial Report

2 MM in the context of sustainability

18 Introduction
20 Brief profile of the MM Group
21 Circular economy and plastic substitution
24 Non-financial topics and their connection to business development
26 EU taxonomy disclosures
30 Climate-related risks (TCFD)

34 MM Sustainability Management

34 Concepts and governance of sustainability
36 Outlook Corporate Sustainability Reporting Directive (CSRD)
37 Stakeholder groups and dialogue
39 Material topics of sustainability
42 MM Sustainability Strategy



62

People: sustainability training for employees

74

Prosperity: more sustainable packaging solutions to substitute plastics

46 Focus on MM sustainability topics

46 Planet
1. Decarbonisation
2. Raw materials
3. Water

62 People
4. Working environment
5. Human rights
6. Safety and health

74 Prosperity
7. Responsible management
8. Innovation and quality
9. Value chain

84 Disclosures on the Consolidated Non-financial Report

86 Appendix: MM sustainability performance at a glance

87 EU taxonomy content index
91 Overview of non-financial indicators
98 GRI content index in accordance
103 TCFD content index
104 Independent limited assurance report

Facts & Figures

MM sustainability topics in 2023

Sustainable development is an integral part of our corporate strategy and, alongside quality, innovation and technology, part of our success principles at MM. Our products are based on renewable raw materials and can be recycled to a very high degree. In this way, we reduce the carbon footprint of packaging materials. Hence, we are shaping the future of packaging and contributing to the well-being of our planet and the people around us.

"Decarbonising our production and reducing the CO_2 footprint of our products play an important role in this. That is why the MM Group has set itself an ambitious science-based 1.5 °C target and is committed to a net zero target."

Peter Oswald
CEO

Planet

Strategy & targets

- **28 %** reduction in Group-wide Scope 1 and Scope 2 emissions compared to 2019

Ratings & Assessments

MM Group recognised with a "triple A" CDP score for transparency on Climate Change, Forests and Water Security.

Measures & projects

- Increase in the share of purchased green electricity: **36** of **71** sites purchased green electricity in 2023 or will switch to green electricity in 2024 (compared to **11** plants in 2022). As a result, Scope 2 emissions in the MM Packaging division were reduced by **26 %** compared to the previous year.
- Installation of **6** PV systems: a total of **9** PV systems and **1** CSP (Concentrating Solar Power) system in operation
- MM Sustainability Bonus 2023: more than **370** project ideas and more than **180** finalised CapEx projects were submitted across the Group.
- MM Kwidzyn: planning investments in renewable energies in order to further increase the already high share of **65 %**.

People

Policies

Implementation of new MM policies in the areas of human rights, fair and equitable working conditions and a safe working environment:

- Supplier Code of Conduct
- Policy Statement on Human Rights
- HR Policy
- Safety Policy

Sustainability training

- Internal e-learning programmes and webinars: in a first wave of training, more than **800** employees were trained on the topic of sustainability.

Accident prevention significantly improved

- A Group-wide Lost Time Accident Rate (LTAR) of **1.27** was achieved, with **45** of our sites achieving an even lower value. This means that the Lost Time Accident Rate was reduced by **42 %** in 2023 compared to the previous year.
- Occupational Safety & Health (OSH) support visits were carried out at **60** sites.

Prosperity

Innovation

By developing innovative, more sustainable packaging solutions, we create alternatives to conventional plastic packaging:

- MM Moulded Pulp can be used, for example, as a fibre-based insert for cosmetic products or as a container for foodstuffs.
- MM GreenPeel can reduce the amount of plastic used by up to **85 %**.

Cyber security

- Our IT security services have been awarded with the Austrian quality seal "Cyber Trust Austria Gold Label" of approval for cyber security.

Planet

MM sustainability topics in 2023

Decarbonisation as part of the Group strategy

The MM Group has set itself a decarbonisation target that meets the requirements of the Science Based Target Initiative (SBTi), including the target of reducing Scope 1 and 2 emissions by 50.4 % and reducing Scope 3 emissions by 58.1 % per unit of value added by 2031 based on the values from 2019. In order to achieve these ambitious goals, internal measures must be taken in particular with regard to energy efficiency and renewable energy. For example, our Polish integrated cartonboard and paper mill MM Kwidzyn has plans for investments that will further increase the already high proportion of renewable energy, which currently amounts to 65 %. In addition, we have launched the MM Sustainability Bonus. It is made up of two components: a mill-specific CO_2 reduction target on the one hand, and a qualitative part that includes tasks in the area of energy management and project (ideas) that lead to a CO_2 reduction on the other hand.

The bonus resulted in a large number of CO_2 reduction projects that were implemented in 2023. The purchase of green electricity was stepped up and energy efficiency/ reduction measures were initiated. The bonus is part of the MM Group's remuneration system and applies to managers. The Management Board and the Supervisory Board are regularly informed about the performance of the plants in monthly CO_2 emission reports.

Building on the results from 2023, further steps to implement the decarbonisation strategy will be pursued in the financial year 2024 based on the MM Sustainability Bonus.

Climate scenarios and risk management

Climate scenarios are essential in order to analyse risks, threats and opportunities and to consider possible effects and measures for the company. For the business activities of the MM Group, advancing climate change results in both, physical risks that affect individual locations and strategic risks that can affect a division or the entire Group. Through extensive analyses of climate change scenarios and their predicted effects on the environment, the weather and ecosystems, the MM Group has acquired a comprehensive understanding of the resulting risks and opportunities. MM's understanding of the effects of climate change on MM's business activities, but also on our planet, also results in a strong awareness of the importance of measures to mitigate climate change.

As we strive to constantly update and improve our climate risk analyses, the MM Group worked together with external experts in 2023 to identify the risks and dangers associated with climate change in workshops in order to subsequently develop ideas and strategies to manage these climate risks.

As the production of cartonboard and paper depends on the availability of natural raw materials, such as wood, the climate-related risk of forest fires was analysed in particular detail following a general analysis. The risk of forest fires is becoming an ever greater risk for MM's business activities due to climate change. Forest fires can lead to a shortage of wood as a raw material and therefore pose a significant risk to our supply chain.

In an exchange with experts, we analysed how forest fire risks are defined and influenced and what impact they can have on MM's supply chain. In addition to quantitative parameters, qualitative parameters must often also be taken into account. They can only be assessed to a limited extent without sound scientific knowledge. That is why MM has expanded and optimised its quantitative climate risk analyses in consultation with scientific experts.

Responsible water use at MM Board & Paper

Due to the high demand for water in the cartonboard and paper production, it is important to take into account regional risks and developments, particularly with regard to the effects of climate change. Most of the MM Board & Paper division's mills are located directly at watercourses, which is why we take into account the entire water catchment area in which the respective mill is located.

As responsible water use is particularly important to us, we analysed the water scarcity factor in the Board & Paper division in the financial year 2023. In view of the fact that water scarcity is a major threat in many regions of the world, we want to better understand our influence on water use. To this end, we have analysed the specific water scarcity footprint using the AWaRe (Available Water Remaining) method. The analyses that we have carried out with our external partners have shown that the impact of our water use can be classified as low, as MM Board & Paper's mills are located in regions where water scarcity is not a threat.

When looking at the fresh water consumption less rainwater (blue water consumption) of the MM Board & Paper mills, it is noticeable that up to 97 % of our process water of the virgin fibre cartonboard mills is returned to the global fresh water cycle, which means that our overall water consumption is very low. Only our mills in Kotka and Follafoss, which, due to their geographical location, discharge their fresh water directly into the sea after the cleaning processes, have slightly higher values.

Strategy & targets

- Science Based Target and Net Zero Target: in addition to the existing 1.5 °C target, we have officially committed to a Net Zero Target.
- Introduction of the MM Sustainability Bonus: CO_2 reduction and decarbonisation measures as an integral part of the MM remuneration policy.
- Monthly CO_2 progress reports for the Management Board and the Supervisory Board.

Measures & projects

- Internal CO_2 pricing: the MM Group has defined an instrument for setting an internal CO_2 price, which will be implemented throughout the Group in the financial year 2024.
- Implementation of the European Deforestation Regulation (EUDR): The European Deforestation Regulation (EUDR - (EU) 2023/1115) is intended to prevent companies from placing goods associated with deforestation and forest degradation on the EU market or exporting them from the EU. The MM Group has defined taking measures to fulfil the requirements of the EUDR.
- Water Scarcity Check: The water scarcity factor was analysed and the impact of water use was classified as low, as our plants are located in regions where water scarcity is not a threat.

"Through a specifically created project team, we are in close contact with our suppliers and customers, actively participate in committees and association activities and thus take the necessary steps for the best possible implementation of the EUDR."

Sigrid Gerold
Head of Group Product Safety

People

MM sustainability topics in 2023

MM focuses on human rights

In the financial year 2023, we placed a special focus on the topic of "human rights" and dealt intensively with the fulfilment of minimum social safeguards requirements. We have set ourselves the goal of promoting responsible and sustainable business practices across the entire value chain of the MM Group, including our own business activities as well as the upstream and downstream value chain.

In this context, we have implemented a Supplier Code of Conduct that supports our commitment to respecting human rights, the OECD Guidelines for Multinational Enterprises, the principles of the UN Global Compact Initiative and the ILO core labour standards. Our core values, which are anchored in our Code of Conduct (https://www.mm.group/ueber-uns/verantwortung/code-of-conduct/), constitute the basis for responsible and sustainable business practices at MM. In this way, we ensure that these values are promoted sustainably.

The newly established "Human Rights Officer" is responsible for promoting, safeguarding and protecting human rights within the MM Group. This responsibility currently lies with the position "Head of Group Human Resources & Internal Communication" and is therefore anchored at senior management level. In addition, we conducted an internal survey on the topics of human rights, corruption, fair competition and information security to gather important information on how we can best and proactively manage the topic of human rights.

Sustainability training for employees

The MM Group has established an online sustainability training programme for its employees to ensure that the topic of sustainability is understood by everyone and can thus be put into practice in an efficient way.

The multi-stage training programme comprises several modules and is available via our internal training platform “MM-Academy”. It provides a basic understanding of what sustainability means for MM, which corporate strategy is pursued with regard to sustainability and where the focus is placed in terms of content. The training also includes an explanation of basic concepts and frameworks, such as the Greenhouse Gas Protocol. In a further module, our employees’ understanding of the Life Cycle Assessment (LCA) methodology and the calculation of the carbon footprint is deepened.

A short time after the training programme was launched in November 2023, more than 430 employees had already taken part. The programme is planned to be continued in 2024. In addition, internal sustainability training webinars were offered in 2023 with individual specialist departments and management representatives. More than 400 people participated in these webinars.

Near-miss management – the high impact of accident prevention

At the end of 2021, we introduced near-miss management with ambitious targets and for the first time implemented a leading key performance indicator (KPI) for near-misses in addition to accident figures. Our goal was to implement a total of 1,999 reports and improvement measures for the entire Group by the end of 2022. There was a significant increase in the number of near-miss reports at the beginning of 2022 and by the end of that year, every second production employee had reported a potential improvement of accident prevention. Our sites processed a total of 6,243 near-miss reports in the financial year 2022 – a figure which was three times higher than the target value. The indirectly intended success, the reduction in accidents, was impressive: at the end of 2021, 327 lost time accidents (LTAs) had been recorded. By the end of 2022, this figure had fallen to 225 LTAs.

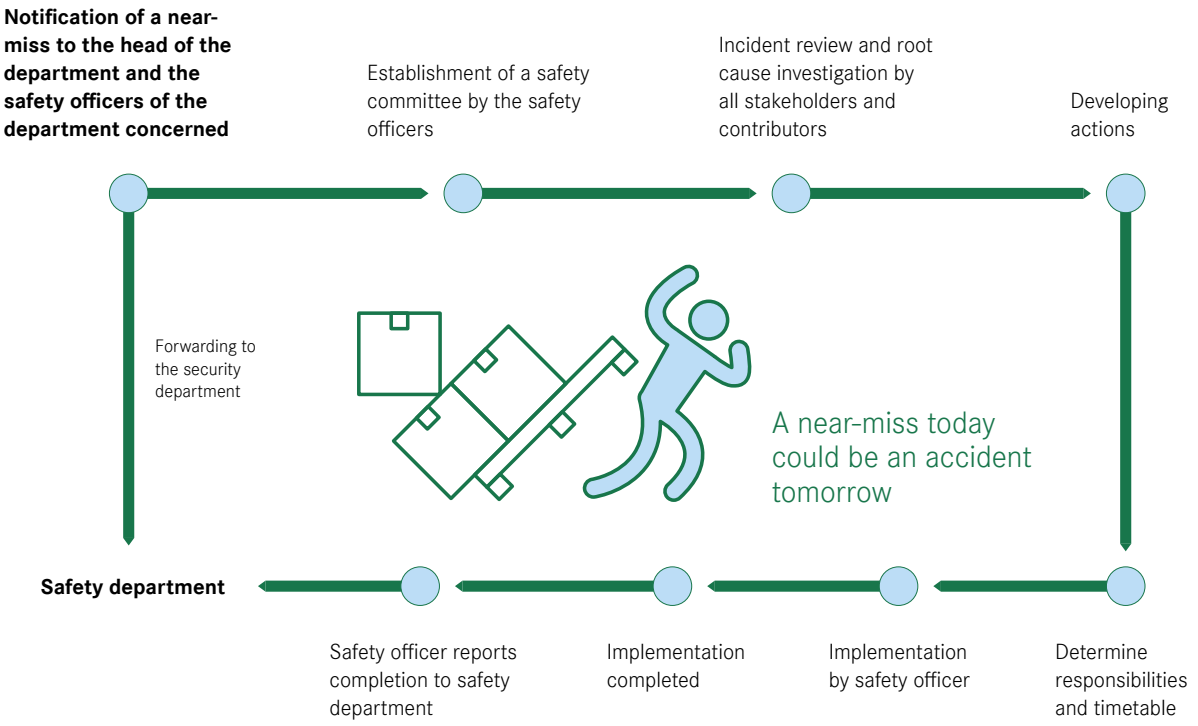
Encouraged by this significant improvement, the target for 2023 was set at 6,886 reports and once again the plant managers showed their leadership. By the end of 2023, we had received 12,263 near-miss reports, twice as many as the target figure had been, which, again, is a significant improvement per production employee. At the same time, working hours in the operating business units increased by 26 % due to acquisitions in the Pharma & Healthcare business unit. Although more working hours are generally associated with a higher number of accidents, we succeeded in further reducing the number of occupational accidents from 225 to 166 LTAs.

Focus on human rights

In 2023, we established a “Human Rights Officer” in the MM Group with the aim of ensuring the best possible observance of human rights. This role is anchored at senior management level.

“In the event of an accident, coincidence decides. WE preventively manage everything beforehand!”

Thomas Ebetshuber
Group Safety & Quality Manager



Prosperity

MM sustainability topics in 2023

Innovation and commitment in cyber security

With a strong focus on governance and compliance, the MM Group made decisive progress in operational technology (OT) security in the financial year 2023. An outstanding OT security project aimed at improving the security of our industrial control systems marked the beginning of our intensified efforts in this area. By introducing advanced technologies and continuously optimising our security protocols, we have created a solid foundation for our efforts to effectively counter cyber threats and promote a proactive security culture.

Our new Security Operation Centre (SOC) plays a key role in the MM Group's security infrastructure and significantly increases the efficiency and effectiveness of our security operations. Our cyber security awareness programme, which is supported by a wide range of communication tools, plays a key role in raising awareness of information security among all employees.

An important step towards integrating our security strategies into the company's management consisted in placing the position of Chief Information Security Officer directly under the Chief Financial Officer. This is to emphasise that we see governance and compliance as central elements of our security efforts.

In view of new regulatory requirements, the MM Group has introduced comprehensive measures in the area of supply chain security. The introduction of strict security standards and regular audits of our suppliers are intended

to strengthen the overall security of our supply chain and minimise risks that could arise from third parties.

The positive response to our initiatives, such as the award of the Austrian quality seal "Cyber Trust Austria Gold Label" of approval for cyber security to MM Service GmbH, confirms that we are on the right track. We are now focusing on the operational implementation of these strategic foundations in order to further strengthen our security objectives and establish a resilient security culture within the MM Group.

CYBER TRUST AUSTRIA

More sustainable packaging solutions to substitute plastics

In the financial year 2023, the MM Group made significant progress in the development of more sustainable packaging to substitute plastics. These solutions not only fulfil the highest requirements for recyclability, but also set new standards for more environmentally friendly packaging solutions. Our innovations and product developments are based on an intensive dialogue between the innovation and the sustainability department as well as other internal experts and our customers.

With ALASKA® BARRIER GREASE, MM Board & Paper launched a hard sized virgin fibre cartonboard with the most innovative barrier against grease and superior moisture protection on the market in 2023. The product's fibres come from sustainably managed forests and can be easily recycled in the established paper and cartonboard recycling streams. It is a more sustainable and cost-effective alternative to PE coating and is manufactured with a water-based dispersion barrier that does not contain any fluorinated polymers.

MM Packaging acts within the framework of our corporate goal of "Enabling people to live a better life on a better planet" to further drive innovation. To this end, the "MMP XBU Innovation Team" was founded in December 2022 to share best practices and leverage synergies. The team consists of the heads of innovation of our four business units in the Packaging division and the head of PacProject, our creative agency for packaging. According to this model, each business unit will own and manage individual innovation pipelines and priorities aligned with the specific needs of their customer segments. In addition, the further development of the innovation mindset will be promoted and a standard innovation framework will be utilised and maintained as part of a common stage-gate process. In this way, MM Packaging creates the basis for an aligned way of working within the division.

As Europe's leading manufacturer of cartonboard made from recycled paper fibres, we see the expected requirements of the European Packaging and Packaging Waste Regulation (PPWR) regarding the proportion of recycled material not only as a challenge but also as an opportunity to further strengthen our market position.

"Sustainability is inspiring our innovations for the future. In 2023, we cooperated more closely with our customers to pursue the shared goal of improving the sustainability credentials of secondary packaging. From plastic replacement to optimising designs and material choices, we have supported our customers in identifying, selecting and implementing more sustainable options."

Tiffany Overstreet
Innovation Director Pharma

MM focuses on ethical standards and transparency in the supply chain

Promoting ethical standards and responsible business practices along our entire supply chain is a long-term effort at MM. In addition to anchoring human rights issues in our Supplier Code of Conduct that was implemented in 2023, we have created monitoring mechanisms that monitor and promote compliance with our standards.

The implementation of "Prewave" in 2022 was a decisive step in the development of our supply chain risk management. It enables us to carry out strategic risk analyses of the supply chain in real time and initiate risk prevention measures immediately. MM thus strengthens supply chain resilience in the long term and fulfils the latest compliance requirements, such as the German Supply Chain Duty of Care Act (LkSG).

An important strategic focus is placed on the detailed analysis and monitoring of our key raw materials, such as pulp and paper, paints and varnishes and chemicals, which requires an in-depth understanding of the development of potential risks along our supply chain.

In addition, the integration of the "KODIAK" supplier relationship management platform in the MM Packaging division strengthens the transparency, traceability and resilience of our supply chain. By integrating supplier assessments based on the LkSG, we can ensure that our suppliers comply with legal regulations and MM-specific requirements.

The implementation of "KODIAK" and "Prewave" as well as a dedicated Supplier Code of Conduct is an important step for MM to optimise supply chain processes and strengthen our supply chain resilience.

Responsibility along the supply chain

By implementing the "Prewave" supply chain risk management tool and the "KODIAK" supplier relationship management platform, we can cooperate even more closely with our suppliers on sustainability topics. We are implementing existing compliance requirements, such as the German Supply Chain Duty of Care Act, and are optimally prepared for future requirements, such as the European Corporate Sustainability Due Diligence Directive.

Sustainable innovations

A cross-business unit "MMP XBU Innovation Team" was created to organise our innovation work as effectively and efficiently as possible.

MM in the context of sustainability

INTRODUCTION

Sustainability is an integral part of the MM Group's business activities and the basis for our long-term business success. Ever since the company was founded in 1888, in a forestry environment, the idea of sustainability has always been present at MM. With innovative, recyclable packaging and paper products made from renewable raw materials, we are now at the forefront of avoiding plastic waste, as explained in more detail in the chapter "Circular economy and plastic substitution" on page 21.

GRI 2-6 This report documents the further development of our sustainability strategy and activities in the financial year 2023 and
GRI 2-23 includes an outlook with regard to the Corporate Sustainability Reporting Directive (CSRD) on page 36. We focus on our strategic activities in relation to protecting the environment (see "Planet" section), attractive working conditions and occupational safety (see "People" section) as well as our forward-looking management of investments and innovations, including collaboration with third parties for systemic change (see "Prosperity" section). We also report on the implementation of our targets defined in 2021. These reports are compiled on the basis of experienced, centralised management and harmonised systems, tools and standards.

At the centre of this is our conviction that the MM Group can be even more competitive and successful in the long term through transparent sustainability management and the disclosure of progress (and failures). The continuous involvement of our stakeholders in our sustainability journey is very important to us. While a comprehensive stakeholder dialogue was conducted in 2021, which forms the basis of our sustainability strategy continues to be valid, we focused on a greater involvement of internal stakeholders in 2022. This resulted in the creation of the "MM Message House", in which we anchor our corporate purpose "Enabling people to live a better life on a better planet" together with the goal of becoming "Leading in consumer packaging using renewable resources" and define our efforts to create a unifying corporate culture with shared values. In 2023, a particular focus was placed on implementing measures. For example, the newly created MM Sustainability Bonus (page 48) contributed to significant progress in the area of decarbonisation. Such measures support us in achieving our ambitious climate targets, such as the Science Based Targets, which are described in more detail in the "Decarbonisation" chapter starting on page 46.

Our Science Based Targets were officially recognised in 2022 and have served as central points of reference for our
GRI 2-28 sustainability strategy ever since. In the run-up to this, MM joined the global "Business Ambition for 1.5 °C" initiative to take appropriate measures to help limit global warming to 1.5 °C by 2031. Our ongoing measures and projects are explained in more detail in the "Decarbonisation" chapter (from pages 46 ff). In 2023, we submitted our Net Zero Target to the Science Based Target Initiative (SBTi) and officially committed to it. In 2023, we also succeeded for the first time in further improving our climate rating by the renowned CDP (Disclosure Insight Action) to a "triple A rating". MM is therefore one of the top 10 out of a total of 21,000 companies assessed, having achieved "Leadership Status" in the three assessment categories "Climate Change", "Forests" and "Water". This documents that MM is implementing ecological sustainability to protect the climate, forests and water in a comprehensive and holistic manner. In this context, we focus on our objective of offering our stakeholders and particularly our customers added value through exemplary performance and a transparent approach to sustainability.

The circular economy has always been part of MM's business model due to our focus on cartonboard and paper products which are primarily produced using renewable raw materials and are fully recycled after use. Despite many efforts to increase plastic recyclability, it will never be possible to recycle plastic to the same extent as cartonboard or paper. In

addition, the market for recycled paper has been functioning very well already for a long time. We are therefore endeavouring to offer highly competitive solutions made of cartonboard and paper to replace plastic through innovation and investment in sustainability and to create attractive future potential for the MM Group.

As part of our corporate responsibility, however, we are also particularly committed to our employees. We are therefore pleased to report that our adjustments in the area of "Occupational Safety and Health" are already having an impact and that we were once again able to significantly improve occupational safety at MM in the financial year 2023. Details can be found in the "Safety and health" chapter on pages 72 ff.

We are aware that we can only drive systemic change towards an even more sustainable value chain together with our customers, suppliers and other stakeholders on a harmonised basis. We are therefore a member of the UN Global Compact and are committed to the United Nations' Sustainable Development Goals (SDGs). This report is based on the standards of the Global Reporting Initiative (GRI).

The MM Group reported on the financial year 2022 for the first time "in accordance" with the standards of the Global Reporting Initiative (GRI) and will continue to do so for 2023. The topics described below were identified in a materiality analysis in 2021, in which the interests of our stakeholders were taken into account. As there have been no significant changes in the business activities carried out since 2021, we assume that the analysis and definition of the material topics for the MM Group's sustainability strategy continue to apply in 2023. At the same time, we strive to continuously optimise and expand our transparency in an ongoing dialogue with internal and external stakeholders. The new requirements of the CSRD (Corporate Sustainability Reporting Directive) and the ESRS (European Sustainability Reporting Standards) will come into effect for the MM Group in the financial year 2024. Intensive preparations were therefore already made in 2023. An internal review of the materiality analysis and a subsequent ESRS gap analysis were carried out in order to integrate missing KPIs into the existing reporting structure in the best possible way. On this basis, we will carry out a materiality analysis in the first quarter of 2024 in order to define future key topics together with internal and external stakeholders. An overview of the CSRD can be found on page 36.

With regard to our non-financial key figures, we take into account all current locations of the division MM Board & Paper and MM Packaging divisions with full-year figures. The MM Packaging mill MMP Schilling in Heilbronn was closed in 2023, which is why this site is no longer included in the non-financial reporting.

The fact that the MM Group is constantly making progress, both in ecological and in social matters, is due to the high sense of responsibility and the achievements of the entire MM team. We would like to thank our employees for their commitment.

This sense of responsibility, which we ask from ourselves as well as from our business partners, is set out in our Code of Conduct. Our CoC was already expanded in 2022 to include a commitment to the universal principles of the UN Global Compact and the OECD Guidelines. Objectives and resource allocation within the Group follow this direction. In addition, a Supplier Code of Conduct was defined in the financial year 2023, in which we commit to fair and ethical business relationships with our suppliers and vice versa and integrate social and environmental criteria.

BRIEF PROFILE OF THE MM GROUP

GRI 2-6 The MM Group is a leading global producer of consumer packaging. The Group offers packaging solutions made of cartonboard and folding cartons with an attractive range of kraft papers, uncoated fine papers, leaflets and labels. MM promotes sustainable development through innovative, recyclable packaging and paper products that are based on renewable raw materials and are alternatives to plastic packaging.

The MM Group has an integrated structure with its two divisions, MM Board & Paper and MM Packaging, which operate at arm's length. Cartonboard is the most important raw material for folding cartons, which are predominantly used for the packaging of everyday consumer goods. With around 15,087 employees, the Group produced 1,945,000 tonnes of cartonboard and 473,000 tonnes of kraft paper and uncoated fine paper as well as around 3,984 million m^2 of packaging in 2023. In 2023, the MM Group generated sales of around EUR 4.2 billion. The MM Group operates in 33 countries with six cartonboard and paper mills, 64 packaging sites and one fibre mill and sells its products to over 140 countries worldwide. The Group's most important market is Europe.

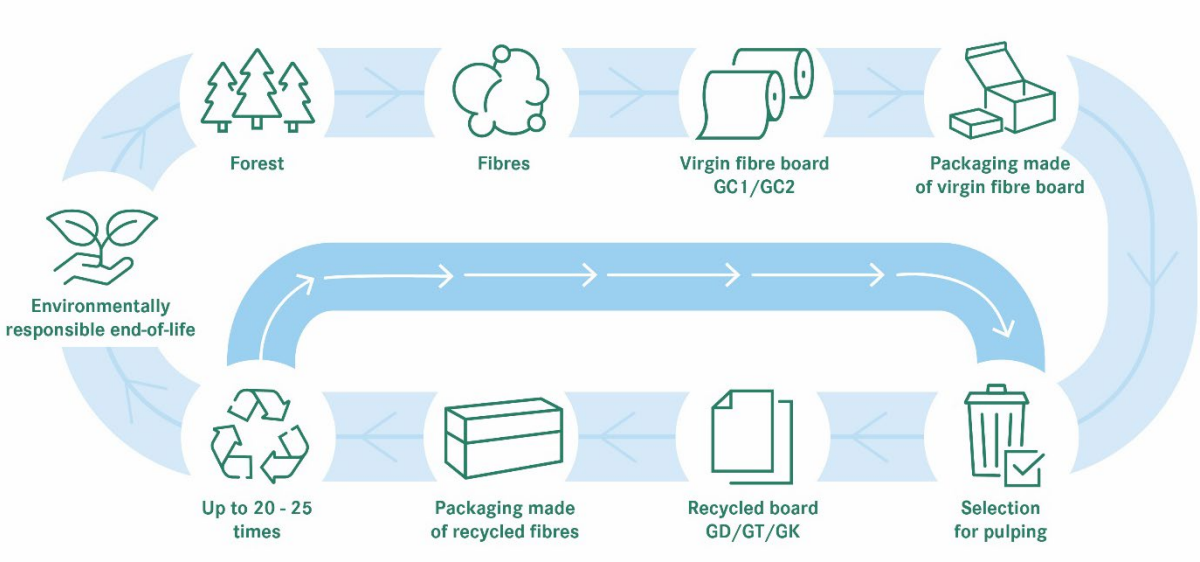
The MM Board & Paper division offers a wide range of products and services. It includes recycled and virgin fibre cartonboard qualities for a variety of consumer goods industries in the Food, Pharma & Healthcare and Cosmetics & Personal Care sectors. Papers are used for packaging solutions and technical applications (laminates) as well as for products in the office sector. Around 46 % of the division's total fibre demand in 2023 was accounted for by virgin fibres and 54 % by recycled fibres. In addition to fibres, energy and coating chemicals for the cartonboard surface are the most important input factors in cartonboard production. Raw cartonboard is mainly used in the production of packaging. All of MM Board & Paper's cartonboard and paper products are produced using renewable fibres. MM Board & Paper's customers are primarily folding carton manufacturers, consumer goods producers and retailers.

MM Packaging is the leading producer of folding cartons in Europe with a leading position in several markets outside Europe and a market leader in secondary pharmaceutical packaging in Europe and North America. The division's focus is placed on the production of packaging for everyday consumer goods in the Food, Premium & Specialities and Pharma & Healthcare sectors, including an attractive range of leaflets and labels. Recycled and virgin fibre cartonboard are used as raw materials in roughly equal proportions. In addition to cartonboard and paper, inks, varnishes and die-cutting tools are important input factors in the production of packaging, which is more labour-intensive but more energy-intensive than the cartonboard and paper production. MM Packaging's customers include both multinational and local consumer goods producers.

CIRCULAR ECONOMY AND PLASTIC SUBSTITUTION

The circular economy is an inherent part of our business activities as the production of cartonboard and paper products is our core business and these products are primarily manufactured using renewable raw materials and are fully recycled after use. In the current packaging debate, we are therefore set to offer new solutions for the substitution of plastics and create an attractive future potential based on innovative and competitive solutions made of cartonboard and paper.

As a producer of virgin fibre cartonboard, recycled cartonboard and folding cartons made of virgin and recycled fibres, the MM Group's business includes all essential production steps to ensure the circularity of cartonboard. Our "MM Circularity Model" illustrates how MM reuses and recycles materials in order to minimise waste and increase the efficient use of resources.

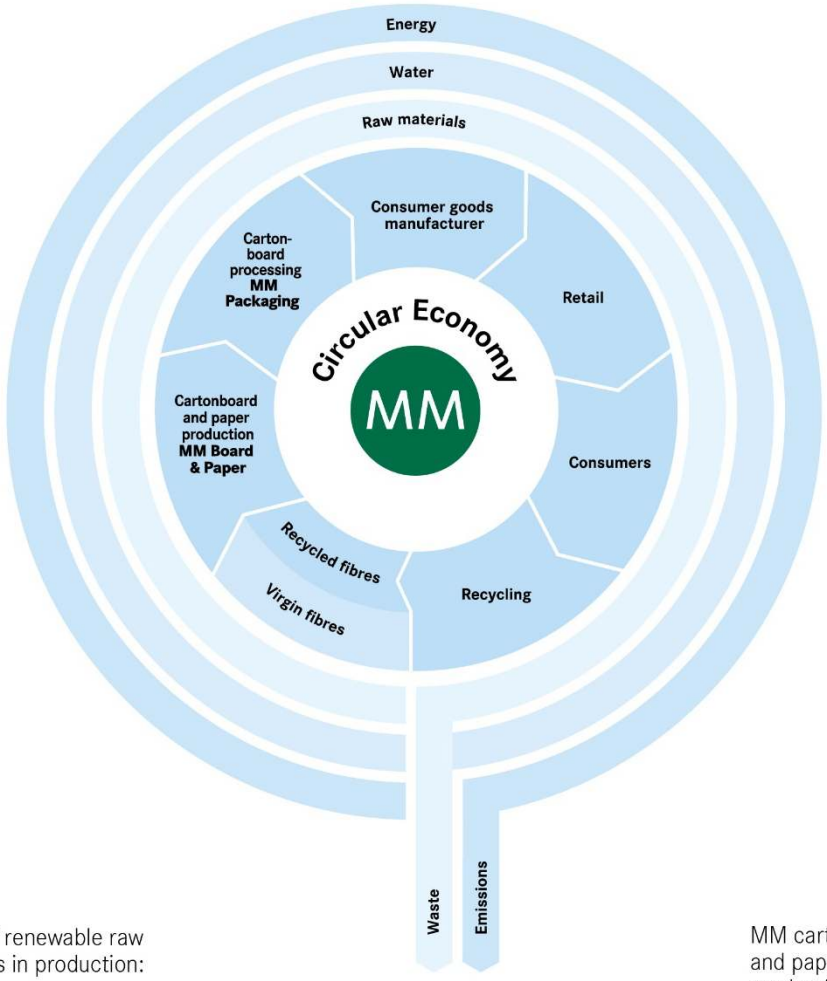


In connection with the EU Circular Economy Package and the European Green Deal, the Packaging and Packaging Waste Regulation (PPWR) is highly relevant for MM, as is the Single Use Plastics Directive (SUPD). These regulations essentially aim to reduce and harmonise packaging waste across Europe. The overarching goal is to ensure that all packaging is reusable or recyclable in an economically viable way by 2030. Measures are also planned to reduce resource consumption by avoiding secondary packaging. The legislative process of the PPWR was in an intensive negotiation phase between the European Parliament and the EU Council in 2023 with the aim of developing a common position on the European Commission's proposals. The MM Group views these legal requirements as an impulse for innovation, particularly with regard to further optimising the recyclability and substitution of single-use plastic packaging, among others in the food service sector (see chapter "Innovation and quality", pages 79 ff.).

Sustainable value creation and growth in the core business

The MM Group focuses on an excellent industrial production with a claim to innovation and technology leadership. In pursuit of an outstanding sustainability performance, we focus in particular on areas such as resource consumption, the circular economy, the safety and development of our employees, diversity, respect for human rights and the fight against corruption and bribery. Sustainable value creation and growth along the supply chain with a focus on the two core business divisions MM Board & Paper and MM Packaging is a central part of our Group's strategy. Our Group-wide sustainability management enables us to systematically measure and further develop MM's sustainability performance and thus meet the high demands of the market and our customers.

This enables us to tap into new sales areas and penetrate existing markets with competitive, innovative products and processes. We pursue growth both organically and through acquisitions.



Share of renewable raw materials in production:

76 %
MM Board & Paper

94 %
MM Packaging

82 %
Recycling rate of cartonboard and paper in Europe[1)]

Fibres can be recycled up to

25
times[2)]

MM cartonboard and paper production

100 %
virgin fibres from controlled sources

Cartonboard and paper packaging mainly consists of renewable raw materials and is part of a circular economy. This is because waste paper is reused as a resource and combined with virgin wood fibres from responsibly managed forests to continue the cycle.

[1)] Recycling rate of paper and cardboard packaging waste in the European Union 2005-2021, Statista
[2)] Recyclability of cartonboard and carton, Technical University Graz 2021

NON-FINANCIAL TOPICS AND THEIR CONNECTION TO BUSINESS DEVELOPMENT

Our strategic approach to non-financial issues in the context of business development allows for a holistic risk and opportunity management. This is because the areas of “Planet” (environment), “People” (employees) and “Prosperity” (society) give rise to various cost, revenue and sales drivers that have or could have an impact on our current and future business success.

A key sales driver is our focus on more sustainable, high-quality and highly functional packaging solutions, which we aim to live up to through the ongoing development of our range and innovations in line with changing market and consumer preferences. Our human resources are a fundamental value driver and guarantee that necessary changes and adjustments can be continuously made. Extensive training and further education programmes of the MM Group as well as measures for employee retention and recruitment help to ensure that the Group has sufficient qualified employees also in the long term to secure its market and competitive position and ensure further development and sustainable growth.

Costs in connection with non-financial matters result in particular from personnel, energy requirements, resource consumption and waste generated by the MM Group but also from a shortage of raw materials and CO_2 certificates. Future cost drivers could result primarily from regulatory changes at national or EU level. Cyber security risks harbour potential costs, which the MM Group actively counters through comprehensive security strategies and initiatives. A key element of our efforts was the introduction of a far-reaching OT compliance project in the previous financial year, which gave us significant insights into improvements in the security of operational technology (OT). Our ongoing efforts to increase the security of industrial control systems include the revision of existing security protocols and the implementation of new, innovative technologies. These measures enable us to effectively counter cyber threats and proactively ensure OT security.

We see broad social developments as future opportunities for the MM Group’s business model. For example, advancing digitalisation and automation are increasing the efficiency of production processes and enabling cost savings as a result. Developments in the transport and logistics sector could contribute to fuel our labour cost savings. The trend towards urbanisation and smaller households as well as growing private consumption in emerging countries could contribute to increased sales in the future, for example through an increased demand for smaller product units. The acquisitions made in 2022 in the resilient pharma sector also significantly increased the Group’s market share and growth potential.

Taking into account the structural adjustments, the impact of non-financial issues and the correlation of related key performance indicators (KPIs) with the annual financial statements did not show any significant changes or particular differences in the last reporting periods. Overall, we consider the measures taken as part of sustainability management with regard to non-financial and financial aspects to be effective in minimising risks and optimising opportunities within the Group.

Stakeholder participation in net value added

The Group's value added is calculated as the difference between the company's performance and the services purchased from outside. The statement of utilisation shows the share of all parties involved in the net value added.

Value added calculations

(in millions of EUR)	2023	2023	2022	2022
Origin:				
Sales	4,164.4		4,682.1	
Other operating income	78.1		70.9	
Change in finished goods and own work capitalised	(66.4)		120.4	
Financial results and result from investments	(60.9)		(43.4)	
Corporate performance	**4,115.2**		**4,830.0**	
(-) Expenditures on purchased goods and services	(2,920.8)		(3,446.6)	
(-) Depreciation and amortisation	(221.4)		(219.6)	
Net value added	**973.0**	**100.0 %**	**1,163.8**	**100.0 %**
Distribution:				
Employees	(510.3)	(52.4 %)	(404.7)	(34.8 %)
Social benefit costs	(200.6)	(20.6 %)	(172.1)	(14.8 %)
Public authorities	(169.1)	(17.4 %)	(241.7)	(20.8 %)
Non-controlling (minority) interests	(1.9)	(0.2 %)	(1.5)	(0.1 %)
Shareholder's dividend (proposal 2023)	(30.0)	(3.1 %)	(84.0)	(7.2 %)
Company	61.0	6.3 %	259.8	22.3 %

In the financial year 2023, the MM Group generated a corporate performance of EUR 4,115.2 million after EUR 4,830.0 million in the previous year. After consideration of expenditures on purchased goods and services as well as depreciation and amortisation of EUR 3,142.2 million (2022: EUR 3,666.2 million), a net value added of EUR 973.0 million (2022: EUR 1,163.8 million) was achieved. At 52.4 % or EUR 510.3 million (2022: 34.8 % or EUR 404.7 million), the largest share of value added went to our employees. A share of 38.0 % or EUR 369.7 million (2022: 35.6 % or EUR 413.8 million) was transferred to the public authorities and social security. A total dividend of EUR 30.0 million or 3.1 % of net value added is to be distributed to the Company's shareholders for the financial year 2023 (2022: EUR 84.0 million or 7.2 %). Profits in the amount of EUR 61.0 million or 6.3 % of net value added will be retained in the Group (2022: EUR 259.8 million or 22.3 %).

EU TAXONOMY DISCLOSURES

The goals of the European Green Deal, such as climate neutrality in Europe, can only be successfully achieved if money flows increasingly lead to sustainable investments. For this purpose, the EU Commission has elaborated the Taxonomy Regulation, which will make sustainability financially measurable and comparable, leading to increased transparency regarding sustainable activities. In 2021, the environmental targets "climate change mitigation" and "climate change adaption" were published, while four further environmental targets (related to sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems) were published during the reporting period 2023. As a listed company, the MM Group is obliged to disclose its activities in accordance with the Taxonomy Regulation.

The MM Group has reviewed the economic activities published by the EU Commission for the environmental goals "Climate change mitigation" and "climate change adaptation" with regard to their relevance for its own economic activities in terms of taxonomy eligibility and taxonomy alignment. For the environmental objectives "sustainable use and protection of water and marine resources", "transition to a circular economy", "pollution prevention and control" and "protection and restoration of biodiversity and ecosystems" published during the reporting period 2023, an assessment of the taxonomy eligibility of the company's own economic activities was carried out. In accordance with Delegated Regulation (EU) 2021/2178, the key performance indicators (KPIs) relating to Turnover (Turnover KPI), Capital Expenditure (CapEx KPI) and Operating Expenditure (OpEx KPI) were calculated for 2023 and disclosed in this report. All relevant FAQs of the European Commission on Delegated Regulation (EU) 2021/2178 were taken into account.

Taxonomy eligibility

An initial analysis showed that the MM Group's turnover-relevant activities in 2023 (as in 2022) are not reflected in the activity descriptions of the EU taxonomy. As mentioned above, four new environmental targets were published during the reporting period. As relevant activities were expected in particular in connection with the environmental objective "transition to a circular economy" due to the core business activities of the MM Group [production of (recycled) cartonboard and folding cartons], a particularly detailed review of the published activities was carried out in this context, which, however, did not lead to any other result, as the activities for the packaging area mentioned in the environmental objective focus on plastic packaging (CE 1.1). Activity CE 2.7, which relates to the sorting and recycling of non-hazardous waste, was also analysed and assessed in detail. As MM makes an important contribution to the recycling of paper and cardboard, this activity would basically fit in with the strategy and material preparation in the paper and cartonboard production process. However, paper and cartonboard are produced directly from processed recycled fibres, which is explicitly excluded by the NACE codes mentioned for the activity. Consequently, no revenue is generated from the sale of recycled fibres. Therefore, the MM Group cannot report any sales-relevant taxonomy-eligible activities in 2023 either. Furthermore, the MM Group did not generate any sales in connection with the activities CCM4.26 to CCM4.31 in the reporting period. This is disclosed in the appendix to this report on page 87 in accordance with Annex III of Delegated Regulation (EU) 2022/1214. For the KPIs on OpEx and CapEx, this means that only individual measures (category C) can be reported. For example, no CapEx and OpEx (categories A and B) for efficiency measures, which make up a significant part of the total CapEx and OpEx of the MM Group, can be reported as taxonomy-eligible for the reporting period 2023. As a result, only a small proportion of CapEx and OpEx projects are taxonomy-eligible and taxonomy-aligned. The project level was fully included in the taxonomy eligibility analysis across the Group and all 2023 CapEx projects were taken into account, which means that reliable and precise information is reported in the context of the EU taxonomy. The projects were compared with the activities listed in Annex 1 to EU Regulation 2020/852 to check their taxonomy eligibility. This process involved a close dialogue with the respective project managers, and information on the projects was compiled with regard to their significant contribution to climate change mitigation. As there were no investments in connection with adaptation plans in the reporting period, no investments are reported for the "climate change adaption" objective of the EU taxonomy for 2023.

In 2023, the MM Group invested in rail infrastructure at several locations in order to ensure that low-emission means of transport can continue to be used for incoming and outgoing goods in the future. These investments are reported under-activity CCM6.14. In addition, individual measures to increase energy efficiency and expand renewable energy were implemented at the MM Group's sites. Photovoltaic and solar thermal systems were installed at several sites of the MM Group in order to increase the share of renewable energy used for production. The associated investments are recognised under taxonomy activity CCM7.6. Charging stations for electric vehicles were installed at several locations to promote the switch to electromobility. Investments for this are reported under activity CCM7.4. Compared to 2022, no investments in renovations (CCM7.2) are reported in 2023, as no projects were capitalised in this context. Smaller renovation measures are reported in the OpEx KPI under activity CCM7.7. In order to save energy also outside of production processes, the switch to LED lighting in the highest two energy efficiency classes was implemented at some locations in 2023 and reported under activity CCM7.3. An overview of the reported taxonomy-eligible activities is shown in the table below.

Economic activities	**Code EU taxonomy activity**
Transport by motorbikes, passenger cars and light commercial vehicles	CCM6.5
Freight transport services by road	CCM6.6
Infrastructure for rail transport	CCM6.14
Installation, maintenance and repair of energy-efficient equipment	CCM7.3
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM7.4
Installation, maintenance and repair of renewable energy technologies	CCM7.6
Acquisition and ownership of buildings	CCM7.7

Taxonomy alignment

In order to check the taxonomy-eligible projects for conformity with the EU taxonomy, the taxonomy alignment of the materials used in the projects shown under activity CCM7.3 were checked with the manufacturers of the light sources. Project-specific climate risk analyses were carried out for the projects shown under the EU taxonomy activities CCM7.4 and 7.6. The climate risk analyses did not identify any serious risks for the MM Group. Adaptation measures were developed for the respective minor risks identified, which are communicated with the responsible persons at the locations and will be further developed into adaptation plans in the future. In the reporting period 2023, work was carried out on adaptation plans relating to EU taxonomy activities but have not yet been finalised. The aim is to have adaptation plans relating to the EU taxonomy ready by 2025 in order to be able to report on activities classified under the environmental objective "adaptation to climate change". As there were no investments in connection with adaptation plans in the reporting period, no investments are recognised for the "climate change adaption" objective of the EU taxonomy for 2023.

Minimum social safeguards

At group level the MM Group examined whether measures and guidelines are in place to guarantee the requirements for minimum safeguards. When analysing the requirements, the MM Group used the information published in the final report on minimum safeguards published by the EU Commission on 11 October 2022. The MM Group's principles of conduct are summarised in our Code of Conduct. They include the universal principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises and form the basis for the responsible actions of our employees to make sure that they comply with the ethical guiding principles in the areas of legal compliance, human rights and labour standards throughout the Group. During the reporting period, an internal assessment was conducted with internal stakeholders for the core topics of human rights, corruption and bribery and fair competition. This serves as a basis for improving existing due diligence processes for particularly material topics and introducing new processes. To support this, a "Human Rights Officer", who is responsible for the due diligence processes to safeguard human rights has been appointed at Group level.

KPI related to Turnover (Turnover KPI)

Due to the dynamic regulatory developments of the EU taxonomy, the delegated acts and the relevant annexes were used for the assessment of the turnover-related key performance indicator. The economic activities described therein are not consistent with the turnover-related substantive activities of the MM Group, as no activities are included that reflect the activities of the paper and cartonboard industry as well as the production of fibre-based packaging. Therefore, it is not possible for the MM Group to report taxonomy-aligned turnover for the reporting period. The total denominator of sales corresponds to the net sales according to the consolidated income statement (page 203) in the notes to the Annual Report 2023. This amounts to EUR 4,164.40 million for the financial year 2023.

KPI related to Capital Expenditures (CapEx KPI)

This indicator is based on data from "Corporate Planning and Reporting" on all investment projects that led to an addition to fixed assets in the reporting period. The denominator of the indicator corresponds to the sum of additions to fixed assets and additions to the scope of consolidation for property, plant and equipment and intangible assets in accordance with the tables "Development of property, plant and equipment 2023" (page 226) and "Development of intangible assets including goodwill 2023" (page 229) in the 2023 consolidated financial statements and amounts to EUR 454.4 million. As described at the beginning of the "taxonomy eligibility" section, the CapEx KPI relates exclusively to CapEx in category C. There is currently no CapEx plan that provides for an expansion of taxonomy eligibility or taxonomy alignment, which is why no CapEx in category B is reported. The project datasets resulting from the preparation were subsequently compared with the activities listed in Annex 1 to EU Regulation 2020/852 and checked for EU taxonomy eligibility, as explained in the "taxonomy eligibility" section. This comparison, in which extensive information on taxonomy-eligible projects was obtained in close cooperation with the operating sites, results in the numerator of the indicator. A standardised, granular reporting structure for investment projects avoids double counting and includes all projects relevant to the numerator.

The taxonomy-aligned activities were checked for conformity with the EU taxonomy, as described in the "Taxonomy alignment" section. At 85.86 % of all taxonomy-aligned activities, investments in renewable energy technologies represent the majority of these. The installation of photovoltaic systems and the expansion of solar thermal systems for energy generation for production are reported in this activity. Compared to 2022, more systems were installed in 2023, resulting in a higher share of activity CCM7.6. The installation of charging stations for electric vehicles enables e-mobility and is therefore another relevant reported taxonomy-aligned activity. In 2023, more LED lighting was replaced and/or installed at the locations in order to save energy, resulting in a slightly higher share of activity CCM7.3 compared to 2022. Compared to 2022, the share of activity CCM7.7, "acquisition and ownership of buildings", fell sharply, as, unline in 2022, no major acquisitions were made in the reporting period that led to the purchase of buildings. There were also no renovations and new construction projects that were capitalised compared to 2022, which means that no CapEx is reported for the activities CCM7.1 and 7.2 for 2023. Minor renovation measures are reported in the OpEx KPI under activity CCM7.7. The taxonomy-aligned part of the numerator is made up exclusively of additions to property, plant and equipment. In the reporting period, 0.83 % are reported as taxonomy-aligned and 2.88 % as taxonomy-eligible capital expenditure, as shown in the table "EU taxonomy KPI CapEx" (page 88) in the appendix to the 2023 consolidated non-financial report. The low proportion is due to the fact that the turnover-relevant activities of the MM Group are not covered by the EU taxonomy in the reporting period and therefore only individual measures in the CapEx C category are reported here.

Proportion of CapEx[1]/Total CapEx

	2023		2022	
	Taxonomy-aligned per objective	**Taxonomy-eligible per objective**	**Taxonomy-aligned per objective**	**Taxonomy-eligible per objective**
Climate protection (CCM)	0.83 %	2.88 %	0.16 %	9.38 %
Climate change adaptation (CCA)	0.00 %	0.00 %	0.00 %	0.00 %
Sustainable use and protection of water and marine resources (WTR)	0.00 %	0.00 %	0.00 %	0.00 %
Transition to a circular economy (CE)	0.00 %	0.00 %	0.00 %	0.00 %
Pollution prevention and control (PPC)	0.00 %	0.00 %	0.00 %	0.00 %
Protection and restoration of biodiversity and ecosystems (BIO)	0.00 %	0.00 %	0.00 %	0.00 %

[1] Capital Expenditures

KPI related to Operating Expenditures (OpEx KPI)

The indicator is based on data from "Corporate Planning and Reporting" on the operating expenditures of the individual locations and research and development costs. The sum of the accounts for operating expenditures and research and development costs represents the denominator of the indicator and amounts to EUR 118.8 million. In order to determine the numerator, operating expenditures that can be allocated to relevant activities were requested from the operating sites by Group Accounting and Group Consolidation. The information from the operating locations was used to calculate the numerator for this indicator. Double counting is avoided by directly comparing the information with the persons responsible at the locations. For taxonomy-eligible OpEx, a check was carried out for conformity with the EU Taxonomy by ensuring the avoidance of doing significant harm and recognising the minimum social safeguards. In the reporting period, 15.36 % were recognised as taxonomy-eligible OpEx. The majority (10.55 %) is attributable to maintenance costs for buildings. This proportion is significantly higher than in the previous year. This is due to the fact that more buildings now need to be maintained as a result of past acquisitions. In addition, an even higher granularity of the underlying data was achieved in 2023. The generally low proportion of taxonomy-eligible OpEx is due to the fact that the MM Group's turnover-relevant activities are not covered by the EU taxonomy in the reporting period and therefore only individual measures in the OpEx C category are reported here.

Proportion of OpEx[1] /Total OpEx

	2023		2022	
	Taxonomy-aligned per objective	**Taxonomy-eligible per objective**	**Taxonomy-aligned per objective**	**Taxonomy-eligible per objective**
Climate protection (CCM)	0.00 %	15.36 %	0.00 %	0.57 %
Climate Change Adaptation (CCA)	0.00 %	0.00 %	0.00 %	0.00 %
Sustainable use and protection of water and marine resources (WTR)	0.00 %	0.00 %	0.00 %	0.00 %
Transition to a circular economy (CE)	0.00 %	0.00 %	0.00 %	0.00 %
Pollution prevention and control (PPC)	0.00 %	0.00 %	0.00 %	0.00 %
Protection and restoration of biodiversity and ecosystems (BIO)	0.00 %	0.00 %	0.00 %	0.00 %

[1] Operational Expenditures

The detailed breakdown of the MM Group's EU taxonomy reporting can be found in the appendix on pages 87 - 90.

CLIMATE-RELATED RISKS (TCFD)

The MM Group follows the TCFD (Task Force on Climate-Related Financial Disclosures) framework in order to integrate climate-change-related risks and opportunities into existing reporting structures in the best possible way. The TCFD recommendations are organised into four areas: governance, strategy, risk management, metrics and targets, and support companies in reporting climate-related risks and opportunities in a consistent and comparable manner. As part of the reporting aligned with TCFD and to better understand the risks, impacts and opportunities associated with climate change, the MM Group updated and further deepened its initial climate risk analyses during the financial year 2023, including a year-long workshop in cooperation with an external consulting firm.

Metrics for assessing climate-related risks

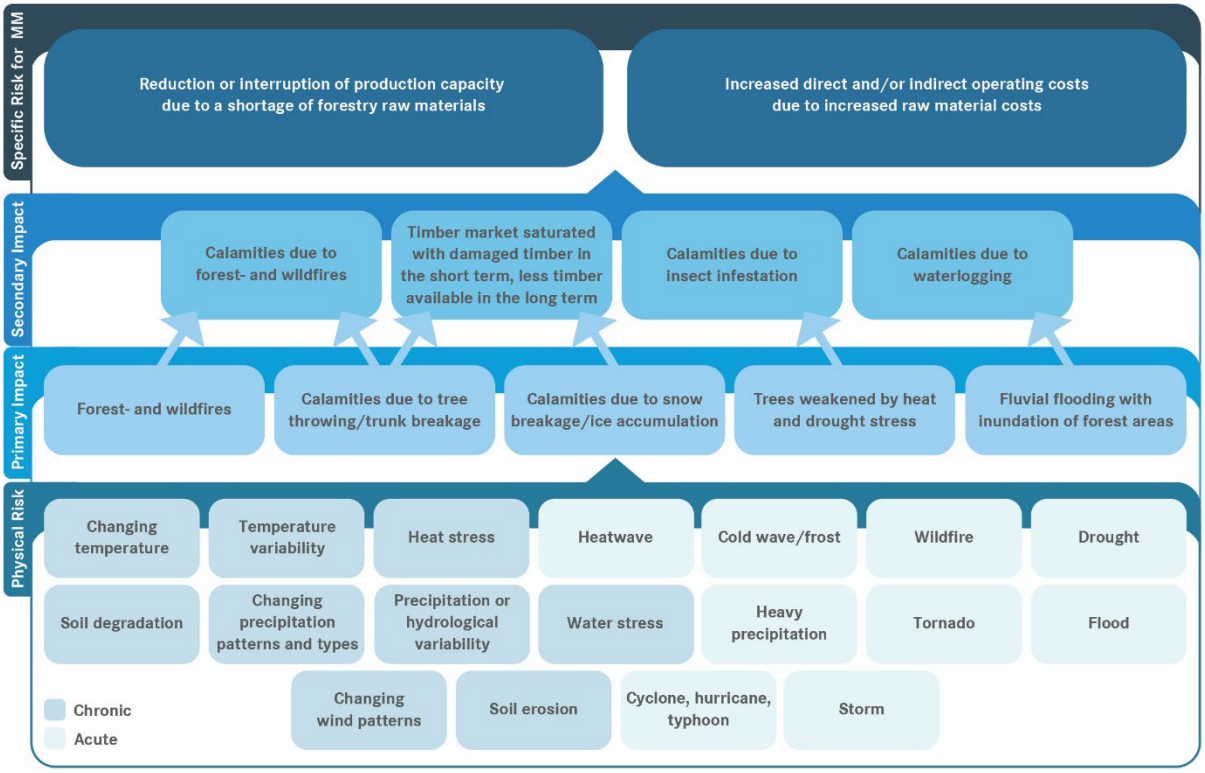
The climate-related risk assessment is based on RCP (Representative Concentration Pathway) climate scenarios provided by IIASA (International Institute for Applied System Analysis) and integrated into the AR5 Assessment Report of the IPCC (Intergovernmental Panel on Climate Change). The risks considered are based on the European Commission's list in Appendix A of Annex 1 of EU Regulation 2020/852, as they are also relevant in the context of EU taxonomy reporting. In comparison to the analyses in connection with the EU taxonomy, in which only location-related physical risks are assessed for the reported CapEx measures, strategic and transitory risks for the business activities of the MM Group are also considered and assessed in this chapter. With the Corporate Sustainability Reporting Directive (CSRD) in, the information on the metrics used under TCFD is expected to be supplemented or merged with further information in connection with CSRD (see the section on "Outlook Corporate Sustainability Reporting Directive" on page 36).

Four key parameters are assessed for each risk identified: impact, vulnerability, probability and timeframe. Impact as an assessment parameter for climate-related risks is defined as the potential impact on the MM Group's turnover per financial year caused by a corresponding climate-related risk. Vulnerability as a parameter for climate-related risk assessments consists of a variety of concepts and elements that describe the propensity or predisposition to be adversely affected. The concept of vulnerability for this report consists of the three elements: reversibility, impact on reversibility and the ability to reduce the magnitude of a given climate-related risk. To better understand the frequency and probability of a climate-related risk, a probability parameter has been introduced. The IPCC AR5 Assessment Report was the main resource for this process. This was also closely linked to the interpretation of the timeframe in which climate-related risks are likely to materialise. Three different timeframes were therefore defined and applied to climate-related risks: short-term (five years), medium-term (ten years) and long-term (twenty years). Using these four parameters as a basis for risk assessment, specific climate-related risks and their impact on the MM Group can be objectively analysed, quantified and compared.

Physical and transitory specific risks were assessed as part of the climate-related risk assessment. For the MM Group's business activities, advancing climate change results in both physical risks that affect individual locations and strategic risks that can affect a division or the entire Group. Specific risks here refer to strategic risks defined on the basis of various climate hazards via impact chains. In a first step, based on the climate risks listed by the European Commission in Appendix A of Annex 1 of EU Regulation 2020/852, impacts on ecosystems and facilities were discussed and documented with the help of experts from the scientific community (interviews or workshops). The second major step was to recognise and define dependencies and interactions of the MM Group's business activities with ecosystems. At the end of the process, three physical and three transitory specific risks were identified as particularly significant for the MM Group (see illustration of "Assessment of climate-related risks").

Impact chains for specific risks

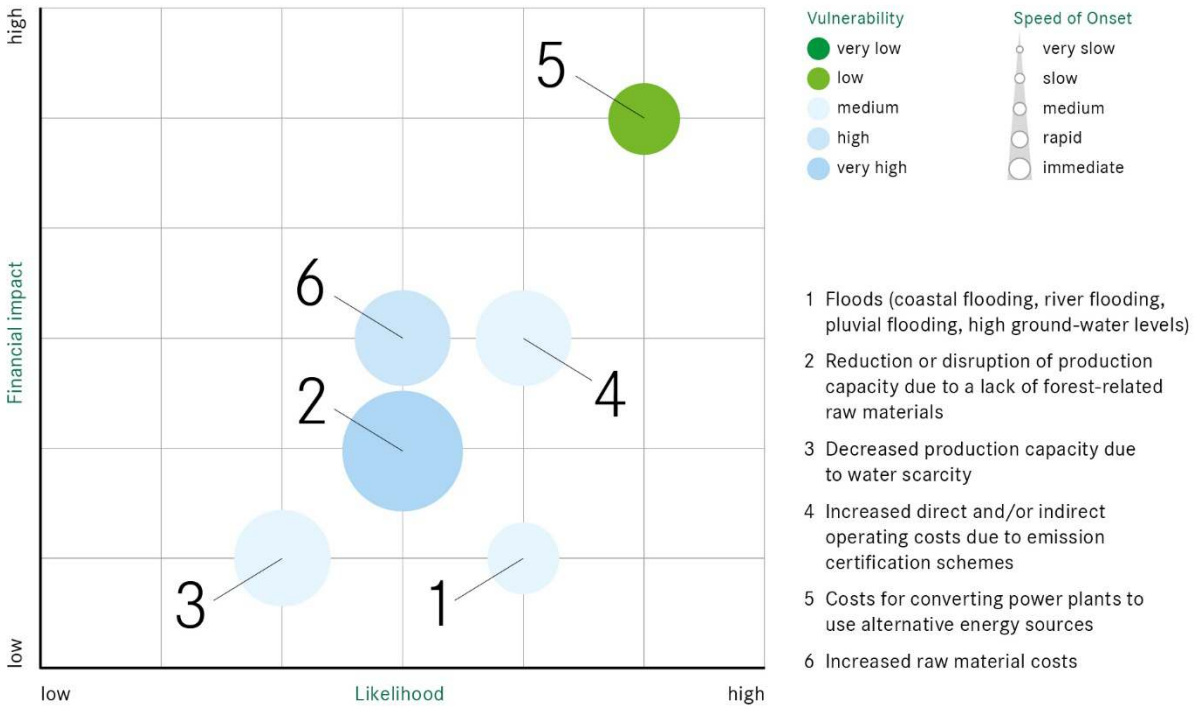
Comprehensive impact chains were created for the three specific physical risks. As an example, the most significant impact chain for risks resulting from a shortage of forestry raw materials is described in more detail and shown in simplified form in the diagram below. Due to its business activities in the production of cartonboard and paper as well as related products, the MM Group is heavily dependent on the availability of forestry raw materials such as wood. It is therefore particularly important for the MM Group to understand how climate change affects the wood supply chain. Specifically, a shortfall in the supply of wood can lead to increased raw material costs (risk 6) and, in extreme cases, to a reduction in production capacity (risk 2). The availability of timber on the European markets is largely dependent on the amount of timber harvested, which in turn depends heavily on the condition of the forests. Calamities, or the occurrence of all types of damaged timber, lead to increased felling volumes, which are available on the market in the short term. In the medium term, however, this means that these quantities of timber cannot be felled as planned and will therefore not be available on the market at a later point. Causes such as insect infestation, storm damage (tree throwing/stem breakage), forest fires and snow breakage/ice accumulation are considered in the impact chain, as these are among the most common causes of calamities in Central Europe. For the causes mentioned, we then analysed how changes in climate influence them. Since for some causes, such as forest fires, it is not possible to draw conclusions about risk based solely on quantitative parameters such as temperature, precipitation and wind, expert interviews were conducted with representatives from the scientific community in order to incorporate qualitative parameters into the assessment.



Recognised specific risks at a glance

The physical risks associated with flooding and water scarcity depend on the future development of precipitation patterns and types, which can be estimated taking into account the RCP scenarios. However, the impact of the risks also depends on the structural adaptation of the infrastructure to the respective risks. A physical risk resulting from floods, for example, is damage to infrastructure and loss of production in the event of a flooding of production sites *(risk 1)* which can be triggered by heavy rainfall and/or a rise in sea levels, depending on the geographical location. On the other hand, periods of drought can lead to water shortages. If the water levels in the watercourses from which the water for cartonboard production is drawn are too low, this can mean that there is not enough water available for production. This can lead to a reduction in production capacity, which in turn represents a specific risk for MM *(risk 3)*. It is therefore important to monitor water levels regularly and, if necessary, take measures to ensure the plant's water supply. In addition to water as a raw material, cartonboard production also relies heavily on wood as a raw material. Calamities, as described above using the impact chain, become more frequent as climate change progresses and lead to a reduction in certified wood volumes in European purchasing areas and can therefore cause a reduction or interruption of production capacity due to a shortage of wood or wood-based raw materials *(risk 2)* (see illustration on "Assessment of climate-related risks").

Assessment of climate-related risks



Increased indirect and/or direct operating costs due to emission certification systems *(risk 4)* and due to increased raw material costs *(risk 6)* were identified as significant transitory climate-related risks. As the MM Group operates in an energy-intensive sector, there is a risk of rising energy and electricity costs due to the adjustment of CO_2 pricing mechanisms within the EU. Increasing operating costs at other companies within the MM Group's supply chain could also lead to higher raw material costs. Another transitory risk consists in the unavailability of natural gas, which is also used in cartonboard production. This could lead to costs for switching energy supply from fossil fuels, such as coal and gas, to alternative energy sources *(risk 5)*.

Adjustments in connection with this risk are also reflected in the MM Group's investments. For example, we are planning to implement a strategic investment project at our site in Kwidzyn in order to reduce emissions caused by energy generation and to reduce the consumption of fossil energy resources (see chart "Assessment of climate-related risks").

MM Sustainability Management

CONCEPTS AND GOVERNANCE OF SUSTAINABILITY

GRI 2-24 Sustainable development is firmly anchored in our corporate strategy and, alongside quality, innovation and technology, is part of our success principles at MM. We have the advantage that our products are environmentally friendly and renewable. This way, the MM Group can contribute to the wellbeing of our planet, people and also the future of packaging. Packaging is not waste, it is necessary to protect the quality and safety of consumer goods and plays an important role in people's lives. It can also bring joy through convenience and beauty. We are positive and optimistic and believe that people can live a better life on a better planet. We make this possible by taking a sustainable and long-term approach to our business. In the MM Group's sustainability management, we are guided by established concepts and combine these with specific requirements in order to define, measure and continuously improve our performance, taking into account ecological, social and economic aspects. The focus is on a science-based approach that relates to both corporate and product sustainability. In the financial year 2022, the validity of our Group-wide evidence-based targets for reducing the CO_2 footprint was officially confirmed by the Science Based Targets Initiative (SBTi). In addition, the "MM Message House" was developed in the reporting period 2022 as part of the internal stakeholder dialogue and expanded in 2023. On this common basis, we strive for a unifying corporate culture with overarching values, a common corporate purpose and a clearly defined strategy in accordance with the guiding principle of "Enabling people to live a better life on a better planet". Our
GRI 2-23 fundamental values are reflected in our Code of Conduct and reflect the MM Group's high standards for sustainable and responsible behaviour. In the last two financial years, the Code of Conduct (https://www.mm.group/ueber-uns/verantwortung/code-of-conduct/) was revised as a living document in consultation with the Management Board and supplemented with additional sustainability and human rights topics. We implemented the "Prewave" tool in 2022 and expanded it further in 2023 to improve the way we fulfil our social and environmental responsibility along our supply chain. It enables us to directly contact any supplier in the event of violations and take targeted measures. As a globally active company, we see it as our responsibility to minimise the environmental impact of our own business activities as much as possible, above and beyond the minimum legal standards. Our aim is to create positive added value for the environment and society through more sustainable products, transparency and responsible management.

At company level, we understand sustainability as a transformation process. In terms of transformation research, the MM Group aligns its sustainability efforts with the criteria of "true business sustainability" according to Dyllick & Muff (2016)[1] with the aim of actively contributing to solving social and ecological challenges and thereby helping to shape a systemic transformation. On the one hand, this means anchoring sustainability internally and, on the other hand, we need to take external stakeholder interests into account to develop solutions for sustainability challenges as defined by the UN Sustainable Development Goals (SDGs). As a member of the UN Global Compact, we are not only committed to these globally applicable goals, but also see them as guidelines for our sustainability strategy. At their centre are the overarching categories "Planet", "People" and "Prosperity", to which we have assigned the key topics and specific goals derived from them.

MM pursues science-based climate targets to mitigate climate change. In line with our officially recognised science-based targets, measures such as the MM Sustainability Bonus introduced in 2023 have also been taken. In addition, we submitted our Net Zero Target to SBTi in the fourth quarter of 2023 and officially committed to it. To this end, we not only determine the Group's direct and indirect greenhouse gas emissions, but also support our customers' sustainability initiatives through

[1] Dyllick T; Muff K.: Clarifying the Meaning of Sustainable Business: Introducing a Typology From Business-as-Usual to True Business Sustainability. Organisation & Environment. 2016; 29(2): 156-174

individual life cycle assessments. Life cycle assessments at product level are carried out in accordance with the international standards of the GHG Protocol and ISO 14040. We also use the standards of the Global Reporting Initiative (GRI) as recognised guidelines for reporting non-financial key figures. In preparation for the future mandatory requirements of the Corporate Sustainability Reporting Directive (CSRD), a gap analysis was carried out in the financial year 2023 with regard to the European Sustainability Reporting Standards (ESRS) and missing KPIs were integrated into the existing reporting system. In addition, the integration of climate-related risks and opportunities into the existing reporting structure is based on the TCFD (Task Force on Climate-Related Financial Disclosures) framework. As part of MM sustainability management, we are thus meeting the demand for increased transparency, international comparability and, as a result, the growing need for information on behalf of our stakeholders so that they are be able to assess the company in greater depth on the basis of ESG (environment, social, governance) criteria. The registration of MM as a TNFD (Task Force on Nature-Related Financial Disclosures) early adopter in 2023 was also an important step in this connection. We are committed to applying the TNFD framework to our consolidated non-financial report as of the financial year 2024.

As the MM Group, we are committed to the responsible and sustainable procurement of forestry raw materials, as safeguarding biodiversity and access to sustainable, fibre-based raw materials is one of our key concerns. By publishing the "MM Policy for Forests and Natural Ecosystems" in 2022, we were able to further prioritise this concern so that we can further reduce our impact on natural ecosystems. At product level, these concerns are reflected in particular in the certification of our MM Board & Paper mills in accordance with PEFC and FSC® standards. In the financial year 2023, we worked intensively on implementing the requirements of the European Deforestation Regulation (EUDR), which comes into force in the fourth quarter of 2024 and includes new provisions for sustainable forestry.

This is in line with our corporate goal of "Leading in consumer packaging made from renewable resources", as we produce packaging from renewable, recyclable raw materials and develop innovative solutions for plastic substitution, thereby fulfilling our responsibility towards society and our planet.

Governance structure of sustainability

In the financial year 2021, Group Sustainability was established as an independent department at Group level which GRI 2-9
reports directly to the Management Board and ensures that sustainability and impact management are implemented and GRI 2-13
operated throughout the Group on behalf of and in the interests of the Management Board. In the last reporting period, GRI 2-14
Group Sustainability was expanded with additional team members and a cross-departmental reorganisation. Through the integration of Group Product Safety, Group Safety and Group Quality Management, the department now operates as the Group Sustainability and Safety Department, reflecting the complexity of the areas of responsibility. The respective local management fulfils the management tasks and every employee is encouraged to contribute to the sustainable development of the MM Group. Sustainability management therefore does not take place in isolation, but as an integral part of the organisation and its processes. In order to further emphasise the topic of sustainability and our associated goals, additional key performance indicators were developed for management in 2022.They have been included in bonus payments since 2023. The ultimate responsibility for non-financial matters lies with the Management Board, in particular the
EU taxonomy. The Supervisory Board is continuously informed about innovations in the area of sustainable development GRI 2-19
and is regularly involved in the monitoring of impact management (economic, environmental, social). This relates in par- GRI 2-17
ticular to strategies and major investment projects but also to issues that affect the operating business. The Supervisory GRI 2-12
Board fulfils its statutory audit obligation and the disclosure of non-financial key performance indicators is audited and validated by third parties. PwC Wirtschaftsprüfung GmbH, Vienna, has conducted an independent audit of the Consolidated Non-financial Report with limited assurance. The corresponding report can be found on page 104.

Outlook Corporate Sustainability Reporting Directive (CSRD)

The MM Group will be subject to the Corporate Sustainability Reporting Directive (CSRD) - 2022/2464/EU as of the financial year 2024, which is why there will be significant changes to the non-financial report in 2024. This will be made particularly evident by the fact that the non-financial report must be prepared in accordance with the European Sustainability Reporting Standard (ESRS).

The MM Group has already taken important measures in recent years to prepare for this impending change. Firstly, the non-financial database has been expanded step by step in order to best anticipate future developments in the context of legislation. This is illustrated by the fact that the consolidated non-financial report has been prepared "in accordance" with the GRI Standards for the first time since the financial year 2022, meaning that non-financial matters were presented in greater detail than in previous years, in which the non-financial report was only prepared in accordance with the GRI core requirements. Building on this, we have been integrating the ESRS into our existing reporting in 2023.

Based on our existing materiality analysis, which was carried out in 2021, we compared and mapped our material topics and existing processes with the requirements and content of the ESRS. We then compared the existing data basis, which is based on the GRI standards, with the ESRS key figures. It was assumed that existing material topics would continue to be considered material. This approach made it possible to already include indicators in the annual reporting 2023 in preparation for the ESRS-compliant Non-financial Report 2024.

A comprehensive materiality process in accordance with ESRS 1 will be carried out in the financial year 2024. Potential material topics will be developed in internal working groups, which will then be compared with the perspective of external stakeholders. An impact-oriented and a financial materiality analysis will be carried out to identify the material topics. This is to apply the concept of dual materiality, which takes into account the impact of our business activities on people and the environment as well as the influence of external factors on the business activities of the MM Group. As part of this process, internal workshops are held with the relevant specialist departments in order to be able to analyse the issues in the best possible way. In addition, the results of our opportunity and risk analyses which have already been carried out and published in accordance with the TCFD (Task Force on Climate-related Financial Disclosures) and are described in more detail in the section "Climate-related risks (TCFD)" on pages 30 ff. will be incorporated. Based on the results of these analyses, specific adjustments can then be made and the integration of the material topics into the company's processes can be implemented.

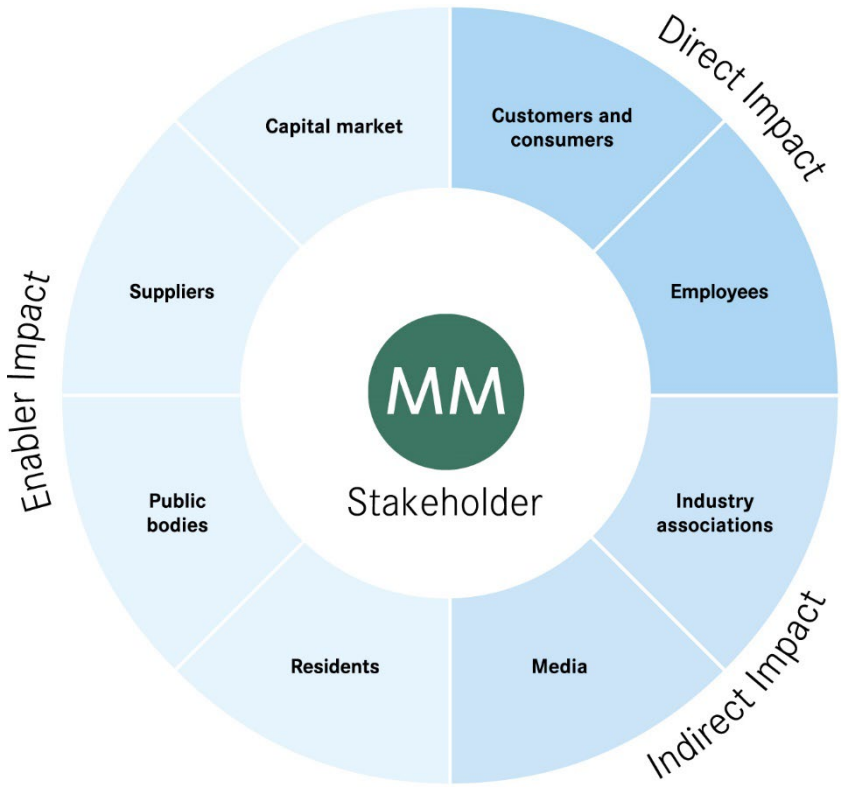
STAKEHOLDER GROUPS AND DIALOGUE

GRI 2-29

The MM Group recognises its stakeholder groups and assumes long-term responsibility towards them. In the course of an analysis along the value chain, stakeholder groups were identified in previous financial years with the involvement of internal experts from various divisions. These stakeholder groups are still in place:

- Customers and end consumers
- Employees
- Capital market (e.g. shareholders, analysts)
- Suppliers
- Public bodies (e.g. politics, authorities, test centres, science, NGOs)
- Residents
- Industry associations
- Media

In the financial year 2021, a further classification of stakeholder groups was carried out in order to understand their influence on the MM Group even better in terms of a comprehensive sustainability strategy. Customers and consumers as well as employees are stakeholders with a direct influence, as the involvement of these stakeholder groups has a direct and significant impact on the sustainability goals and success of the MM Group. Industry associations and the media are stakeholders with an indirect influence. They are important multipliers in the public relations work for the sustainable development of the MM Group. Stakeholder groups representing the capital market, suppliers, local residents and public authorities support the MM Group's ability to achieve sustainability faster and more smoothly.



GRI 2-10 **Stakeholder dialogue**

We attach great importance to an open, constructive and regular exchange with our stakeholder groups, because it gives us the opportunity to find out about their concerns and expectations, to identify areas in which there is room for improvement as well as to take action accordingly. Our independence ensures that stakeholder concerns can also be regularly taken into account without any conflicts of interest. Following the implementation of a systematic stakeholder dialogue involving internal and external stakeholders in 2021, the MM Group focused on an internal dialogue in the reporting period 2022 with the establishment of the "MM Message House". An internal guideline for a shared sustainable future was defined as part of this dialogue. In addition, stakeholder interactions take place in various ways. We emphasise both digital exchange and direct personal contact in one-on-one meetings or forums. On this basis, the MM Group will conduct a comprehensive stakeholder dialogue involving internal and external stakeholders in 2024, taking into account the new ESRS requirements, as described in more detail in the chapter "Outlook Corporate Sustainability Reporting Directive" on page 36.

MATERIAL TOPICS OF SUSTAINABILITY

GRI 3-1

The basis for our sustainability strategy is the identification of material topics, which was carried out in the financial year 2021. We first identified the relevant environmental, social and economic (ESG) aspects and categorised them both internally and externally. This was done according to the principle of double materiality. Both potential risks for the company ("outside-in") and the influence of the MM Group on the sustainability issues mentioned ("inside-out") were assessed. The analysis of the relevant aspects is based on industry trends, legislative developments (e.g. European Green Deal) and physical risks. Industry associations and internal and external experts were also involved in identifying relevant topics. To ensure the support of global sustainability initiatives such as the "Agenda 2030", the identified priorities were subjected to further analysis. This ensures the conformity of our central priorities with the Sustainable Development Goals (SDGs).

GRI 3-2

The evaluation of the material topics identified revealed an increased importance of environmental issues compared to previous financial years. Innovations to promote the circular economy and greater integration of the supply chain are among the most material issues. Mitigating climate change, resource efficiency, preserving biodiversity and responsible water management are also highly relevant. The inclusion of sustainability agendas in investments is of great importance for the MM Group's business activities, not least due to legal requirements such as the EU taxonomy. The material topics already identified in 2021 remain valid following consultation with the Management Board.

As an internationally active Group, MM aims to promote social sustainability within and outside the company. Public relations work on sustainability issues is a high priority in all areas of non-financial aspects. Complying with new legal frameworks, acting in a compliant manner and ensuring data and product security at all times are equally relevant, as these issues are of great importance to the company, particularly from a risk perspective.

The material topics presented serve as the basis for the MM Group's sustainability strategy. For further elaboration, these were categorised, grouped according to non-financial issues with regard to double materiality and summarised in the following table. The materiality analysis includes the assessment of the significance of an impact in relation to the other impacts in the context of MM's business activities. For example, the impacts of environmental and social matters (e.g. responsible procurement and supply chain, innovation to promote circular economy and product safety) were rated as "high" in the course of the materiality analysis, as were environmental matters (climate change mitigation and adaptation, responsible water management). In comparison, the impact of employee matters (e.g. inclusive and attractive working conditions, human rights) was classified as less material for MM's business activities. In addition, the "Impact assessment" category was added to the table of material topics in 2022.

A comprehensive materiality analysis will be carried out in the financial year 2024 in order to consolidate the strategic focus on selected core topics and, if necessary, make changes in accordance with the CSRD (Corporate Sustainability Reporting Directive) and meet the requirements of the ESRS (European Sustainability Reporting Standards). In addition to impact materiality, financial materiality will be of great importance in the context of dual materiality. In a first step, the relevant specialist departments will identify the material topics, whereafter external stakeholders will be involved in a second step.

GRI 3-3

Material topic	Impact by and on MM (double materiality)
Climate change mitigation and adaptation	Industrial cartonboard and paper production is associated with significant energy consumption and emissions. MM accepts its responsibilities by reducing specific energy consumption and related emissions as well as optimizing energy production and the choice of energy sources. Climate change entails physical as well as transitory risks that can have a negative impact on production processes (e.g., disruption of production processes due to flooding).
Resource efficiency and biodiversity conservation	MM assumes responsibility for the responsible use of resources by minimising the specific use of raw materials and improving recyclability. When it comes to waste reduction, the priorities are clear from both an ecological and an economic point of view: avoiding waste before recycling and disposal. This also promotes the preservation of biodiversity. The availability of natural wood-based raw materials is a prerequisite for the company's activities. Biodiversity loss can negatively affect the availability of wood as a resource in the medium and long term.
Responsible water management	Water is an essential resource in the paper and board production process. MM takes this into account by controlling water consumption and use. The potential risk of water pollution and scarcity can thus be prevented. The availability of water is essential for cartonboard production. Droughts and associated water shortage can thus result in an impairment of production processes.
Employee health and safety	Measures to ensure safety at work and health protection contribute to maintaining the health and a sustainable performance of our employees.
Attractive and inclusive working conditions	An attractive working environment that promotes identification and satisfaction among employees has always been important to us. All employees of the MM Group are encouraged to fulfil their professional tasks in the best possible way and to develop both their professional and personal skills. Attractive working conditions help to retain qualified employees and prevent a shortage of skilled workers.
Respect for human rights	MM pays attention to ensuring socially acceptable working conditions in accordance with the core labour standards of the International Labour Organization (ILO), the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises. We also pay attention to the protection of human rights in the cooperation with our partners.
Changed legal framework, compliance, and data security	MM pursues consistent compliance with laws, guidelines, and requirements. MM systematically prevents corruption, bribery, and anti-competitive behaviour. Data protection and information security are ensured through guidelines and training.
Innovations to promote the circular economy and product safety	Product and process innovations contribute to greater sustainability for both the company and society - in economic, ecological, and social terms. We place our focus on promoting circular economy approaches and plastic substitution as well as ensuring product safety.
Responsible sourcing & supply chain, sustainable investments, and public affairs	Cooperating with partners along the entire value chain and a public commitment to the sustainable development of the MM Group are crucial for the company's success in the long term. For this purpose, an evaluation of the supply chain and investment projects based on non-financial criteria are particularly useful.

Assessment of impacts	Non-financial matters	
Progressing climate change and the associated impact on resources, the EU Emissions Trading Scheme (ETS) as well as new legislation around the European Green Deal are a driver for research and innovation at MM. Climate-related extreme events, such as water shortages or floods, lead to financial risks for MM due to potential production downtime.	**Environmental matters**	GRI 302 GRI 305
The biggest potential economic burden for MM is a bottleneck in the supply chain for certified raw materials and non-compliance with the requirements of the European Deforestation Regulation (EUDR). If no certified roundwood can be procured, production capacity may be reduced or interrupted. Calamity-related forest situations (e.g. forest fires, windthrow, bark beetle infestation) which are becoming more frequent as climate change progresses and precipitation patterns change lead to a reduction in timber volumes in the purchasing areas in Europe, which represent the main procurement area. Taking into account different climate scenarios, a higher number of more serious natural disasters can be expected for the procurement areas, which may result in potential economic loss for MM.	**Environmental matters**	GRI 301 GRI 306
As the progress of climate change results in a change of precipitation patterns, there will be more droughts and water shortages in the future. As MM Board & Paper's production facilities are highly dependent on the availability of water in the catchment areas, this represents a significant risk that may lead to a reduction in production capacity. Depending on the severity and frequency of the event, this may pose a financial risk to MM.	**Environmental matters**	GRI 303
Various impairments lead to an increased susceptibility to errors and pose a potential risk to health and safety in the workplace. Due to inherent safety risks in manufacturing companies, occupational safety is of great importance to MM. Due to possible downtimes, accidents at the workplace also represent a financial risk to a varying economic extent. Potential safety risks arise from work-related stress, caused, for example, by working in shifts, or from fire and hot work.	**Employee matters**	GRI 403
Various organisational and process changes and the resulting new demands that the entire organisation is faced with constitute a potential risk for MM. The sustainable retention of know-how and talent is essential in this context. The attractiveness as an employer brand also plays an important role here, as a potential shortage of skilled workers must be prevented in order to ensure the long-term success of MM.	**Employee matters**	GRI 2 GRI 404
The respect for and observance of human rights as well as the active prevention of human rights violations is a central concern for MM. Particularly in non-European countries, the company may be exposed to human rights risks. However, the extent is estimated to be low for our industry and with regard to out supply chain. Potential violations could cause reputational damage as well as a negative impact on customer relations.	**Employee matters; respect for human rights**	GRI 408 GRI 409
The following potential risks arise from our business activities: possible non-compliance with standards, laws, rules of conduct and, where applicable, voluntary declarations, as well as cases of corruption and anti-competitive behaviour. Compliance risk is kept low through the implementation of a wide range of measures. The risk of corruption is considered very low in European countries. Due to the low fungibility of the products produced, we do not expect to be at the centre of any fraudulent activities. Comprehensive IT- and OT-security projects are in place to counteract increased cyber security risks related to data protection and information security.	**Social matters; fight against corruption and bribery**	GRI 205 GRI 206
At consumer level, customers are increasingly aware of the impact of their purchasing decisions and are increasingly including sustainability indicators in their purchasing decisions. Our main product consists mainly of renewable raw materials with a high recycling rate. This reduces the use of primary raw materials and thus contributes to sustainability.	**Environmental and social matters**	GRI 416
At the product level, responsible sourcing is achieved through certification according to PEFC and FSC® standards, enabling us to further reduce negative impacts on ecosystems. In addition to our own performance, we are dependent on the performance of our partners along the supply chains, which is why the non-compliance with legal requirements represents a risk. An early identification of market and future trends serves as the basis for sustainable investments. This minimises the risk of bad investments.	**Environmental and social matters**	GRI 2

MM SUSTAINABILITY STRATEGY

Based on the results of the materiality analysis, a sustainability strategy was defined for the entire Group in 2021 and will remain in place in 2023. The materiality analysis will be revised as part of the implementation of the CSRD. The material topics and the respective objectives of the MM sustainability strategy were assigned to one of the strategic areas of "Planet", "People" and "Prosperity" in line with the United Nations' "Agenda 2030". In this way, we are focussing on economic success in harmony with society and nature.

The category "Planet" includes all aspects of environmental sustainability and focuses on climate protection initiatives, the use of renewable raw materials and the responsible use of wood and water resources. In this way, we want to contribute to the preservation of the natural habitat for this and future generations. In connection with "People", we as the MM Group fulfil our social responsibility towards all people in the context of our business activities, but especially towards our employees. The safety of all employees, attractive working conditions and development opportunities as well as the safeguarding of human rights are a particular priority in this connection. With "Prosperity", we pursue the goal of realising economic and technical progress in harmony with society and nature. We consider compliance with laws and appropriate behaviour to be just as much our duty as the promotion of a circular economy through innovation and the integration of the entire value chain for a systemic change towards sustainable development.

4 QUALITY EDUCATION
8 DECENT WORK AND ECONOMIC GROWTH
Working Environment
Human Rights
Safety and Health
People
Responsible Management
Decarboni-sation
MM
Prosperity
Planet
Innovation and Quality
Raw Materials
Value Chain
Water
15 LIFE ON LAND
13 CLIMATE ACTION
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
7 AFFORDABLE AND CLEAN ENERGY
6 CLEAN WATER AND SANITATION
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
8 DECENT WORK AND ECONOMIC GROWTH

GRI 3-2 **MM Sustainability programme**

The MM Group has developed a sustainability programme along the strategic lines of "Planet", "People" and "Prosperity", taking into account the Sustainable Development Goals (SDGs), and has defined specific targets for the MM Group. The following tables show the focal points of the sustainability programme with specific objectives of the MM Group as well as an allocation to the corresponding European Sustainability Reporting Standards (ESRS).

Planet

Material topics	Sustainability programme	MM Objectives	SDGs	ESRS
Climate change mitigation and adaptation	**Decarbonisation**	Reduce absolute greenhouse gas emissions for Scopes 1, 2, and 3 by 50.4 % by 2031 (base year 2019)[1] Increase the annual share of electricity from renewable energy sources from 15.61 % in 2019 to 40 % by 2031 and to 100 % by 2045 Reduce Scope 3 greenhouse gas emissions by 58.1 % per unit of value added by 2031 (base year 2019)[1]	13 (13.1) 7 (7.2; 7.3)	ESRS E1, ESRS E2
Resource efficiency and biodiversity conservation	**Resources**	99 % recovery of process residues (recycling/reuse/incineration with energy recovery) by 2030 Reduce the intensity of waste landfilling by 75 % by 2030 (base year 2019) 100 % of wood-based raw materials come from responsible sources by 2019 40 % less process waste per saleable tonne by 2030 (base year 2019) MM has a comprehensive understanding of its impacts and risks in relation to biodiversity by 2022 (achieved)	12 (12.2; 2.4; 12.5; 12.6) 15 (15.1; 5.2; 15.5; 5.9)	ESRS E4, ESRS E5
Responsible water management	**Water**[2]	Efficiency increase in water consumption by 30 % by 2030 (base year 2019) Efficiency increase in the use of process water (total water consumption excluding cooling water) by 30 % per saleable tonne by 2030 (base year 2019) All production sites of the MM Board & Paper division will be certified by third parties until 2030 MM has a comprehensive insight into the impacts and risks related to water use until 2022 (achieved)	6 (6.3; 6.4; 6.5) 12 (12.2)	ESRS E3

[1] Climate targets were defined according to the Science Based Targets Initiative and submitted accordingly in 2021 and approved in 2022.
[2] Water targets apply exclusively to the MM Board & Paper division

People

Material topics	Sustainability programme	MM Objectives	SDGs	ESRS
Employee safety and health	**Health and Safety**	Promotion of accident prevention: mandatory reporting of near-misses, unsafe conditions and actions for all MM sites. Based on the 2023 target value of 6,886 reports, at least 7,518 reports are expected as the target value for the MM Group in 2024. Ongoing reduction of the $LTAR_{(200)}$ accident rate at all sites. The basis is the further reduction of the MM Group LTAR threshold value from 1.96 (2023) to 1.76 (2024), which should not be exceeded.	(8.8)	ESRS S1
Attractive and inclusive working conditions	**Working Environment**	MM Group as an attractive employer and workplace Promote professional and personal qualification MM as "Employer of choice"	(4.7) (8.5)	ESRS S1
Respect for human rights	**Human Rights**	Ensure compliance with human rights within the MM Group Assessment of the human rights performance of 100 % of the MM Group's "key suppliers" by 2023[1] (achieved)	(8.5)	ESRS S1, ESRS S2, ESRS S3

[1] The "key suppliers" are identified based on their scope/type of business activity and influence (turnover).

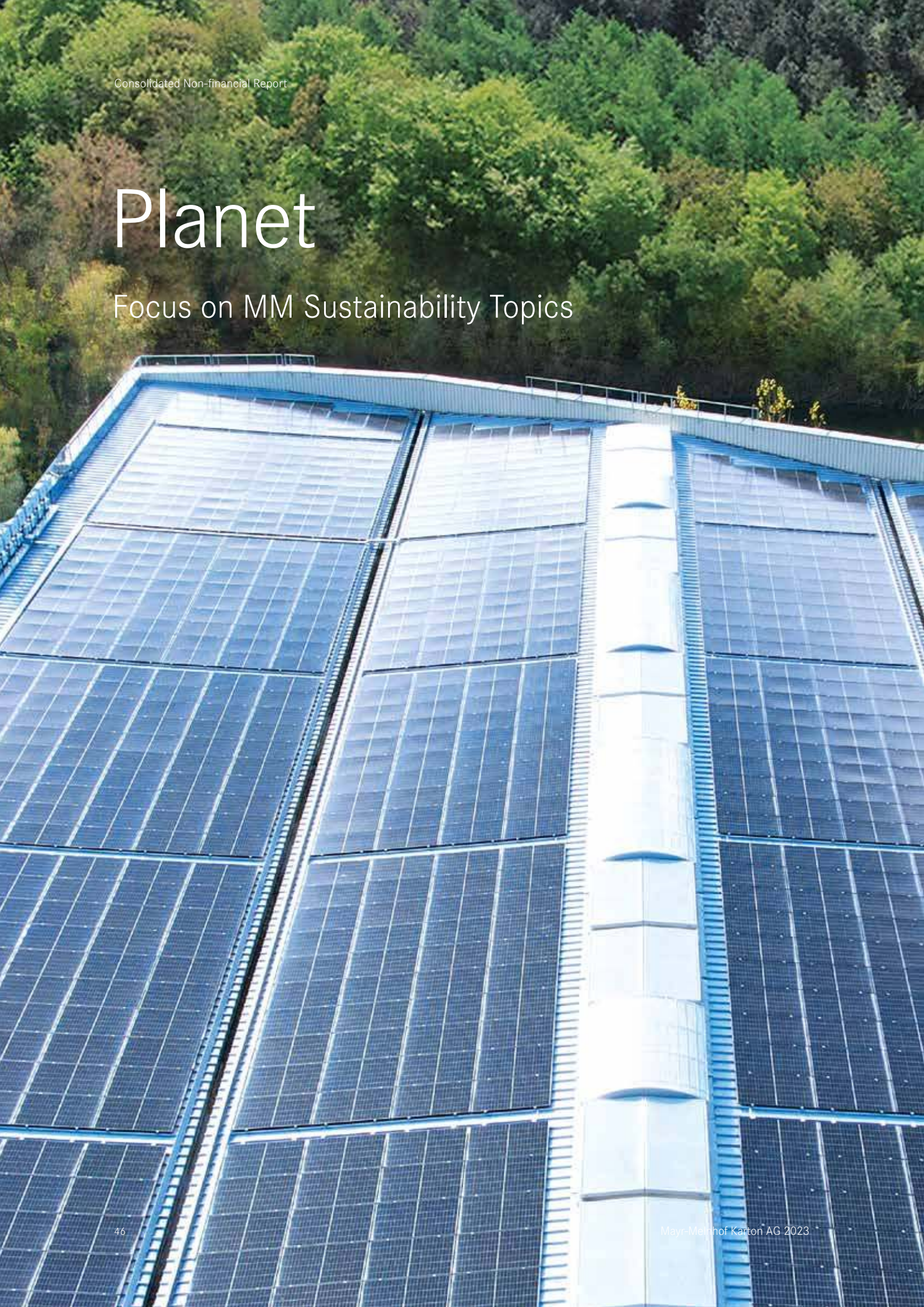
Prosperity

Material topics	Sustainability programme	MM Objectives	SDGs	ESRS
Legal framework, compliance, data protection and information security	**Responsible Management**	Demand and promote behavior in line with compliance requirements within and outside the MM Group Continue to promote internal training on competition law, data protection and information security	(8.7)	ESRS G1, ESRS S2, ESRS S3
Innovations to promote the circular economy and product safety	**Innovation and Quality**	Promote product and process innovations to optimise product end-of-life Improve the use of natural raw materials and further substitution of plastics across the MM product range	(9.4)	ESRS E5, ESRS S4
Responsible sourcing & supply chain, sustainable investment and public relations	**Value Chain**	Interaction with 90 % of the "key suppliers" based on sustainability objectives of the MM Group until 2025[1] Assessment of the sustainability performance of 90 % of the MM Group's "key suppliers" by 2023[1] (achieved) Promote cooperation for circular innovations along the entire value chain	(12.2)	ESRS E5, ESRS S2, ESRS S3, ESRS G1

[1] The "key suppliers" are identified based on their scope/type of business activity and influence (turnover).

Planet

Focus on MM Sustainability Topics



Mayr-Melnhof Karton AG 2023

50.4 %

reduction of absolute GHG emissions by 2031

99 %

recovery of process residues by 2030

30 %

efficiency increase in water consumption by 2030

Through ambitious goals and corresponding actions, we as the MM Group promote environmental sustainability and contribute to the preservation of the natural habitat for us and future generations. Renewable raw materials, responsible use of resources and decarbonisation activities enjoy the highest priority.

1 DECARBONISATION

The Paris Climate Agreement and the European Green Deal, which aim to achieve climate neutrality in the EU by 2050, constitute the framework for our energy management and decarbonisation efforts. All greenhouse gas emissions should preferably be avoided at source but those that cannot be avoided should also be reduced. Natural sinks (including forests) must be preserved and expanded. Technologies for the elimination of greenhouse gases should be designed and utilised in a cost-efficient manner. Significant environmental impacts of the MM Group's business activities result primarily from the consumption of large amounts of energy for cartonboard and paper production and the associated emissions. In comparison, the Packaging division's energy requirements are lower by a factor of 21.

Natural gas is predominantly used as the primary energy source in MM Board & Paper's mills. The mills have their own power plants in which natural gas is used to generate steam and electricity for cartonboard production as required, and turbines are used to generate electricity from the high-pressure steam produced. In addition, electricity is purchased from energy supply companies. Other fossil fuels used in the individual mills are hard coal, heating oil, diesel and liquefied petroleum gas. MM Board & Paper's production is increasingly fuelled by energy from renewable energy sources such as biomass or biogas. The MM Kwidzyn and MM Kotkamills mills use black liquor, which is an energy-rich by-product of pulp production, as an additional energy source for the generation of electricity and process heat. In addition, 51 % of the primary energy sources used in the Board & Paper division are of renewable origin (biomass, for example).

In the reporting year, there was a Group-wide 23 % reduction in Scope 1 and Scope 2 emissions of compared to the 2022 reporting year. On the one hand, this reduction is due to a decrease in production volumes and, on the other hand, to a large number of decarbonisation measures that were implemented as a result of the successful establishment of the
GRI 2-19 MM Sustainability Bonus. This bonus was introduced in 2023. Each plant was given a specific CO_2e reduction target and other tasks to fulfil in the area of energy management. One positive result that can be attributed to the sustainability bonus is that seven packaging plants switched from conventional electricity to green electricity during the reporting period. This means that 19 packaging plants used green electricity in the reporting period. This led to a reduction of 26 % in Scope 2 emissions in the Packaging division compared to the previous year.

1.1 Impacts, risks and opportunities

Exhaust air emissions are produced in the course of cartonboard and paper production, in particular as a result of the generation of energy through the combustion of natural gas and hard coal (MM Kwidzyn). The emissions occurring in the form of CO_2, NOx and CO are continuously monitored and limited in accordance with legal requirements. In contrast, the direct exhaust air from the cartonboard and paper machines consists mainly of water vapour. MM Board & Paper is continuously implementing new measures to further reduce exhaust air emissions in line with the state of the art. Although additional mills were acquired in 2022, energy consumption at MM Packaging is much lower than at MM Board & Paper and accounts for less than 5 % of Group-wide energy consumption. Nevertheless, programmes to reduce emissions and increase energy efficiency are also underway in the Packaging division. The main focus was placed on switching to green electricity, installing photovoltaic systems and implementing energy efficiency measures, in particular for machinery, heating/cooling and lighting.

The use of energy is of significant economic importance for both divisions in the MM Group in respect of costs and basic availability. In the financial year 2023, prices for natural gas and electricity fell, but are still more than 50 % higher than before their increase in 2022. Furthermore, the effects of climate change must be taken into account as physical and transitory risks for the MM Group's business activities. Physical risks (e.g. floods, forest fires, storm damage, drought) can lead to direct production losses, as at our Cervia and Kolicevo plants in 2023, or to supply bottlenecks. As climate change progresses, precipitation patterns will change, extreme weather events will become more frequent and natural resources,

such as wood and water, will experience increasing pressure as a result. As the MM Group, and, in particular, the MM Board & Paper division, is heavily dependent on these resources, it is essential to recognise and understand any potential future risks (see page 32).

Transitory risks (e.g. emission certificates, changes in market requirements and consumer behaviour) are primarily a compliance issue. Although these risks do not result in short-term production losses, they can lead to falling sales figures and higher fines, taxes (CO_2 tax) and fees if any requirements are not complied with. On the other hand, there are opportunities in terms of cost savings, reduced environmental damage and additional sales opportunities due to the lower CO_2 intensity of our products.

With regard to emissions, there is a regulatory risk concerning the costs of emission allowances. The EU Emissions Trading System (EU ETS) is the central European climate protection instrument for reducing greenhouse gas emissions in the EU and a few non-EU countries, such as Norway. It covers the energy industry and selected energy-intensive industrial sectors, such as the paper and cartonboard industry, and therefore also the six MM cartonboard and paper mills in the EU and the FollaCell fibre mill in Norway. For the financial years 2021 up to and including 2025, CO_2 allowances will be allocated free of charge. This is based on technical criteria specified by the EU authorities.

1.2 Management concepts and due diligence processes

GRI 3-3

A responsible management of energy consumption and the associated emissions is a high priority within the MM Group. Since the financial year 2023, the MM Group has had a centralised department for energy procurement. Internal and external audits (particularly in connection with certifications/re-certifications) and an assessment by means of management reviews are carried out in order to safeguard the environmental standards achieved to date, fulfil new requirements and review the effectiveness of the Group's environmental management system. Energy management aims to sustainably reduce the energy consumption of our plants, increase efficiency and procure ever higher proportions of renewable energies. With this in mind, an energy audit was launched in 2022 at our cartonboard and paper mills at Frohnleiten, Kwidzyn, Kolicevo, Neuss and Gernsbach. This audit will be completed in 2024 and includes a comprehensive energy management survey with regard to rising energy costs, the goal of improving performance and a sustainability focus. In addition, the identification of optimisation potential requires an objective view of our plants and technologies. As part of the 2023 MM Sustainability Bonus, all production sites have carried out energy flow analyses and developed project ideas for reducing Scope 1 and Scope 2 emissions.

Environmental certificates

In the areas of energy and environmental management, we are certified in accordance with ISO 50001, EMAS and ISO 14001. The provisions of the ISO 50001 certification are increasingly applied at the mills of the more energy-intensive MM Board & Paper division, but we also try to ensure a comprehensive energy management at the sites of the Packaging division. Four MM Board & Paper production sites, including the FollaCell fibre mill, and seven Packaging sites are currently certified according to this standard.

The Frohnleiten cartonboard mill has voluntarily participated in the EC Eco-Audit Regulation ever since 1996. The "Eco-Management and Audit Scheme" (EMAS) is a joint system for environmental management and environmental auditing. The MM Group's participation in this scheme supports our information policy and presents a corporate culture characterised by responsible action. Together with the ISO 14001 certification, EMAS forms the basis for a continuous safeguarding of MM's integrated environmental management system. Today, the sites at Frohnleiten, Kotkamills, Kwidzyn, Kolicevo and the FollaCell fibre mill are certified according to ISO 14001, Frohnleiten has additionally been validated according to EMAS. Those cartonboard and paper mills that are not directly certified according any of the above standards have internal

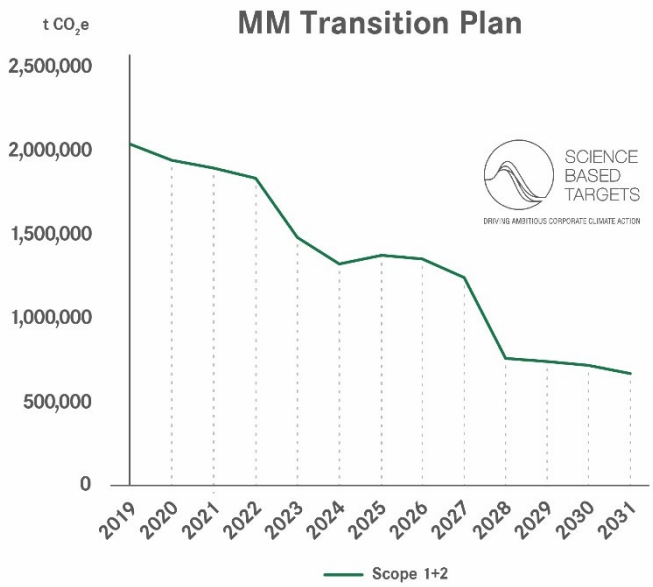
environmental protection systems for continuous improvement and use the synergies of the certified sites. A total of 43 MM production sites are certified according to ISO 14001 and/or EMAS.

Science Based Target and Transition Plan

In order to further optimise energy management and the associated greenhouse gas emissions, the MM Group is committed to implementing science-based climate targets. Our climate strategy is based on the guidelines of the Science Based Targets Initiative (SBTi), according to which we also developed the MM Group's 1.5 °C climate targets. In the financial year 2021, the MM Group calculated targets for the reduction of greenhouse gases by 2031 and submitted them to SBTi. These targets were reviewed by SBTi and confirmed in the 2nd quarter of 2022. In the 4th quarter of 2023, we committed to a net zero target with SBTi and will submit this target in the financial year 2024.

Since the financial year 2023, we have been preparing monthly emissions reports for our management and the Supervisory Board. These reports are intended to provide a continuous update on our CO_2 emissions. We attach particular importance to transparency, including the achievement of our science-based targets. In order to achieve our targets, we have expanded the energy reporting on our platform WeSustain in 2023. This enables us to collect and analyse even more detailed information about our energy consumption and emissions. Thanks to the monthly emissions reports and the addition of further key figures in WeSustain, we are able to closely track our decarbonisation progress and make adjustments where necessary.

The MM Transition Plan at Group level maps the target achievement pathway of our Science Based Targets, which are pursued in accordance with our decarbonisation strategy. We are pleased that the positive development of the MM Group was confirmed in 2023 by CDP by granting a "triple A rating" in all three categories "Climate", "Forests" and "Water".



1.3 Measures and development

The definition of targets and measures includes the determination of direct and indirect emissions (Scope 1, 2 and 3) in accordance with the GHG Protocol. This means that we take into account emissions caused by the use of energy sources in production (Scope 1) and the purchase of electricity, steam, heating and cooling energy (Scope 2). All other emissions that are caused by the company's activities but are not under its control are also calculated for purchased goods and services, fuel and energy-related activities, waste and transport of employees (Scope 3). GRI 305-1 GRI 305-2 GRI 305-3

In the financial year 2022, a working group was established consisting of representatives from the areas of CapEx management, energy management and sustainability management to develop solutions and strategies together with the energy managers at the sites in order to achieve the Group's climate targets.

Strategic decarbonisation measures

As part of the MM Sustainability Bonus, internal webinars were held in the reporting period to explain the decarbonisation strategy to the employees at the production sites, explain the bonus targets and discuss joint implementation measures. In addition to these site-specific training sessions, digital sustainability training was also developed. The first three units are primarily dedicated to the topic of "decarbonisation". In the reporting year, all sites also carried out energy flow and consumption analyses (Sankey) in order to identify potential CO_2 savings. Based on this, project ideas were developed to realise the savings. In the MM Board & Paper division, externally supervised energy audits were carried out at mill level in addition to internal analyses. Energy saving and energy efficiency potential was identified as part of the audits. In total, over 370 project ideas and over 180 CapEx projects were identified in the financial year 2023 that could lead to a reduction in CO_2 emissions. While the switch to green electricity, the installation of photovoltaic systems and energy efficiency measures were prioritised in the Packaging division, groundbreaking decisions were made in the Board & Paper division. With a strategic investment programme at our Polish paper and board mill MM Kwidzyn, we plan to further increase the already high proportion of renewable energy from currently 65 % and reduce the consumption of fossil fuels. In the financial year 2023, we were able to reduce our Scope 1 and Scope 2 emissions by 23 % in the Board & Paper division and by 22 % in the Packaging division compared to 2022. At Group level, this was a reduction of 23 %.

In the financial year 2023, we also developed an internal CO_2 pricing system, which will be implemented at Group level in 2024. The internal CO_2 price is intended to create cost transparency for future CapEx projects and electricity purchasing and promote CO_2 saving solutions.

Implemented projects to reduce CO_2 at our sites

Our Austrian cartonboard mill, MM Frohnleiten, is currently in the implementation phase of the major "Frohnleiten 2025" project, which is expected to be completed by 2025. Various measures are being implemented as part of this project, including the expansion of stock preparation, the rebuild of BM3 and the automation of equipment and logistics. Another example of sustainable investment in Frohnleiten is the new 400 kWp photovoltaic system, which was put into operation in October. The system consists of 1,000 solar modules with a total area of 2,500 m^2 and is expected to produce 400,000 kWh of electricity per year, thus helping to reduce CO_2 emissions and lower energy costs. Our MM Kolicevo cartonboard mill in Slovenia also invested in photovoltaic modules in December 2023, which have a total capacity of 1.2 MWp. The system consists of around 1,900 solar modules that cover the roof of the production department and the warehouse with an area of 8,000 m^2. The photovoltaic system is expected to produce 1,176,639 kWh of electricity per year, which corresponds to a saving of 290 tonnes of CO_2 emissions. The special feature of this solar installation is that the solar cells are orientated in an east-west direction, allowing for optimal electricity production throughout the year.

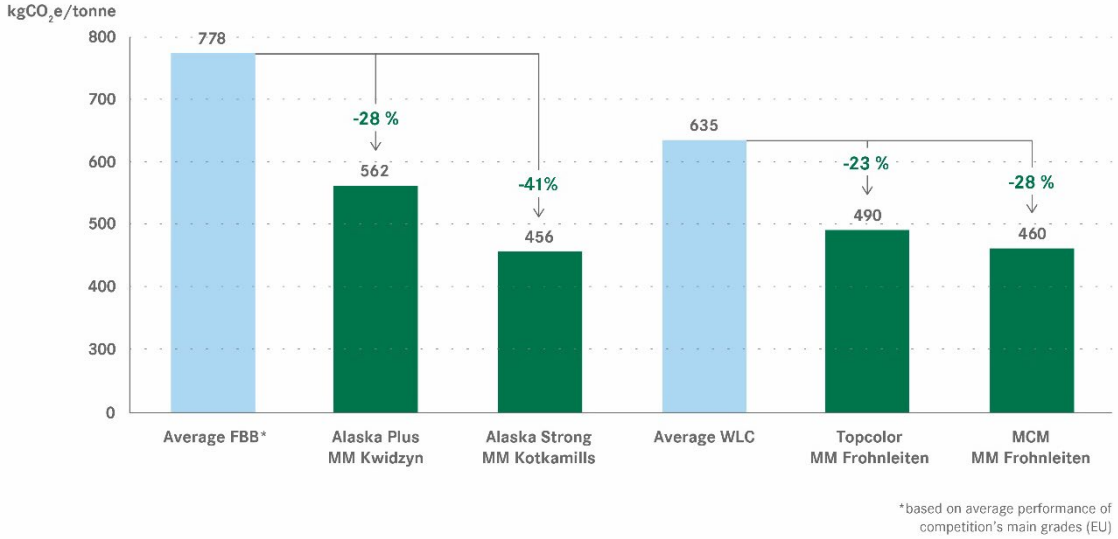
In addition, the BM3 cartonboard machine at MM Kolicevo was successfully recommissioned following rebuild work. The scope of the rebuild included three main components: a modern curtain sizer, a new drying area and a new rewinder. This supports MM Kolicevo's ambition to further improve product quality while reducing its carbon footprint.

In Germany, our MM Neuss cartonboard mill has successfully recommissioned its BM5 cartonboard machine following its comprehensive rebuild from a cartonboard machine to a linerboard machine. The rebuild included several upgrades to improve end product quality, reduce specific energy consumption, increase productivity across the entire product range and better meet the needs of our customers in the market. The aim is to minimise the impact of production on the environment. To this end, further measures have been taken to improve the mill's energy efficiency and sustainability, including the conversion of the machine drying group with a new steam and condensate system, new energy-saving drives, new energy-efficient machine pulpers and a modern quality control system to reduce energy consumption and improve cartonboard quality.

The Packaging division is also focusing on generating energy from renewable resources. Our plants MM Packaging Romania (Romania), MM Innovaprint Bielefeld (Germany) and Mayr-Melnhof Printing and Packaging Tehran (Iran) already had photovoltaic systems before 2023, for example, and the MM Graphia Izmir plant (Türkiye) has a CSP (Concentrated Solar Power) system. In 2023, photovoltaic systems were also installed and put into operation at MM Packaging Marinetti (Chile), MM Packaging Solutions Ibérica (Spain), MM Gravure Trier (Germany) and MM Tannpapier (Austria). The installation of photovoltaic systems is planned to continue in 2024, for example at MM Premium Vienna (Austria) and MM Graphia Izmir.

Life cycle assessments at product level

In order to quantify the performance of our products, we at MM carry out Life Cycle Assessments (LCA) internally. The graph below illustrates the global warming potential of MM virgin fibre and recycled cartonboard grades compared to the average of the most important grades of competitors in the EU. The investments already implemented not only have an impact at Group level but are ultimately also reflected at product level. In addition, the LCA can be used to quantify savings achieved by future investments and analyse various scenarios.



Objectives

- Reduce absolute Scope 1, 2 and 3 greenhouse gas emissions by 50.4 % by 2031 (base year 2019)
- Increase the annual share of electricity from renewable energy sources to 40 % by 2031 and to 100 % by 2045 (base year 2019)
- Reduce Scope 3 greenhouse gas emissions by 58.1 % per unit of value added by 2031 (base year 2019)

This supports the implementation of the following Sustainable Development Goals (SDGs): SDG 13.1, 7.2 and 7.3.

	MM Board & Paper	MM Packaging[1]	
ISO 14001 or EMAS-certified production sites	5 out of 7	38 out of 64	GRI 302-1
ISO 50001-certified production sites	4 out of 7	7 out of 64	GRI 302-3
Energy consumption - total	8.38 TWh	0.40 TWh	GRI 305-1
Share of renewable sources - total	47 %	33 %	GRI 305-2
Specific energy consumption[2]	3.77 MWh/t	0.51 MWh/t	GRI 305-3
Fuel consumption	7.29 TWh	0.12 TWh	GRI 305-4
Share of renewable sources (mainly black liquor, biomass and biogas)	51 %	1 %	
Electricity consumption	1.08 TWh	0.27 TWh	
Share of renewable sources	20 %	49 %	
Purchased steam or heating and cooling energy	0.01 TWh	0.01 TWh	
Share of renewable sources	0 %	0 %	
Direct CO_2 emissions (Scope 1)[3]	0.83 million t CO_2e	0.02 million t CO_2e	
Specific direct CO_2 emissions[2]	0.37 t CO_2e/t	0.03 t CO_2e/t	
Indirect CO_2 emissions (Scope 2, location-based)[4]	0.51 million t CO_2e	0.09 million t CO_2e	
Indirect CO_2 emissions (Scope 2, market-based)[4]	0.54 million t CO_2e	0.08 million t CO_2e	
Indirect CO_2 emissions (Scope 3)[1) 5)]	1.85 million t CO_2e	0.66 million t CO_2e	

[1] exclusive of the closed packaging plant in Heilbronn
[2] on the basis of gross production or tonnage processed
[3] emission factors used in accordance with the GHG Protocol
[4] emission factors used according to the life cycle assessment databases GaBi and the respective emission factors of the electricity suppliers
[5] emission factors used according to the life cycle assessment database GaBi and EcoInvent

2 RAW MATERIALS

Both divisions of the MM Group mainly use fibres made of wood or its recyclates and thus mainly renewable raw materials. Non-renewable raw materials play a subordinate role. This is also reflected in the volume consumption shown on page 58. While MM Packaging relies on virgin and recycled fibres in a ratio of around 60:40 for printing materials (cartonboard and paper), the use of virgin and recycled fibres is balanced at MM Board & Paper. In addition to fibres, chemicals (mainly inorganic pigments, binders, starch and sizing agents) and packaging materials are essential materials in the production and marketing of cartonboard and paper. MM Packaging's products focus on cartonboard, paper, printing inks, coatings, glue and finishing materials such as films and packaging materials as the main materials used. Efficient resource consumption, waste avoidance in production and a positive contribution to the long-term preservation of natural spaces and biodiversity are our top priorities. We attach particular importance to an independent monitoring of raw material procurement and verifiable compliance of the company's working methods with international environmental standards.

2.1 Impacts, risks and opportunities

The availability of the raw materials virgin and recycled fibres largely depends on the geographical location of our cartonboard and paper sites. All sites of the MM Board & Paper division and thus also the forests from which we obtain virgin wood fibres are located in Europe. Forest areas cover over 182 million hectares of the European Union - this corresponds to around 42 % of the total land area of the EU (source: Eurostat, 2018). In connection with the war in Ukraine, a package of EU sanctions was imposed on Russia, including a ban on imports of Russian timber as of 2022. The measures caused a shortage of timber, which led to rising timber prices. For medium- and long-term planning, it is particularly important to take climate-related risks into account. Ongoing climate change is having a significant impact on the development of forests, which may lead to calamity-related bottlenecks along the supply chain in the short term. In the medium and long term, the vegetation of European forests will change due to changes in the climate, such as temperature, precipitation and wind conditions, and thus the available types of timber will also change. This risk is described in more detail in the chapter "Climate-related risks (TCFD)" on page 30. We are constantly improving our climate risk analyses to ensure their high quality. As part of a year-round project in this financial year, we exchanged ideas with experts from the scientific community in order to supplement our quantitative analyses with qualitative parameters.

Fibre use and procurement
Around 60 million tonnes of wastepaper are collected and recycled in Europe every year (source: Austropapier, 2019). MM Board & Paper processes around 0.95 million tonnes of recycled fibres thereof. Risks are connected to the interruption or slowdown of the logistics chain and the collection volume and price development of recovered paper. Stock preparation, i.e. the separation of individual fibres before they are applied to the cartonboard machine, is possible for recycled fibres in a highly energy-efficient manner. In addition to the energy saving factor, the ecological advantage of using waste paper lies in the conservation and preservation of natural resources. Opportunities for increasing fibre recovery (fibre efficiency) are primarily based on technological progress.

Further risks in the raw materials area arise in particular from the supply chain and the use of chemicals. Chemical spillages during production are a possible scenario for both divisions. This risk is minimised by complying with the relevant legal requirements and other specified safety measures, such as chemical storage facilities equipped with drip pans, staff training and detailed incident management. With the "Prewave" risk management tool, we are informed promptly about environmental violations and can contact the supplier concerned directly and take appropriate measures. Opportunities lie in particular in the increasing awareness of end customers and the associated positive effects on their demand for fibre-based packaging.

The purchasing categories essentially correspond to the materials mentioned above, which are mainly sourced from European suppliers via a resilient supply chain. The potential risk of interference in local communities and ecosystems, e.g. through illegal deforestation, is countered by means of chain-of-custody certification in accordance with FSC® standards and PEFC criteria. In the reporting year, a project team was established to deal with the implementation of the requirements of the European Deforestation Regulation.

2.2 Management concepts and due diligence processes

GRI 3-3

The MM Group's objective is to ensure a continuous supply of raw materials, protect the environment and minimise material consumption. Wastepaper is subject to strict quality requirements which are defined in the EN 643 standard. Our procurement organisation is geared towards ensuring both optimum origin and quality control as well as maximum supply security. We therefore pay particular attention to responsible sources of supply when using virgin fibres in cartonboard and paper production. This enables us to ensure that 100 % of the virgin fibres we use come from certified and/or controlled sources.

The cartonboard and paper mills are constantly working on projects to optimise the use of fibres. Technological innovations on the machines are aimed, among other things, at increasing the efficiency of fibre use and reducing fibre consumption. Continuous monitoring ensures optimum utilisation during operation. All chemicals used in cartonboard and paper production fulfil the requirements of the REACH regulation and are carefully selected with regard to the use of the finished products. Our chemicals management aims to minimise the harmful effects of handling and storing chemicals on people and the environment.

MM Packaging only uses low-migration inks and varnishes for primary food packaging in order to comply with the applicable legal requirements for food contact materials and articles. In Europe, for example, these are EU Regulations No. 1935/2004 and No. 2023/2006. The inks and varnishes comply with the EuPIA guideline for printing inks. It is important to us to implement the highest standards at all sites throughout the Group. Low-migration inks are therefore also predominantly used for other packaging in accordance with the EuPIA guideline. With regard to the adhesives used, high standards are set in terms of processability, adhesive seam strength and food safety for food packaging, and optimisations are continuously pursued. Only adhesives that enable compliance with Regulation (EU) 1935/2004 for finished packaging products and are manufactured in accordance with FEICA recommendations are used.

The MM Group pursues a Chain of Custody (CoC) standard in order to comply with the principle of responsible resource management and the use of certified sustainable raw materials in production while preserving natural habitats and biodiversity. This is essentially achieved through specifically designed management systems and certifications - in accordance with FSC®, on the one hand, and PEFC, on the other hand. By having all MM cartonboard and paper mills certified according to FSC® standards (licence FSC-C003336, licence FSC-C005528, licence FSC-C007894) and PEFC criteria (licence PEFC/06-33-215, licence PEFC/02-32-40, licence PEFC/32-31-049), we prove that all virgin fibres used in cartonboard and paper production originate from responsibly managed forests and/or controlled sources. In addition, 68 % of our purchased fibres, which are the fundamental resource of our business activities, are sourced from local suppliers (based in the same country). This is regularly verified by independent third parties. GRI 204-1

European Deforestation Regulation (EUDR)

MM is aware of its obligations arising from the European Deforestation Regulation (EUDR) (EU) 2023/1115 on deforestation-free supply chains. The regulation came into force in June 2023 and will be applicable as of December 30, 2024. It contains rules for placing and supplying products that contain wood or are manufactured using wood to the EU internal market and exporting them from the EU to other countries. The regulation aims to minimise the EU's impact on global deforestation and forest degradation and thus contribute to reducing global deforestation. In addition, the regulation is intended to help reduce the EU's contribution to greenhouse gas emissions and the global loss of biodiversity.

In order to achieve these targets, a mandatory risk assessment for raw materials based on fresh wood and processed at the MM Board & Paper and MM Packaging sites will be required as of December 30, 2024. This assessment must be carried out at least once a year. Criteria, such as the allocation of risks to the respective production countries, the rights of indigenous peoples, deforestation or forest destruction, concerns regarding corruption, falsification of documents and data, lack of law enforcement and violations of international human rights, are taken into account. The MM Group is currently establishing a Group-wide process and system that will enable us to fulfil the monitoring, documentation and reporting obligations of the EUDR and ensure EUDR-compliant products.

Responsible use of resources

GRI 304-1 GRI 304-2 GRI 306-1 GRI 306-2

In the "MM Policy for Forests and Natural Ecosystems", we define our requirements that contribute to the preservation of biodiversity and the protection of natural ecosystems. As the preservation of biodiversity is of utmost importance to our company, we have carried out a biodiversity analysis with the aim of better understanding the impact of our plants on the environment and deriving measures therefrom. In 2023, our management approach in the context of the sustainable use of wood as a resource was awarded a CDP A rating for the first time. In terms of circular economy, the MM Group's waste management focuses on the concept of "avoid before recycle before dispose". Waste management is implemented at the sites by the respective waste management officer. The disposal itself is carried out by authorised waste collectors, recyclers and disposal companies in accordance with the relevant legal requirements, depending on the type of waste.

In terms of volume, the largest share of waste at MM Board & Paper's recycled cartonboard mills is made up of residues from wastepaper processing, the so-called rejects. Wastewater sludge and commercial waste similar to household waste are either processed for thermal use within the mill or passed on to authorised disposal companies. During pulp processing, black liquor is produced as an energy-rich by-product that is recycled and used as an energy source to generate electricity and process heat. Hazardous waste, such as waste oil, chemicals, contaminated liquids, wastewater contaminated by chemicals, workshop waste and rechargeable batteries, is handed over to authorised waste disposal companies, which dispose of the waste in accordance with legal regulations.

At MM Packaging, too, by far the largest proportion of waste from folding carton production is made up of non-hazardous materials that are fed into the recycling loop. The most significant category of waste in terms of volume is cartonboard waste from the die-cutting process. Cartonboard waste is largely recycled within the MM Group and by other companies and processed into new cartonboard. Solvent residues, ink and varnish residues, waste oils as well as wet and dirty water from printing presses are classified as hazardous waste, which accounts for only a small fraction of the total amount of waste and is handed over to authorised waste disposal companies in accordance with legal requirements.

2.3 Measures and development

With regard to the use of raw materials, the focus remains on a comprehensive examination of the topic of plastic reduction and substitution with regard to the market and technology and with the close involvement of customers and experts. In addition, the increased use of fibres from responsible sources is a high priority for both divisions. The use of synergy effects between the two divisions MM Board & Paper and MM Packaging will be further strengthened. In addition, we are continuously working on optimising chemical consumption through process adjustments, such as the installation of measuring devices in the bleaching process. A large number of projects to reduce waste in cartonboard and paper printing materials through process optimisation and improvements in fibre recovery were implemented. In terms of waste management, the priorities were to optimise separate collection and minimise the amount of hazardous waste (e.g.solvent and ink residues) through avoidance or substitution.

The MM Group is actively supporting a study to measure the impact of sustainable forest management in various European countries. The project started in March 2023 and includes desk studies and field studies over a period of three years. The aim of this project is to provide science-based evidence of the benefits of the SFM (Sustainable Forest Management) certification in European forests and to use this evidence to support changes of SFM benchmark requirements.

Objectives

- 99 % recovery of process residues (recycling/reuse/incineration with energy recovery) by 2030
- Reduce the intensity of waste landfilling by 75 % by 2030 (base year 2019)
- 100 % of wood-based raw materials come from responsible sources by 2030
- 40 % less process waste per saleable tonne by 2030 (base year 2019)

Objectives achieved

- MM has a comprehensive understanding of the impacts and risks related to biodiversity until 2022

This promotes the implementation of the following Sustainable Development Goals (SDGs): SDG 8.7.

		MM Board & Paper	MM Packaging[1]
GRI 301-1	**Renewable raw materials[2]**	2.07 million t	0.91 million t
GRI 301-2	Fibre input/cartonboard and paper input	1.75 million t	0.86 million t
	Recycled fibres[3]/-cartonboard	0.95 million t	0.31 million t
	Virgin fibres[4]/virgin fibre cartonboard	0.80 million t	0.55 million t
	Share of renewable raw materials	76 %	94 %
	Non-renewable raw materials	0.72 million t	0.06 million t
	Percentage of recycled input materials used	34 %	32 %
	Virgin fibre use from responsible sources	100 %	37 %
	FSC®-certified production sites	7 out of 7	53 out of 64
	PEFC-certified production sites	5 out of 7	31 out of 64
GRI 204-1	**Regional procurement**		
	Proportion of spending on local suppliers of virgin/recycled fibres	68 %	N/A
GRI 306-3	**Waste**		
	Non-hazardous waste	0.28 million t	0.17 million t
	Hazardous waste	0.47 thousand t	3.78 thousand t

[1] exclusive of the closed packaging plant in Heilbronn
[2] including packaging materials
[3] exclusive of rejects
[4] groundwood pulp equivalent

3 WATER

Water is one of the most important resources on our planet - for humans as well as for ecosystems and species. Water should be understood as a local resource, as its availability depends on local conditions. With regard to water as a resource, it is therefore important to consider the available sources, the quality of local water reserves and the different users in the water catchment area. Responsible water management is a high priority within the MM Group, as water is an essential resource, particularly in the production of cartonboard and paper. In contrast, hardly any water is required in the processing of cartonboard and paper. As a result, the MM Board & Paper division produces significantly higher volumes of wastewater than the MM Packaging division. For these reasons, the topic of "water" mainly relates to the MM Board & Paper division. GRI 303-1 GRI 303-2

3.1 Impacts, risks and opportunities

Large quantities of water are used in the cartonboard and paper production throughout the entire production process - from the preparation of recycled paper and the processing of virgin fibres to its use as a coolant and for the production of steam in energy generation. Water use and water consumption must be clearly distinguished. Some of the water is only used temporarily in the production process (e. g. as cooling water) and is then treated and recycled. The risk of water scarcity due to production is therefore low. Only a relatively small proportion of the water used in the production process is not recycled but either remains in the product as residual moisture or evaporates. The fact that the water scarcity footprint of our mills is low was also confirmed in an assessment that we carried out with external partners for our Board & Paper mills. The analysis has shown that none of our board and paper mills is located in areas of water stress.

Water treatment and recycling

In addition to efficient water consumption, the highest criteria in terms of water quality, temperature and quantity must be taken into account when recirculating the treated water to avoid any harmful impact on biodiversity. In dealing with the effects of water recycling, MM complies with minimum legal standards in terms of water quality: the total amount of wastewater discharged is monitored according to destination, such as surface or groundwater. The quality of the wastewater is monitored during on-site and off-site treatment. Directly discharged water is allowed to contain only harmless nutrients and an authorisation of the competent authorities is required. Pollutant parameters of wastewater after on-site and off-site treatment are continuously monitored and measured. Among other things, the following parameters are monitored in accordance with international standards: e. g. chemical oxygen demand (COD) in accordance with ISO 15705, suspended solids (TSS) in accordance with NS 4733/NS 4760. In this context, water samples are analysed in order to compare the pollutant content of the discharged water with that of the returned water.

Risks in the context of water

As large quantities of water are required for the production of cartonboard and paper, regional risks and developments must also be taken into account, including the effects of climate change. Not only water scarcity but also water overflow in connection with flood risks must be considered. As most of the MM Board & Paper division's mills are located directly adjacent to watercourses, we take into account the entire water catchment area in which the respective mill is located. The assessment of risks in connection with advancing climate change is based on a large number of quantitative and qualitative parameters. Tools such as WWF Water Risk Filter and AWaRe form the information basis. The assessment is specified with the help of data sets based on RCP scenarios and flood hazard maps.

Two sites were affected by flooding during the financial year 2023, one site of the MM Board & Paper division and one site of the MM Packaging division. In Slovenia, severe storms, which at times flooded more than two thirds of the country, also affected our cartonboard mill in Kolicevo. However, thanks to the good flood protection on site, it was possible to resume production after only a few days. The incident also caused no damage to products already manufactured in the warehouses.

In May 2023, severe storms in northern Italy also caused serious flooding. Over 40 municipalities were affected, including Cervia and the MM Packaging site there. The flooding of the entire site severely damaged all machinery relevant to production, meaning that production had to be suspended until the end of the year.

GRI 3-3 3.2 Management concepts and due diligence processes

In the financial year 2021, a process was launched at MM with the aim of using water as a resource even more efficiently in the future and further reducing the negative impact on water systems and the risks associated with water. In order to implement this process even more comprehensively within the MM Group in the future, a strategy was initiated that is based on both the Alliance for Water Stewardship standard and the Water Mandate of the UN Global Compact. This strategy consists of four pillars: “Assessment”, “Strategy”, “Act” and “Monitoring”. As part of the strategy, targets have been defined that are to be achieved by reducing water consumption through continuous optimisation of production processes and products. Specific water consumption is measured on an ongoing basis and kept very low or is even further reduced through recirculation and efficiency improvements. Water withdrawal and recycling at all sites is continuously measured, consolidated and reported monthly in our reporting/controlling tool.

External standards and tools serve as the basis for evaluating water management. In the financial year 2023, water resources were certified by third parties for the second time since 2022: in addition to the climate change (Climate) and forest management (Forests) categories, MM also submitted the water management (Water) category to CDP in 2023 and achieved “Leadership Status” for the first time with an A rating.

Analyses and assessments for risk mitigation

At MM Board & Paper, we follow the concept of generally using extracted groundwater or surface water several times, first as cooling water and then in several stages as process water. Excess water is first cleaned mechanically and then treated in a multi-stage biological wastewater treatment process before being discharged again - there is no overuse or contamination. The water used several times in the production process is purified and treated in state-of-the-art wastewater treatment plants before leaving the plants. The ongoing collection and evaluation of wastewater values is carried out by specially trained, in-house personnel as well as regular external analyses. Compliance with the relevant legal requirements is checked by the responsible national and regional authorities. Modernisations and expansions of wastewater treatment plants are regularly implemented with foresight. A list of certifications in the area of environmental management can be found on page 53.

The MM Group carried out assessments for the Board & Paper division’s mills to analyse our impact on water systems as well as risks regarding the availability of water. A water catchment analysis was already carried out for the MM Board & Paper mills in 2021 using external programmes such as AWaRe, ENCORE and the WWF Risk Assessment Tool. Mill-specific risks were identified, including the risk of flooding or water scarcity. This assessment process was implemented at mill level in 2023 and analyses of water scarcity were carried out in order to map water-related impacts using a holistic method in accordance with ISO 14046, taking into account direct and indirect aspects. To analyse quantitative and qualitative effects, indicators such as water scarcity, net freshwater consumption and water withdrawals and discharges were taken into account. The aim is to be able to make product-specific statements regarding water consumption in the future and thus create further transparency for our stakeholders.

3.3 Measures and development

The foundations for optimising water management were laid in the financial year 2021 – firstly, by defining a strategic process for the comprehensive evaluation of the impacts and risks of water use and, secondly, by analysing wastewater. In connection with this strategic approach, we have set quantitative and qualitative targets and subsequently defined measures to achieve them. In this sense, MM's implementation of environmental initiatives demonstrates its efforts to achieve continuous improvement. In the previous reporting period, our cartonboard mill MM Gernsbach added an anaerobic stage to its wastewater treatment plant in order to substitute natural gas with the biogas produced in the wastewater treatment process. Our fibre mill MM FollaCell has also modernised its wastewater treatment. This will reduce energy consumption and external wastewater sludge treatment and replace fossil fuels with biogas. In the financial year 2023, our cartonboard mill MM Frohnleiten installed a new flocculant station in the wastewater treatment plant and a new biodiesel bed reactor for exhaust air treatment.

Objectives

- Efficiency increase in water consumption by 30 % by 2030 (base year 2019)
- Efficiency increase in the use of process water (total water consumption without cooling water) by 30 % per saleable tonne by 2030 (base year 2019)
- All production sites of the MM Board & Paper division are certified by third parties until 2030

Objectives achieved

- MM has a comprehensive insight into the impacts and risks in relation to water use until 2022

Note: "Water" targets apply exclusively to the MM Board & Paper division.

This promotes the implementation of the following Sustainable Development Goals (SDGs): SDG 12.2, 6.3, 6.4 and 6.5.

	MM Board & Paper	MM Packaging[1)]	
Water withdrawal	63.43 million m^3	0.83 million m^3	GRI 303-3
Water discharge	57.79 million m^3	0.82 million m^3	GRI 303-4
Water consumption	5.64 million m^3	0.01 million m^3	GRI 303-5

[1)] exclusive of the closed packaging plant in Heilbronn

People

Focus on MM Sustainability Topics

Mayr-Melnhof Karton AG 2023

15,087
employees in
33 countries

12,263
preventive actions
taken to avoid
accidents

0
child labour

As the MM Group, we assume social responsibility for all people in the Group and along our value chain. We focus on safety at work, the best possible working conditions and safeguarding human rights.

4 WORKING ENVIRONMENT

GRI 2-7 Our employees are crucial to the long-term success of the MM Group. Ensuring attractive, inclusive working conditions and development opportunities is therefore of great importance. At the end of 2023, the MM Group employed 15,087 people in 33 countries. Integration began immediately after the respective acquisitions had been completed. In 2023, we began rolling out a Group-wide HR IT system in order to standardise international recruiting tasks and the market presence for potential applicants to the MM Group. Over the next two years, all MM Group companies will be integrated into this system step by step. The MM Group attaches particular importance to gender-neutral job advertisements in order to make the applicants' candidate experience inclusive and appropriate.

4.1 Impacts, risks and opportunities

Ensuring a high level of attractiveness as an employer in terms of professional and personal development is at the centre of our personnel development concept. Employees at all levels can develop their skills in the long term and take on increasingly responsible tasks as their expertise grows. The MM Group promotes the development of professional and personal qualifications through training and further education programmes and offers challenging professional tasks. Promotion opportunities and international assignments within the Group are actively promoted in order to retain expertise and talent in the long term.

The MM Group attaches great importance to ensuring that employees enjoy working for MM and that the Group therefore has a sustainable supply of qualified specialists and managers. The aim is not only to attract and employ skilled labour, but also to continuously enhance the attractiveness of MM as an employer brand. The latter is supported by targeted employer branding. Risks arising from staff turnover and the outflow of expertise are countered through sustainable employee retention. This is achieved, among other things,through interesting areas of work with the opportunity to take on responsibility, attractive development opportunities and cooperation in a climate of mutual appreciation.

GRI 3-3 4.2 Management concepts and due diligence processes

The central "Group Human Resources & Internal Communication" function manages the Group-wide HR agenda with a focus on employee development, training and development, recruiting and employer branding as well as internal communication. The individual training programmes are continuously evaluated and adapted to current requirements in terms of content, methods and technologies. MM offers numerous programmes that systematically guide employees through their professional life in the MM Group. In all programmes, special emphasis is placed on challenging tasks and content as well as enabling employees to make an active contribution to the company's success.

"MM-Academy"

The "MM-Academy" is the central training and further education platform for employees at all levels in the MM Group. The main focus is on teaching specialised knowledge and various foreign languages as well as the further development of social and leadership skills. In our tried and tested training programme, employees at all locations can choose from a wide range of training courses that promote international exchange and orientation towards our corporate values: responsible, collaborative, passionate and results-oriented.

"Leading Together", our new Group-wide development programme for managers, started this year with 22 participants from 13 countries. The programme's topic is "Growing your Capacity to lead @ MM" and it aims to further strengthen our employees in their leadership role. Our Leadership Capabilities serve as a basis for this and describe the competences that are crucial for success in a leadership position at MM. The programme also aims to give participants a tangible sense of the added value they can create together as a team that would not be achievable on an individual level.

In the "MM Academy", employees are trained primarily in online courses to also promote international dialogue across locations and time zones. The training programme was recently supplemented by additional courses, for example on lateral leadership and team building. In addition to the Group-wide "MM Academy" platform, employees are also trained in locally organised and site-specific plant training courses, e.g. on occupational health and safety.

"MM Next Generation"

The "MM Next Generation" programme aims to train and support our young talents in Austria and Germany. Training in our apprenticeship companies enables us to meet our future demand for qualified employees. During their training, apprentices go through a dual system that combines practice in the company with theory at vocational school and is complemented by courses at the "MM Academy". As part of a comprehensive redesign, the programme was designed with a particular focus on building a strong sense of community among apprentices, trainers and instructors. Comprehensive coordination with our instructors and trainers is particularly important to us in order to ensure continuous improvement for our apprentices. We also complement the programme with local and cross-group initiatives to make MM an even more attractive employer for this young target group. In Austria and Germany, we have had an average of 100 apprentices per year over the past few years.

"MM Trainee+" programme

The "Trainee+" programme is aimed at university graduates with a broad educational background and a potential for future expert and management positions. During this two-year programme, trainees gain insights into various areas such as sales, finance, engineering and business. We were able to take on two new trainees in 2023 and integrate two trainees from our new locations into the programme.
As in the previous year, the annual meeting of the "Trainee+" programme again took place in Vienna this year to promote collaboration and cooperation among the trainees. This enabled us to further expand our strong trainee network with a total of 14 trainees in 2023.

"Methusalem" programme

The long-standing "Methusalem" programme was terminated at the end of 2023. A new version of the programme is currently being evaluated. In this programme, the experience and expertise of existing employees will continue to be used in a special way for the company and for colleagues. The continuous and diverse exchange among different employees, taking into account several dimensions such as age, nationality and professional background, is a much valued, integral part of our personnel development programmes.

Active personnel marketing and cooperations

In order to be well prepared for the challenges posed by the shortage of skilled workers on the labour market, we have continued to focus on expanding new and existing partnerships with relevant schools, technical colleges and universities this year. Ongoing participation in various training programmes and career fairs positions MM as an attractive employer and supports our dialogue with potential employees. Last year, the focus in Austria was increasingly placed on the technical field. In addition, the MM Group has become a corporate partner of the Centre of Excellence at the Vienna University of Economics and Business in order to strengthen the economic field and acquire, develop and retain the best minds for our company in the long term. These initiatives are communicated and reinforced through the targeted online presence of our employer brand. This contribution to building a strong employer brand was also recognised externally. The MM Group

was honoured with an Employer Branding Award for the best employer brand in the region of German-speaking countries in the "Global Player" category.

4.3 Measures and development

The development programmes described were consistently and continuously implemented. The virtual learning formats remained a key component of the training programme and thus also support international exchange and our claim to be location-independent. In addition to IT security and compliance, we continued to focus our training programmes on providing support for individual professional tasks and personal challenges, including through online coaching. Another focus in 2023 was placed on strengthening our employer brand and increasing our attractiveness among applicants. Our online presence was in particular improved in numerous initiatives. This, for example, resulted in a follower increase of over 92 % on our Group-wide LinkedIn company profile. Our "employer promise", summarised by the slogan "We get things done", continues to be an apt description of our corporate culture and is also increasingly being used by employees in marketing and communication. A Welcome Day is organised every quarter to ensure the best-possible integration of new employees. As part of this event, employees at MM Headquarters receive a comprehensive personal introduction to the MM Group and its processes and can use this opportunity for cross-divisional networking.

Objectives

- MM Group as an attractive employer and workplace
- Promotion of professional and personal qualifications
- MM as "Employer of Choice"

This promotes the implementation of the following Sustainable Development Goals (SDGs): SDG 4.7 and 8.5.

GRI 2-7 **Employees by location and gender**

(Full Time Equivalent taking into account all fully consolidated companies)

	Dec. 31, 2023		Dec. 31, 2022	
Europe (excl. Austria)	10,110	67 %	10,613	68 %
Austria	1,784	12 %	1,777	11 %
The Americas	1,660	11 %	1,600	10 %
Rest of world (incl. Türkiye, Russia)	1,533	10 %	1,650	11 %
Total	**15,087**	**100 %**	**15,640**	**100 %**
Male	11,352	75 %	11,740	75 %
Female	3,735	25 %	3,899	25 %
Non-binary	0	0 %	1	0 %

Training and further education in the Group

	MM Group	GRI 404-1
Site-specific plant training - in hours	205,078	GRI 404-2
Of which average number of hours per participant	14	
Average number of hours per participant - male	14	
Average number of hours per participant - female	15	
Average number of hours per participant - non-binary	0	
Group-wide training courses "MM-Academy" - in hours	53,952	
Of which by participants - male	39,537	
Of which by participants - female	14,415	
Of which by participants - non-binary	0	
Group-wide training portfolio of the "MM-Academy"	308	
Participants in "MM-Academy" training courses	6,139	
Of these managers	1,087	

A total of two cases of discrimination were reported in the financial year 2023, with all incidents being investigated and followed up on by MM. The responsible internal committees ensure that appropriate remediation plans are implemented and reviewed. GRI 406-1

Discrimination incidents in the company[1)]

	MM Group
Total number of incidents of discrimination during the reporting period	2

[1)] exclusive of the closed packaging planz in Heilbronn

5 HUMAN RIGHTS

GRI 3-3
GRI 2-23

The MM Group is aware of the importance of human rights from both a value-oriented and an economic perspective and is fully committed to respecting and complying with human rights and actively avoiding human rights violations. On the one hand, this applies to the Group's own labour force as well as workers who are not employees and whose work is controlled by MM. All employees are granted the same rights and opportunities regardless of their age, gender, culture, religion, origin or other diversity characteristics. On the other hand, we are also committed to respecting human rights in our cooperation along the value chain with regard to the selection of our business partners. Thanks to the "Prewave" tool that was implemented in 2022, we can monitor our supply chain in real time for violations of social and environmental concerns and initiate targeted measures. By revising our Code of Conduct and implementing a Supplier Code of Conduct, we were also able to place a stronger focus on human rights issues.

5.1 Impacts, risks and opportunities

Although the majority of the MM Group's sites are located in European countries, the Company may nevertheless be exposed to human rights risks, particularly in countries outside Europe in which MM operates. In some of these countries there are, for example, risks of forced labour, child labour and violations of labour standards and equal opportunities. In relation to our industry and with regard to the supply chain, however, the risks are generally considered to be low.

This means that appropriate statutory compensation measures are offered to employees. Flexible working time models including part-time work are intended to contribute to the compatibility of family and career. In the MM Group, around 2 % of employees, the majority of whom are women, make use of this option. For the most part, the Group offers its employees permanent employment contracts; only around 5 % of employees, including apprentices and interns, are employed based on fixed-term contracts. At the end of the year, the Group also employed 526 contract workers (rented labour) who were deployed for plant work or to compensate for capacity fluctuations. Depending on capacity use and the order situation, there are fluctuations in the number of non-employees during the reporting period.

GRI 2-8

We recognise the entitlement of our employees to appropriate remuneration, which is why the remuneration paid is based on the standard market remuneration for a comparable position in the respective environment. At some locations, this includes the application of collective labour agreements. Across the Group, almost two thirds of employees are covered by a collective bargaining agreement. Consequently around 31 % of employees are not covered by a collective agreement. In this context, MM ensures that labour and employment conditions are always based on local laws and regulations. The contracts of contract workers correspond to the collective agreements of other organisations. A high level of personal identification with the company's success is an integral part of our corporate culture. For this reason, performance-related forms of remuneration, which ensure that individual employees can participate in the company's success with high performance, have a long tradition within the Group. By including occupational safety as a success factor, we want to significantly increase Group-wide identification with this success factor as well. The majority of the Group's employees are covered by defined contribution plans under the statutory pension scheme. In addition to the statutory pension scheme, the Group has made defined benefit and defined contribution pension commitments to certain employees on the basis of individual commitments and company agreements. There are also defined benefit and defined contribution severance obligations at individual locations as well as obligations under the statutory partial retirement scheme.

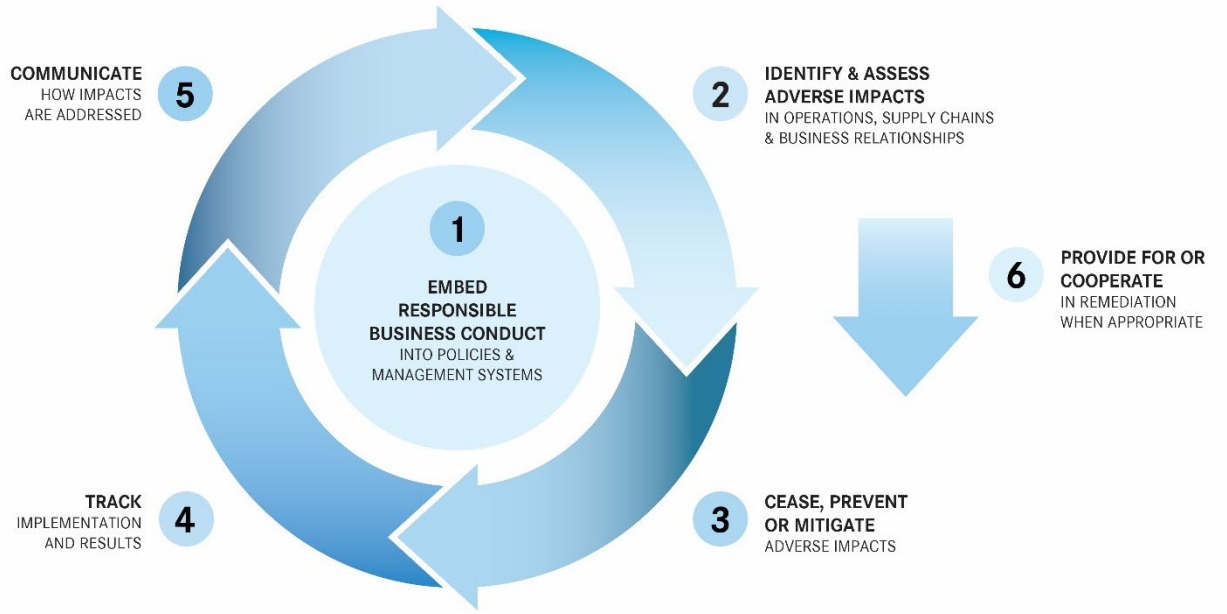
GRI 2-30

5.2 Management concepts and due diligence processes

GRI 3-3

The MM Group is committed to respecting human rights within its sphere of influence and rejects any form of forced labour in its company and among its business partners. The risks of human rights violations are reduced through the application of our Code of Conduct and our Supplier Code of Conduct, regular external audits and the use of the "Prewave" risk management tool. We also reject child labour everywhere in our company and among our business partners, regardless of local laws. Throughout the Group, we are therefore guided by international standards (ILO Conventions C 138 and C 182, the OECD Guidelines for Multinational Enterprises and the principles of the UN Global Compact Initiative) and keep records showing that our employees are of the minimum age required by law.

In the past financial year, the MM Group took further measures to promote sustainable and responsible corporate governance. These measures include the implementation of a global HR Policy, which serves as a strategic guideline to focus on modern HR management and establish a standardised approach for various HR-related topics. The adapted Code of Conduct and the newly implemented Supplier Code of Conduct emphasise compliance with human rights along the supply chain in accordance with minimum social protection. To support these efforts, we have appointed a "Human Rights Officer" to ensure the promotion, defence and protection of human rights within the Group. An internal survey on topics such as human rights, corruption, fair competition and information security was conducted to identify the areas on which the MM Group needs to focus. The assessment of these risks is included in the policy statement issued in compliance with the Supply Chain Due Diligence Act (LkSG) to demonstrate that the MM Group has integrated appropriate and effective risk management into all relevant business processes. In doing so, the MM Group pursues due diligence management in accordance with the OECD Guidelines for Multinational Enterprises in order to promote responsible corporate behaviour along the entire supply chain, as illustrated in the following diagram.



5.3 Measures and development

GRI 2-24 To safeguard human rights, the focus is primarily placed on awareness-raising measures such as employee training in connection with the Code of Conduct. Human rights compliance audits were carried out at selected sites of the MM Group in 2022. In addition, business partners must also commit to our Code of Conduct and, in the future, also to the newly implemented Supplier Code of Conduct. In 2023, we dealt intensively with the topic of human rights and, to this end, an assessment of the human rights performance along the supply chain was implemented. The assessment of our suppliers' human rights performance focuses on those partners that are classified as particularly important for the MM Group according to criteria such as scope/type of business activity and influence (sales). As part of our continuous efforts to ensure compliance with human rights along our supply chain, we have implemented a "360° Risk Score Model". This model provides a comprehensive assessment of our risks and is made up of four main components: alert score, peer score, self-assessments and external data. Each component contributes a certain percentage to the overall score: the alert score is based on the number and impact of alerts associated with a target, taking into account their urgency and the point in time of their occurrence. The peer score (30 %) reflects the risk within the same industry and country, based on industry and country indices. Self-assessments carried out by suppliers within "Prewave" and external data (10 %) provided by the "Prewave" user can also be included in the assessment. This multi-layered approach enables us to obtain a differentiated picture of the risks associated with our business partners and makes a significant contribution to fulfilling our commitments in the area of human rights. This risk analysis serves as the basis for compliance with the German Supply Chain Duty of Care Act, which the German organisational units and subsidiaries of German parent companies are obliged to comply with as of 2024.

Objectives

- Ensuring compliance with human rights within the MM Group

Objectives achieved

- Assessment of the human rights performance of 100 % of the MM Group's "most important suppliers" by 2023

This promotes the implementation of the following Sustainable Development Goals (SDGs): SDG 8.5.

GRI 408-1

	MM Board & Paper	MM Packaging[1)]
Cases of child labour	0	0
Cases of forced labour	0	0
Production countries with Fundamental Rights Index ≤ 0.4 (Rule of Law)	0 out of 6	4 out of 24

[1)] exclusive of the closed packaging plant in Heilbronn

6 SAFETY AND HEALTH

Another very successful year proves the effectiveness of our employee protection concept. The monthly measurement and evaluation of key occupational safety and health figures for all operational organisational units enables us to provide timely support. Numerous plant visits were carried out. They go far beyond mere inspections. The focus remains on sustainably improving our safety culture. This is achieved using modern, holistic methods and a clear definition of responsibilities. In addition, the implementation of a Safety Policy in the financial year 2023 has created a basis for compliance with the safety and health regulations and standards that apply to the MM Group and all its subsidiaries worldwide. The MM Group's vision is to "create a safe workplace by applying a preventive approach".

6.1 Impacts, risks and opportunities

GRI 403-2 Despite accident prevention and health promotion measures, risks arise from work-related stress. Possible impairments arise from working in shifts, handling chemicals, working in confined spaces and working with fire and hot work. Mental stress can also have an impact on employees' health. The top five risks and opportunities are visualised in each of our plants in order to focus on continuous improvement.

GRI 3-3 6.2 Management concepts and due diligence processes

GRI 403-1 The MM Group has developed a model with five pillars to achieve rapid and sustainable measurable improvements:
GRI 403-3
GRI 403-4 Implementation of a Safety Policy as a documented summary of our values, requirements and obligations. In addition, the
GRI 403-5 importance of employee protection and occupational health care for employees is explained. The tasks of those respon-
GRI 403-6 sible and their special role model effect are at the core. The fulfilment of and compliance with legal requirements are
GRI 403-7 merely the basis; continuous improvement is expected and supported. Basic rules and generally applicable protective measures complete the policy.

Priorities are identified based on a close measurement of retrospective and forward-looking key performance indicators. The evaluation shows the respective situation of the individual locations; centrally controlled, individual targets are used for further development. In the area of prevention, the aim is to achieve over-fulfilment in order to significantly reduce the risk of accidents. At the same time, the ongoing reduction in the severity of accidents is an important indicator.

The existing safety culture is incorporated through individualised support on site. We are aware of the fact that the level of maturity must be understood on the basis of the existing situation. The agreed measures are particularly aimed at the quality of leadership and any behaviour that is considered desirable is positively reinforced. A practical application of positive reinforcement of desirable behaviour is geared towards the specifics of individual sites, the internal attitude of the employees and the history of each individual location. Full responsibility always remains with the top management of the supervised organisational unit.

A key advantage of the Group consists in the synergies created by the merger of heterogeneous sites. In particular, the sharing of the best available solutions is coordinated and driven forward. It allows for a rapid implementation of proven measures at the best economic performance possible. Open communication beyond company boundaries broadens the range of possibilities. Ongoing investments in the area of technical implementation make progress quantifiable and centrally controllable.

The best targeted results are achieved at site level. We support the special responsibility of the respective plant management with a clear commitment to the development and deployment of local experts. An appropriate exchange of knowledge and experience is also important to us. Regular cross-site meetings are organised and important findings and safety warnings are shared. The establishment of regional or other higher-level positions is avoided wherever possible, and a very lean organisation prevents unwanted expenses.

Ongoing company medical care, a continuous range of training courses on safety and health at work and preventive medical check-ups are offered and used by our employees. The sustainable approach also includes targeted investments in ergonomic aids, contributing significantly to keeping our employees healthy.

6.3 Measures and development

The site visits are supplemented by the validation of the implementation of basic rules and protective measures as defined by the Safety Policy. This creates a common basis. The fair standard of aligning all sites with the Group's accident rate will be continued. In order to enable continuous further development, targets are set based on the previous year's targets, not on the annual result. This means that coincidental successes cannot jeopardise our sustainable approach.

Objectives

- Promotion of accident prevention: mandatory reporting of near-misses, unsafe conditions and actions for all MM sites; based on the target value 2023 of 6,886 reports, at least 7,518 reports are expected as the target value for 2024.
- Reduction of the accident rate $LTAR_{(200)}$ at all sites, based on a reduction of the threshold value 2023 of 1.96 to a threshold value 2024 of no more than LTAR 1.76, which should not be exceeded.

Objectives achieved

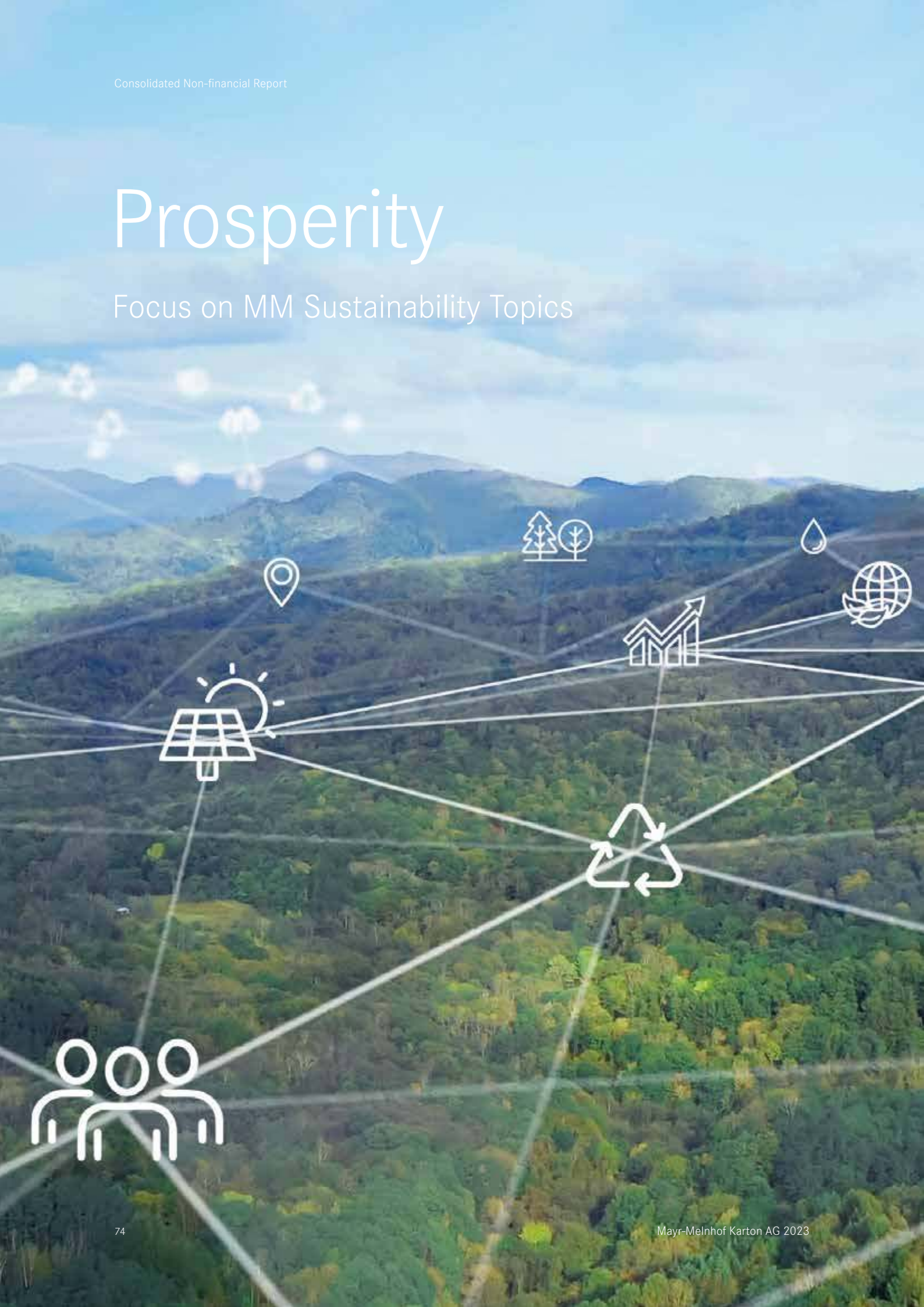
- Promotion of accident prevention: mandatory reporting of near-misses, unsafe conditions and actions for all MM sites. Based on the 2022 result of 6,243 reports, at least 6,886 reports were expected as a target value for 2023
- Reduction in the accident rate $LTAR_{(200)}$ at all sites, based on a reduction of the Group result from 2.18 to a threshold value of no more than LTAR 1.96 in 2023

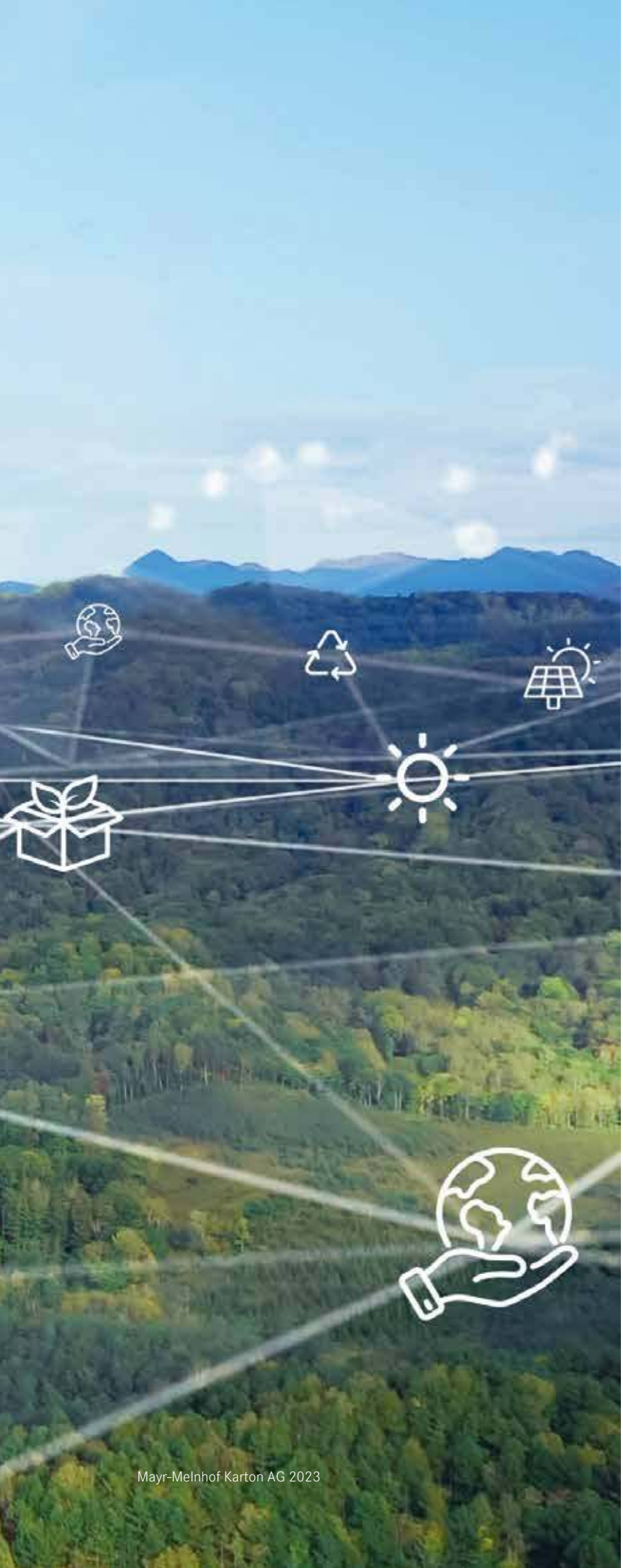
	MM Group	GRI 403-8
Occupational accidents with more than one day of absence	166	GRI 403-9
Accident rate $LTAR_{(200)}$	1.27	
Hours worked (in million h)	26	
Prevention - number of near-miss reports	12,263	
Days lost due to accidents[1)]	2,099	
Support visits to sites	99	
Occupational accidents with serious consequences[2)]	0	
Fatal occupational accidents	0	

[1)] Change of measurement 2021 calendar days / 2022 working days
[2)] Occupational accidents with subsequent impairment of quality of life

Prosperity

Focus on MM Sustainability Topics





99 %

ISO-9001-certified production sites

90 %

of key suppliers assessed

0

legal proceedings concerning anti-competitive behaviour

We pursue a holistic approach to achieve growth and actively promote the circular economy. Through our economic success, technical innovations and compliance with laws, we contribute to the well-being of people and nature. MM emphasises appropriate, compliant behaviour along the entire value chain.

7 RESPONSIBLE MANAGEMENT

GRI 2-23 GRI 2-24 MM's objective is a sustainable increase in corporate value through responsible corporate activity in conformity with all legal regulations, industry standards and the universal principles of the UN Global Compact in the areas of human rights, labour standards, environmental protection and anti-corruption. In this context, compliance with laws, standards and codes of conduct was defined as a key issue for the MM Group and as a contribution to society. This also includes measures to prevent corruption, ensure compliance with antitrust law and protect data in terms of corporate data responsibility. In 2023, we implemented a global HR Policy aimed at employees, customers, suppliers and affected communities. This measure was taken against the background of our responsibility for sustainable and responsible corporate governance. In addition, we have implemented a global Safety Policy to ensure that the MM Group and its subsidiaries worldwide comply with applicable health and safety regulations and standards. This measure emphasises our commitment to the safety and well-being of our employees and all those involved in our business activities. In addition, the Code of Conduct adapted in this financial year and the newly implemented Supplier Code of Conduct emphasise compliance with human rights along the supply chain in accordance with minimum social protection. We pursue due diligence management in accordance with the OECD Guidelines for Multinational Enterprises in order to promote responsible corporate behaviour along our entire supply chain. We use innovative tools to further minimise risks along the entire value chain. The MM Group recognises its responsibility towards the environmental impact of its own business activities above and beyond the minimum legal standards. Our aim is to minimise the negative impact of our processes along the entire supply chain through sustainable products.

The "EcoVadis" sustainability rating was submitted at Group level for the first time in the financial year 2022. In addition to the environment, ethics and sustainable procurement, the rating focuses primarily on human and labour rights. In 2023, we developed and implemented a dedicated action plan to strive for continuous improvement in our sustainability rating.

7.1 Impacts, risks and opportunities

Compliance with guidelines and requirements is essential both for our customer relations and for the trust all other stakeholders place in us. Potential risks of the MM Group's business activities include possible non-compliance with standards, GRI 205-3 laws, codes of conduct and, where applicable, voluntary declarations of commitment as well as cases of corruption and anti-competitive behaviour. The risk of corruption is classified as very low in European countries due to legal regulations. Furthermore, we assume that the MM Group's business is not at the centre of fraudulent activities, in particular due to the low fungibility of the products manufactured. Protecting the data of our customers and employees is a high priority. In this respect, we comply with the legal requirements for the protection of our stakeholders' data and take measures to minimise the risk of potential cyberattacks and ensure information security.

7.2 Management concepts and due diligence processes

GRI 3-3

The MM Board & Paper division generates 92 % of its sales in Europe, 1 % in America and 7 % in the rest of the world. The six cartonboard and paper mills are located in Germany, Poland, Finland, Austria and Slovenia. Our fibre mill is located in Norway. The MM Packaging division has 64 production sites in 24 countries on three continents. 70 % of sales are generated in European countries. MM Packaging's production outside Europe takes place in China, the Philippines, the United States, Canada, Colombia, Puerto Rico, Chile, Vietnam, Jordan and Iran. We comply with all relevant laws and regulations of the countries in which we do business and observe the respective social standards. The key requirements, guidelines, standards and certifications with regard to sustainability are listed in extracts in the chapters above. We always act in the best interests of the MM Group and keep corporate and private interests strictly separate. We make every effort to avoid even apparent conflicts of interest. We make decisions on the basis of sound business judgement in accordance with laws and standards. In our business relationships, we conduct ourselves impeccably within the framework of the relevant provisions against corruption, bribery, fraud and money laundering. We undertake to refrain from awarding gifts, benefits or shareholdings that could lead to a conflict of interest. It is also prohibited to accept, offer or make bribes or other illegal payments and benefits. In accordance with Rule 18a of the Austrian Code of Corporate Governance, the Management Board reports to the Supervisory Board at least once a year on the precautions taken to combat corruption within the Group.

We are fully committed to fair competition vis-à-vis our competitors, business partners and other market participants. At the same time, we are committed to complying with the laws against the restriction of competition in all countries in which the MM Group does business. Compliance, which encompasses all measures aimed at adhering to laws, rules of conduct and other standards, is a central management task of the Management Board within the Group, for which the CFO (Chief Financial Officer) is in particular responsible. For this purpose, the "Compliance" department has been established as part of the MM Group's legal department. The "Compliance" department coordinates the development of compliance management with the CFO. The "Internal Audit" department audits compliance with internal Group guidelines (Group Organisational Guidelines) in a risk-oriented manner with a focus on operational processes. It reports to the Management Board and is authorised to communicate directly with the Audit Committee.

We counter the compliance risk, i.e. the risk of possible non-compliance with standards, laws, rules of conduct and, where applicable, voluntary declarations of commitment, with a wide range of measures: to ensure compliance, we subject our internal and external processes to continuous monitoring and, in this context, also work together with external experts to continuously check that our business practices comply with applicable legislation. Our employees have clear guidelines on compliance and lawful conduct in the form of Group-wide "Organisational Guidelines". These guidelines are supplemented by training courses, particularly in complex areas such as competition law, data protection and information security. Significant violations of environmental, social and economic laws and regulations are reported via our reporting/controlling platform. GRI 2-27

Last year, the MM Group achieved significant successes in the Operational Technology (OT) security sector. A key point was the launch of a far-reaching OT compliance project aimed at strengthening security in industrial control systems. The project covered the identification and prioritisation of critical infrastructure components and introduced specialised security strategies to address risks for industrial control systems and automated manufacturing processes. In addition, the MM Group intensified its efforts in OT security by adopting new, advanced technologies. These include sophisticated monitoring and detection systems that enable early detection of irregularities and potential security breaches. The revision and improvement of existing security protocols now underway will help to create a more resilient and responsive defence against cyber threats in the future. With these comprehensive measures, the MM Group is expanding its ability to respond to current challenges and proactively address future risks in the dynamic OT security landscape.

7.3 Measures and development

MM stands for responsible corporate governance. Guided by the principles of integrity, honesty and transparency, we as the MM Group are committed to fulfilling the highest possible standards in terms of quality, safety and sustainability. A
GRI 2-25 whistleblower system has been implemented with the "MM Integrity Line" and reports are strictly confidential and subject
GRI 2-26 to our Data Protection Policy. Since the reporting period 2023, the total number and type of reports received have been
GRI 2-16 reported to the Supervisory Board annually at the Supervisory Board meetings. In 2023, 62 reports with sufficient information were recorded, the vast majority of which were received via the "MM Integrity Line". In addition to safety and other issues, the majority of reports received related to HR issues.

Objectives

- Demand and promote compliance in line with compliance requirements within and outside the MM Group
- Continue to promote internal training on competition law, data protection and information security

This promotes the implementation of the following Sustainable Development Goals (SDGs): SDG 8.7.

		MM Group
GRI 2-27	No significant fines or sanctions due to non-compliance with environmental, social and economic laws and regulations	✓

GRI 205-3 In the financial year 2023, one employee of our MM Kwidzyn cartonboard and paper mill was dismissed due to a case of corruption.

		MM Board & Paper	MM Packaging[1]
	Production countries with a corruption index < 30 according to the Transparency International Corruption Index 2023	0 out of 6	1 out of 24
	Confirmed cases of corruption	1	0
GRI 206-1	Claims/legal proceedings concerning anti-competitive behaviour	0	0

[1] exclusive of the closed packaging plant in Heilbronn

8 INNOVATION AND QUALITY

At the MM Group, innovation is a process that provides timely solutions for future challenges and creates new, more sustainable solutions that also go beyond previous business areas. A focus is placed on sustainably securing and strengthening growth and competitiveness as well as increasing efficiency and reducing costs in the long term. The MM Group aims to identify market and future trends at an early stage and use them to create value for its customers and the Group as a whole. Innovations are also driven forward with a particular focus on sustainability and product safety. The safety of (food) packaging has long been a key issue for the MM Group. This means that the MM Group's products themselves do not contain any harmful substances and are also safe against migration and other external influences.

With MM Moulded Pulp, we have created a fibre-based alternative to plastic packaging that can be used as an insert for cosmetic products or food containers, for example. In addition, MM GreenPeel can reduce the amount of plastic used for packaging by up to 85 %. The tray is suitable for numerous applications, including ready meals, snacks, fish and meat.

8.1 Impacts, risks and opportunities

On the one hand, innovation activities are driven by the need to continuously optimise products and processes, while on the other hand, changing legal conditions sometimes require further development. Finally, the development of new, future business areas and target applications is the driving force behind innovation activities. The development and realisation of product innovations always takes into account possible risks to product safety.

Potential product contamination, consumer health risks and possible violations of relevant regulations, laws and guidelines as well as possible recalls along the supply chain are minimised through high quality management standards and regular internal and external inspections. The development of innovative and more sustainable packaging solutions, which combine a high level of safety for packaged goods and consumers with the environmental benefits of resource conservation and recyclability, offers particular opportunities.

8.2 Management concepts and due diligence processes

GRI 3-3

A newly created and continuously developed innovation process ensures that innovations are supported in a targeted manner with the necessary resources and the right experts from our specialist departments, from brainstorming to implementation. The focus is on evaluating innovations in detail and implementing them as projects as quickly as possible in order to meet the requirements for state-of-the-art technological functionality, quality, safety and sustainability.

As part of the organisational structure, "Group Quality Management" and "Group Product Safety" deal with complaints management and ensure product quality, having these efforts confirmed through external certifications. External certifications are an important proof for customers and end users that our product innovations are sustainable, socially acceptable and harmless to health. They also confirm legal conformity in the area of product safety. Regularly checking both existing products and innovative solutions for compliance with certification criteria also ensures rigorous quality assurance, which is also visible to the outside world.

GRI 2-25
GRI 416-1

All production sites of the MM Board & Paper division and 63 of the 64 sites of the MM Packaging division are certified according to ISO 9001 quality management systems. In addition, we operate product safety and hygiene management systems certified on the basis of BRC Packaging (of the British Retail Consortium) and FSSC 22000 - and thus recognised by the Global Food Safety Initiative (GFSI) - or certified in accordance with other standards, such as ISO 22000. All MM Board & Paper mills and 50 % of MM Packaging's plants are certified according to one or more of the above international hygiene management standards. Delivering safe food packaging to customers and end consumers is a priority in the folding carton industry. As an initiative of the European Carton Makers Association (ECMA), the ECMA GMP Guideline was developed to ensure consumer food safety. All European packaging plants fulfil the requirements of this guideline.

The respective certifications of individual MM locations can be found on our divisional websites at https://www.mm-boardpaper.com/unternehmen/werke and https://www.mm-packaging.com/unternehmen/werke.

8.3 Measures and development

The first Group-wide ideas platform "we.invent" was launched in the financial year 2021 to give all Group employees the opportunity to submit ideas and thus get them involved into the innovation process. At the MM Group, we are convinced that every single idea counts and can achieve great things. For this reason, all ideas submitted go through a stage-gate process, are evaluated and prioritised. The best ideas are honoured and finally implemented.

In the financial year 2023, we made significant progress concerning the development of more sustainable packaging that meets the highest recyclability requirements and sets new standards for more environmentally friendly packaging solutions. This progress is in line with the European Packaging and Packaging Waste Regulation (PPWR). Our innovations and product developments are based on an intensive dialogue among different departments and a close cooperation between the sustainability and innovation departments.

Our MM Board & Paper division relies on a close connection between the departments in order to enrich the market with more sustainable products. In the first half of 2023, the company launched ALASKA® BARRIER GREASE, a hard sized virgin fibre cartonboard with an innovative grease barrier and good moisture protection. This was followed by MCM Brown, a recycled cartonboard with a brown reverse side. Both products are recyclable and contribute to recycling and the protection of resources. MM Board & Paper sees the requirements of the PPWR as an opportunity to further strengthen its market position.

Our MM Packaging division has set up the "MMP XBU Innovation Team" to drive innovation and share best practices. Each business unit manages its own innovation pipelines and priorities. In this way MM Packaging promotes the further development of an innovation mentality and creates a standardised innovation framework as part of a common stage-gate process.

Objectives

- Push product and process innovations to optimise the product end-of-life
- Improve the use of natural raw materials and further substitution of plastics across the MM product range

This promotes the implementation of the following Sustainable Development Goals (SDGs): SDG 9.4.

GRI 416-1
GRI 416-2

	MM Board & Paper	MM Packaging[1)]
Assessment of the safety and health impacts of products and service categories	100 %	N/A
Incidents of non-compliance concerning the health and safety impacts of products and services	0	0
ISO 9001-certified production sites	7 out of 7	63 out of 64
Production sites certified according to food safety and hygiene (BRC, ISO 22000, EN 15593, ECMA GMP, HACCP)	7 out of 7	32 out of 64

[1)] exclusive of the closed packaging plant in Heilbronn

9 VALUE CHAIN

Together with our customers and partners, we are pursuing the goal of making our products even more sustainable along the entire value chain. As the MM Group, we see ourselves as part of a larger whole. In order to drive forward sustainable development while taking economic, environmental and social aspects into account, we need to work together as partners. This is the only way to achieve systemic change towards greater sustainability. The integration of the entire value chain is a win-win situation for all stakeholders involved. GRI 2-6

9.1 Impacts, risks and opportunities

Our close contact with partners along the value chain offers flexibility and agility and an intensive dialogue enables us to react quickly to changing market requirements. MM focuses on the accumulation of detailed knowledge along the product life cycle. Compliance with legal regulations is the minimum standard for our production. A breach of any kind of applicable regulations represents a risk for the MM Group. As part of a long production chain, the MM Group is dependent not only on its own performance but also on the performance of the partners involved along the supply chains. For this reason, the MM Group is intensifying its efforts to record and understand its own suppliers and their production steps in greater detail. In this context, a risk assessment of suppliers was implemented at Group level in the financial year 2023. Risks and opportunities are to be identified and appropriately categorised, processed or eliminated. In this way, we also support our customers in realising their sustainability goals. Transparency and knowledge sharing are fundamental prerequisites for this. With this in mind, the risk assessment of suppliers was implemented in the reporting period using the “Prewave” supplier risk management platform. This enables the monitoring of ESG risks in real time, based on artificial intelligence. The platform also increases transparency in the event of violations of human rights and fair working conditions by continuously monitoring and efficiently analysing relevant data. The 360° risk score model provides us with significant support by allowing for a comprehensive, data-based risk assessment of all relevant aspects of our supply chain, thereby making a significant contribution to strengthening our ESG strategy. GRI 2-23

GRI 3-3
GRI 2-28

9.2 Management concepts and due diligence processes

For years, the MM Group has participated in the collection of emissions and environmental data by CDP (Disclosure Insight Action) in order to have its sustainability performance assessed by external, internationally recognised institutions and to disclose the results of these assessments within the value chain. In 2023, the MM Group was awarded an "A" rating in all three assessment categories for the first time. In the areas of "Climate", "Forests" and "Water", the company is now one of only ten out of 21,000 assessed companies worldwide to have achieved "Leadership Status" in all three categories. This proves all the more our high awareness of environmentally relevant risks and the successful implementation of measures by the management.

In 2021, MM joined the global "Business Ambition for 1.5°C" initiative in order to contribute to limiting global warming to 1.5°C by 2050 through appropriate measures. As part of this, the MM Group is committed to implementing science-based climate targets.

Cooperation with international industry associations and interest groups plays a particularly important role for the MM Group to achieve its sustainability goals. MM is regularly represented at trade fairs and congresses on the topic of sustainability, takes part in global competitions and is involved in European (e.g. CEPI, ECMA, Europen) and national interest groups (e.g. VDP, Austropapier) on a long-term basis through company representatives. Since 2019, the MM Group has been part of the 4evergreen Alliance, which was initiated by CEPI, the European Association of the Paper Industry, and creates guidelines for current and future EU legislation on more sustainable packaging (http://www.cepi.org/4evergreen). In the 4evergreen Alliance, companies along the entire value chain work together to improve the recycling of fibre-based packaging and to make joint progress in the development of recyclable materials.

We have been involved in the legislative process for the Packaging and Packaging Waste Regulation (PPWR), via national and international associations. Our main aim was to emphasise the need to substitute plastics and increase the recyclability of our product lines in order to support the legislative process in line with our sustainable circular economy strategy.

9.3 Measures and development

We expect our business partners to always comply with all legal regulations and industry standards along the supply chain and encourage them to introduce and implement similar principles of responsibility. In MM's terms and conditions of purchase, suppliers are obliged to comply with our Code of Conduct and, in the future, also with the MM Group's Supplier Code of Conduct. In addition, we are pushing ahead with the expansion of supplier evaluations with regard to environmental and social criteria, particularly for risk management, at Group level, for which the MM Group's sustainability targets defined in 2021 serve as a basis. The integration of the "KODIAK" supplier relationship management platform in the MM Packaging division strengthens the transparency, traceability and resilience of our supply chain. By integrating supplier assessments based on the German Supply Chain Duty of Care Act (LkSG), we can ensure that our suppliers comply with legal regulations and MM-specific requirements. The supplier questionnaire focuses on sustainability issues such as environmental management and human rights.

As part of the further development of our "MM Supply Chain 2022" project, this year's process steps also focused on adapting to the requirements of the LkSG. This strategic focus enables us to identify specific risks associated with this new legal framework at an early stage and take appropriate measures internally. By implementing the "Prewave" risk management software, we can respond more efficiently to the complex requirements and ensure that our supply chains are not only more resilient, but also compliant with current and future legal requirements. This is a key step towards further strengthening the sustainability and compliance of our supply chain and fulfilling our obligations to the environment and

society. Awareness-raising is also important to us in this context. For example, we presented our supply chain risk management approach to company representatives from various industries at various event formats, such as the 2023 Supply Chain Summit organised by the Austrian Federal Economic Chamber.

The "MM Supply Chain 2022" project is funded by the Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology (BMK) and is being implemented by Schieneninfrastruktur-Dienstleistungsgesellschaft mbH (SCHIG mbH) as part of the logistics funding programme.

Based on this, we can better assess the sustainability performance of our suppliers, focussing on those that have been classified as particularly important for the MM Group according to criteria such as scope/type of business activity and influence (sales). By increasing interaction with our suppliers and partners, we want to achieve a systemic change towards sustainability and implement innovations to promote the circular economy.

Objectives

- Exchange on the MM Group's sustainability targets with 90 % of its "key suppliers" by 2025
- Promote cooperation for circular innovations along the entire value chain

Objectives achieved

- Assessment of the sustainability performance of 90 % of the MM Group's "key suppliers" by 2023

This promotes the implementation of the following Sustainable Development Goals (SDGs): SDG 12.2.

Disclosures on the Consolidated Non-financial Report

GRI 2-1 With this report, Mayr-Melnhof Karton AG (hereinafter also referred to as MM Group/MM) fulfils its obligation to prepare a separate consolidated non-financial report in accordance with Section 267 a of the Austrian Commercial Code (UGB). Accordingly, MM has now expanded its annual financial reporting for the seventh time to include information on material non-financial aspects of its business activities in the areas of employee, social and environmental matters as well as respect for human rights and the fight against corruption and bribery. This year, the Consolidated Non-financial Report was once again prepared in accordance with the GRI standards published by the Global Sustainability Standards Board (GSSB). The standards of the Global Reporting Initiative (GRI) have become established as an internationally recognised framework for sustainability reporting. The GRI content index can be found in the appendix on pages 98 ff.

GRI 2-2 This Consolidated Non-financial Report was prepared by Mayr-Melnhof Karton AG, Vienna, as of December 31, 2023. It
GRI 2-6 covers the activities and key figures of the MM Group in accordance with the reporting boundaries and the reporting period of the 2023 Annual Report. Any deviations from the scope of consolidation are indicated in the individual chapters.
GRI 2-3 The report relates to the financial year 2023, which corresponds to the calendar year 2023. The last available report is dated December 31, 2022. In the reporting period, there were the following significant changes to the size, structure and ownership of the organisation: closure of the Schilling packaging plant in Heilbronn, Germany.

PwC Wirtschaftsprüfung GmbH, Vienna, has performed an independent limited assurance review of the Consolidated Non-financial Report. The corresponding report can be found on page 104.

GRI 3-1 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 the reporting period 2021, significant progress was already made in sustainability management and non-financial reporting. The 2021 revision of the GRI Standards has made the “core” and “comprehensive” reporting options obsolete. Accordingly, the switch from “core” to reporting “in accordance” with the GRI Standards took place in the financial year 2022. This means an expansion of non-financial reporting for the MM Group. The determination of relevant data using a new reporting/controlling platform for non-financial key figures was already implemented in 2021. In 2022, the annual reporting of our sites was expanded to include a monthly data query in order to further increase transparency and data quality. Since the financial year 2023, we have been preparing monthly emissions reports for our Management and Supervisory Board in order to provide continuous information on our decarbonisation progress. In addition, the introduction of the Sustainability Bonus has accelerated the implementation of our decarbonisation strategy and the achievement of our Science Based Targets. These targets were officially confirmed by the Science Based Targets Initiative in 2022 and supplemented in the fourth quarter of 2023 by the commitment to a Net Zero Target at SBTi. Our ambitions are also reflected in our CDP rating, where we achieved a triple A rating in 2023.

When integrating climate-related risks and opportunities into the existing reporting structure, we are guided by the TCFD (Task Force on Climate-Related Financial Disclosures) framework. MM is committed to biodiversity conservation and access to sustainable, fibre-based raw materials, and this is set out in the “MM Policy for Forests and Natural Ecosystems”. A water catchment analysis was carried out for the MM Board & Paper mills already in 2021 and the “Blue Water Consumption” project was initiated in 2022 in order to map water-related impacts holistically, taking into account direct and indirect aspects. In 2023, we carried out a water scarcity analysis in the Board & Paper division and found that our water use has only a minor impact.

The inclusion of sustainability agendas in investments is of great importance for the MM Group's business activities and is being driven forward by legal requirements such as the EU taxonomy. We intend to consistently continue the ongoing development of data collection processes and reporting in the coming years. In this reporting season, we have already made comprehensive preparations for the requirements of the Corporate Sustainability requirements of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) that will apply to the MM Group as of the financial year 2024. This will enable us to integrate the demand for increased transparency, international comparability and the growing need for information on behalf of our stakeholders into the Group's sustainability management.

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Vienna, March 11, 2024

The Management Board

Peter Oswald m. p. Franz Hiesinger m. p.

Appendix: MM sustainability performance at a glance

GRI 2-3
GRI 2-4

On the following pages, we present an overview of the MM Group's sustainability performance over the last three financial years from 2021 to 2023 (if reliable data is available for all reporting periods). The disclosure of our non-financial key figures covers all production sites of the MM Board & Paper and MM Packaging divisions with full-year values. The closed Packaging plant in Heilbronn is no longer included.

EU TAXONOMY CONTENT INDEX

Financial year	2023			Substantial contribution criteria						DNSH criteria (Do No Significant Harm)									
Economic activities	**Code**	**Turnover**	**Proportion of turnover, 2023**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Pollution**	**Circular economy**	**Biodiversity**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Pollution**	**Circular economy**	**Biodiversity**	**Minimum safeguards**	**Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) Turnover, 2022**	**Category (enabling activity)**	**Category (transitional activity)**
Text		*T€*	*%*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned (A.1)		0,00	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0,00%		
Of which Enabling		0,00	0%	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0,00%	E	
Of which Transitional		0,00	0%	0%						Y	Y	Y	Y	Y	Y	Y	0,00%		T
A.2 Taxonomy-eligible but not environmentally sustainable acitivities (not Taxonomy-aligned activities) (g)																			
				EL; N/EL	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activitites) (A.2)		0,00	0%	0%	0%	0%	0%	0%	0%								0,00%		
A. Turnover of Taxonomy eligible activities *(A.1 + A.2)*		0,00	0%	0%	0%	0%	0%	0%	0%								0,00%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		0,00	0%																
TOTAL		4.164.403,27	100%																

	Proportion of turnover/Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria (Do No Significant Harm) (h)									
Economic activities	Code	CapEx	Proportion of CapEx, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular eco-nomy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular eco-nomy	Biodiversity	Minimum safe-guards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, 2022	Category (enabling activity)	Category (transitional activity)
Text		*T€*	*%*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Transport by motorbikes, passenger cars and light commercial vehicles	*CCM 6.5*	323,75	*0,07%*	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	*0,00%*		
Freight transport services by road	*CCM 6.6*	124,17	*0,03%*	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	*0,00%*		
Installation, maintenance and repair of energy efficiency equipment	*CCM 7.3*	26,44	*0,01%*	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	*0,00%*		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	*CCM 7.4*	56,00	*0,01%*	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	*0,01%*	E	
Installation, maintenance and repair of renewable energy technologies	*CCM 7.6*	3.221,42	*0,71%*	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	*0,14%*		
CapEx of environmentally sustainable activities (Taxonomy-aligned (A.1)		3.751,78	*0,83%*	*100%*	*0%*	*0%*	*0%*	*0%*	*0%*	Y	Y	Y	Y	Y	Y	Y	*0,16%*		
Of which Enabling		56,00	*1,49%*	*1,49%*	*0%*	*0%*	*0%*	*0%*	*0%*	Y	Y	Y	Y	Y	Y	Y	*0,01%*	E	
Of which Transitional		0,00	*0,00%*	*0%*						Y	Y	Y	Y	Y	Y	Y	*0,00%*		T
A.2 Taxonomy-eligible but not environmentally sustainable acitivities (not Taxonomy-aligned activities)																			
				EL; N/EL	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*										
Transport by motorbikes, passenger cars and light commercial vehicles	*CCM 6.5*	2.985,63	*0,66%*	*EL*	*N/EL*	*N/EL*	*N/EL*	*N/EL*	*N/EL*								*0,36%*		
Freight transport services by road	*CCM 6.6*	2.692,18	*0,59%*	*EL*	*N/EL*	*N/EL*	*N/EL*	*N/EL*	*N/EL*								*0,44%*		
Infrastructure for rail transport	*CCM 6.14*	43,68	*0,01%*	*EL*	*N/EL*	*N/EL*	*N/EL*	*N/EL*	*N/EL*								*0,07%*		
Construction of new buildings	*CCM 7.1*	0,00	*0,00%*	*EL*	*N/EL*	*N/EL*	*N/EL*	*N/EL*	*N/EL*								*0,35%*		
Rennovation of existing buildings	*CCM 7.2*	0,00	*0,00%*	*EL*	*N/EL*	*N/EL*	*N/EL*	*N/EL*	*N/EL*								*0,02%*		
Installation, maintenance and repair of energy efficiency equipment	*CCM 7.3*	1.132,39	*0,25%*	*EL*	*N/EL*	*N/EL*	*N/EL*	*N/EL*	*N/EL*								*0,01%*		
Acquisition and ownership of buildings	*CCM 7.7*	6.247,04	*1,37%*	*EL*	*N/EL*	*N/EL*	*N/EL*	*N/EL*	*N/EL*								*8,13%*		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activitites) (A.2)		13.100,92	*2,88%*	*100%*	*0%*	*0%*	*0%*	*0%*	*0%*								*9,38%*		
A. CapEx of Taxonomy eligible activities (A.1 + A.2)		16.852,70	*3,71%*	*100%*	*0%*	*0%*	*0%*	*0%*	*0%*								*9,54%*		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		437.526,30	*96,29%*																
TOTAL		454.379,00	100%																

	2023			Substantial contribution criteria						DNSH criteria (Do No Significant Harm)									
Economic activities	Code	OpEx	Proportion of OpEx, year N	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safe-guards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, 2022	Category (enabling acti-vity)	Category (tran-sitional activity)
Text		*T€*	*%*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned (A.1)		0,00	0,00%																
Of which Enabling		0,00	0,00%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	E	
Of which Transitional		0,00	0,00%	0%							0%	0%	0%	0%	0%	0%	0%		T
A.2 Taxonomy-eligible but not environmentally sustainable acitivities (not Taxonomy-aligned activities) (g)																			
				EL; N/EL (f)	*EL; N/EL (f)*	*EL; N/EL (f)*	*EL; N/EL (f)*	*EL; N/EL (f)*	*EL; N/EL (f)*										
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	267,75	0,23%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,04%		
Freight transport services by road	CCM 6.6	3.347,43	2,82%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,50%		
Infrastructure for rail transport	CCM 6.14	1.570,26	1,32%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,00%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	163,22	0,14%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,03%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces at-tached to buildings)	CCM 7.4	8,51	0,01%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,01%		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	354,76	0,30%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,00%		
Acquisition and ownership of buildings	CCM 7.7	12.529,06	10,55%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0,00%		
OpEx of Taxonomy-eligible but not environmen-tally sustainable activities (not Taxonomy-aligned activitites) (A.2)		18.240,98	15,36%	100%	%	%	%	%	%										
A. OpEx of Taxonomy eligible activities *(A.1 + A.2)*		18.240,98	15,36%	100%	%	%	%	%	%										
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		100.526,15	84,64%																
TOTAL		118.767,12	100,00%																

Notification form for activities in the areas of nuclear energy and fossil gas

Row	**Nuclear energy related activities**	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

OVERVIEW OF NON-FINANCIAL INDICATORS

PLANET

Energy consumption	**2023**	**2022**	**2021**	GRI 302-1
Energy consumption in cartonboard and paper production[1]	8.38 TWh	9.7 TWh	10.5 TWh	GRI 302-3
Specific energy consumption[1)2)]	3.77 MWh/t	3.6 MWh/t	4.0 MWh/t	GRI 2-4
Energy consumption in packaging production	0.40 TWh	0.5 TWh	0.4 TWh	
Specific energy consumption[2]	0.51 MWh/t	0.5 MWh/t	0.4 MWh/t	

Emissions	**2023**	**2022**	**2021**	GRI 305-1
MM Board & Paper				GRI 305-2
Direct CO_2 emissions in cartonboard and paper production (Scope 1)[3]	0.83 million t CO_2e	1.06 million t CO_2e	1.26 million t CO_2e	GRI 305-3
Specific direct CO_2 emissions[1) 2) 3)]	0.37 t CO_2e/t	0.40 t CO_2e/t	0.45 t CO_2e/t	GRI 305-4
Indirect CO_2 emissions (Scope 2, location-based)[3]	0.51 million t CO_2e	0.51 million t CO_2e	0.46 million t CO_2e	
Indirect CO_2 emissions (Scope 2, market-based)[3]	0.54 million t CO_2e	0.71 million t CO_2e	0.56 million t CO_2e	
Indirect CO_2 emissions (Scope 3)[1) 4)]	1.85 million t CO_2e	1.80 million t CO_2e	1.45 million t CO_2e	
MM Packaging[1]				
Direct CO_2 emissions in packaging production (Scope 1)[3]	0.02 million t CO_2e	0.02 million t CO_2e	0.03 million t CO_2e	
Specific direct CO_2 emissions[2) 3)]	0.03 t CO_2 e/t	0.03 t CO_2e/t	0.04 t CO_2e/t	
Indirect CO_2 emissions (Scope 2, location-based)[3]	0.09 million t CO_2e	0.12 million t CO_2e	0.10 million t CO_2e	
Indirect CO_2 emissions (Scope 2, market-based)[3]	0.08 million t CO_2e	0.10 million t CO_2e	0.07 million t CO_2e	
Indirect CO_2 emissions (Scope 3)[1) 4)]	0.66 million t CO_2e	0.69 million t CO_2e	0.75 million t CO_2e	

[1] exclusive of the closed packaging plant in Heilbronn
[2] on the basis of gross production or tonnage processed
[3] emission factors used in accordance with the GHG Protocol, GaBi and EcoInvent life cycle assessment databases and the respective emission factors of the electricity suppliers
[4] emissions taken into account for purchased goods and services, fuel and energy-related activities, waste and transport of employees

	Environmental and energy management[1]	**2023**	**2022**	**2021**
	ISO 14001- or EMAS-certified production sites	43 out of 71	50 out of 72	28 out of50
	ISO 50001-certified production sites	11 out of 71	13 out of 72	10 out of 50

	Raw materials	**2023**	**2022**	**2021**
GRI 301-1				
GRI 301-2	*MM Board & Paper*			
	Renewable raw materials[2]	2.1 million t	2.3 million t	2.4 million t
	Fibre use	1.8 million t	2.3 million t	2.4 million t
	Recycled fibres	1.0 million t	1.1 million t	1.3 million t
	Virgin fibres[3]	0.8 million t	1.2 million t	1.1 million t
	Share of renewable raw materials	76 %	74 %	79 %
	Non-renewable raw materials	0.7 million t	0.8 million t	0.9 million t
	Percentage of recycled raw materials used	34 %	34 %	N/A
	MM Packaging[1]			
	Renewable raw materials[2]	0.9 million t	1.0 million t	0.8 million t
	Cartonboard and paper insert	0.9 million t	1.0 million t	0.8 million t
	Recycled fibres	0.3 million t	0.4 million t	0.4 million t
	Virgin fibres[3]	0.6 million t	0.6 million t	0.4 million t
	Share of renewable raw materials	94 %	95 %	94 %
	Non-renewable raw materials	0.06 million t	0.05 million t	0.05 million t

	Responsible procurement	**2023**	**2022**	**2021**
	Virgin fibre in cartonboard and paper production from responsible sources[4]	100 %	100 %	100 %
	Fibres in packaging production[1] from responsible sources	37 %	34 %	37 %
	FSC®-certified production sites	60 out of 71	56 out of 72	44 out of 50
	PEFC-certified production sites	36 out of 71	35 out of 72	38 out of 50
GRI 204-1	**Regional procurement**			
	Proportion of spending on local suppliers for virgin/recycled fibres	68 %	60 %	N/A

[1] exclusive of the closed packaging plant in Heilbronn
[2] exclusive of rejects
[3] groundwood pulp equivalent
[4] including FSC®- and PEFC-certified/controlled sources

GRI 306-3
GRI 306-4
GRI 306-5

Waste in production	**2023**	**2022**
MM Board & Paper		
Total internal waste treatment (on-site)	29,461 t	29,859 t
Incineration of non-hazardous waste with energy recovery	8,409 t	9,219 t
Non-hazardous waste landfilled	21,052 t	20,640 t
Total waste treatment by external parties (off site)	0.25 million t	0.36 million t
Non-hazardous waste reused/recycled	0.14 million t	0.19 million t
Incineration of non-hazardous waste with energy recovery	0.10 million t	0.14 million t
Incineration of non-hazardous waste without energy recovery	1,505 t	1,227 t
Non-hazardous waste landfilled	7,724 t	18,185 t
Other treatment of non-hazardous waste	4,168 t	6,183 t
Hazardous waste reused/recycled	289 t	327 t
Incineration of hazardous waste with energy recovery	21 t	8 t
Incineration of hazardous waste without energy recovery	45 t	40 t
Hazardous waste landfilled	6 t	4 t
Other treatment of hazardous waste	111 t	80 t
MM Packaging[1)]		
Total waste treatment by external parties (off-site)	0.18 million t	0.21 million t
Non-hazardous waste reused/recycled	0.17 million t	0.18 million t
Incineration of non-hazardous waste with energy recovery	3,247 t	3,844 t
Incineration of non-hazardous waste without energy recovery	225 t	569 t
Non-hazardous waste landfilled	2,722 t	3,199 t
Other treatment of non-hazardous waste	23 t	16,278 t
Hazardous waste reused/recycled	1,897 t	1,679 t
Incineration of hazardous waste with energy recovery	1,344 t	1,650 t
Incineration of hazardous waste without energy recovery	250 t	297 t
Hazardous waste landfilled	191 t	156 t
Other treatment of hazardous waste	96 t	125 t

[1)] exclusive of the closed packaging plant in Heilbronn

	Water consumption[1]	**2023**	**2022**	**2021**
GRI 303-3				
GRI 303-4	Water withdrawal in cartonboard and paper production by source	63.4 million m^3	67.9 million m^3	70 million m^3
GRI 303-5	Surface water	55.8 million m^3	60.2 million m^3	N/A
	Groundwater	5.7 million m^3	6.0 million m^3	N/A
	Seawater	1.6 million m^3	1.4 million m^3	N/A
	Water produced	N/A	N/A	N/A
GRI 2-4	Water from third parties	347.1 thousand m^3	294.0 thousand m^3	N/A
	Water recirculation in board and paper production	57.8 million m^3	63.4 million m^3	N/A
	Surface water	40.1 million m^3	44.0 million m^3	N/A
	Seawater	15.9 million m^3	17.5 million m^3	N/A
	Water from third parties	1.7 million m^3	1.9 million m^3	N/A
	Water consumption in cartonboard and paper production	5.6 million m^3	4.5 million m^3	N/A

[1] data only relates to the MM Board & Paper division, as water consumption in the Packaging division is not considered significant as no process water is generated

PEOPLE

Significant local employment effects[1]	**Dec. 31, 2023**	**Dec. 31, 2022**	**Dec. 31, 2021**	GRI 2-7
Employees[2] *per country*				
Poland	3,310	3,361	3,122	
Germany	2,145	2,343	2,201	
Austria	1,784	1,777	1,745	
France	957	942	889	
United Kingdom	761	889	281	
USA	798	775	0	
Türkiye	674	744	599	
Finland	570	555	535	
Spain	547	564	152	
Ireland	451	450	0	
Chile	334	299	291	
Slovenia	333	401	407	
Puerto Rico	287	288	0	
Iran	267	315	263	
Romania	244	249	253	
Italy	206	199	6	
Sweden	204	220	0	
China	184	193	195	
Colombia	192	190	181	
Vietnam	168	164	147	
Ukraine	165	207	227	
Jordan	118	115	114	
Philippines	106	100	101	
Norway	73	70	66	
Denmark	64	62	0	
Netherlands	62	62	2	
Canada	49	48	49	
Russia	13	16	648	
Other	21	42	18	
Total	**15,087**	**15,640**	**12,492**	

[1] exclusive of the closed packaging plant in Heilbronn
[2] Full Time Equivalent for all fully consolidated companies

GRI 2-7

Employees by gender[1) 2)]	Total	Male	Female	Non-binary
Number of permanent employees	14,365	76 %	24 %	0 %
Number of temporary employees	722	57 %	43 %	0 %
Number of full-time employees	14,710	77 %	23 %	0 %
Number of part-time employees	377	21 %	79 %	0 %

GRI 2-7

Employees by region[1)2)]	Total[1)]	Europe (excl. Austria)	Austria	America	Rest of the world (incl. Türkiye, Russia)
Number of permanent employees	14,365	94 %	99 %	94 %	99 %
Number of temporary employees	722	6 %	1 %	6 %	1 %
Number of full-time employees	14,710	97 %	94 %	100 %	100 %
Number of part-time employees	377	3 %	6 %	0 %	0 %

[1)] Full Time Equivalent for all fully consolidated companies
[2)] exclusive of the closed packaging plant in Heilbronn

GRI 404-1
GRI 404-2
GRI 404-3

Training and further education in the Group[1) 2)]	MM Group
Site-specific factory training - in hours	205,078
Of which average number of hours per participant	14
Average number of hours per participant - male	14
Average number of hours per participant - female	15
Average number of hours per participant - non-binary	0
Group-wide training courses “MM-Academy” - in hours	53,952
Of which by participants - male	39,537
Of which by participants - female	14,415
Of which by participants - non-binary	0
Group-wide training portfolio of the “MM-Academy”	308
Participants in “MM-Academy”" training courses	6,139
Of these managers	1,087
Employees receiving regular performance and career development reviews	65 %
Of which in management	11 %
Of which in the office	24 %
Of which in the factory	65 %
Of which male	72 %
Of which female	28 %
Of which non-binary	0 %

[1)] Full Time Equivalent for all fully consolidated companies
[2)] exclusive of the closed packaging plant in Heilbronn

Discrimination incidents in the company[1]	**MM Group**	
Total number of discrimination incidents during the reporting period	2	GRI 406-1

Employee safety and health[1]	**2023**	**2022**	**2021**	GRI 403-8
Occupational accidents with more than one day of absence	166	225	327	GRI 403-9
Accident rate LTAR(200)	1.27	2.18	3.83	
Hours worked (in million h)	26.10	20.70	17.10	
Prevention - number of near miss reports	12,263	6,243	634	
Days lost due to accidents[2]	2,099	3,284	8,793	
Support visits to sites	99	36	3	
Occupational accidents with serious consequences[3]	0	1	5	GRI 2-4
Fatal occupational accidents	0	0	0	

Human rights[1]	**2023**	**2022**	**2021**	GRI 408-1
Child labour cases	0	0	0	
Forced labour cases	0	0	0	
Production countries with Fundamental Rights Index ≤ 0.4 (Rule of Law)	4 out of 27	3 out of 27	0 out of 21	

[1] exclusive of the closed packaging plant in Heilbronn
[2] change of measurement 2021 calendar days / 2022 working days
[3] accidents at work with subsequent impairment of quality of life

PROSPERITY

Violation of guidelines and requirements[1]	**2023**	**2022**	**2021**	GRI 2-27
Total number of material breaches of laws and regulations	0	0	N/A	
Fines or sanctions for non-compliance with environmental, social and economic laws and regulations	0	0	0	

Anti-corruption and anti-competitive behaviour[1]	**2023**	**2022**	**2021**	GRI 205-3
Production sites in countries with a corruption index < 30 according to the 2023 Transparency International Corruption Index	1 out of 27	1 out of 27	2 out of 21	GRI 206-1
Number of lawsuits concerning corruption or anti-competitive behaviour	1	0	0	

Quality and product safety[1]	**2023**	**2022**	**2021**	GRI 416-1
Assessment of the health and safety impacts of product and service categories	100 %	100 %	100 %	GRI 416-2
Incidents of non-compliance concerning health and safety impacts of products and services	0	0	N/A	
ISO 9001-certified production sites	70 out of 71	72 out of 72	46 out of 50	
Production sites certified according to food safety and hygiene standards (BRC, ISO 22000, EN 15593, ECMA GMP, HACCP)	39 out of 71	36 out of 72	31 out of 50	

[1] exclusive of the closed packaging plant in Heilbronn

GRI CONTENT INDEX IN ACCORDANCE

Declaration of use	Mayr-Melnhof Karton AG has reported in accordance with the GRI Standards for the period from 01.01.2023 to 31.12.2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI industry standard(s)	Not applicable

GRI Standard	Disclosure	Location	Omission	Explanation
General disclosure				
GRI 2: General Disclosures 2021	2-1 Organisational profile	48[1)], 84		
	2-2 Entities included in the organisation's sustainability reporting	84, 286-291[1)]		
	2-3 Reporting period, reporting frequency and contact point	84-86		
	2-4 Restatements of information	94, 97		Correction "Occupational accidents with serious consequences" 2022; correction "Energy consumption – total" 2022; summary "Water from other sources" with "Water from third parties"
	2-5 External assurance	104-106		
	2-6 Activities, value chain and other business relationships	28-29[1)], 18-20, 81-83, 86		
	2-7 Employees	64-66, 95-96	2-7-b-iii	Currently, there are no employees of this category at our production sites (not applicable).
	2-8 Workers who are not employees	68		
	2-9 Governance structure and composition	52-55[1)], 58[1)], 35-36		
	2-10 Nomination and selection of the highest governance body	53-54[1)], 58[1)], 38		
	2-11 Chair of the highest governance body	54-55[1)]		
	2-12 Role of the highest governance body in overseeing the management of impacts	35-36		
	2-13 Delegation of responsibility for managing impacts	52[1)], 58[1)], 35-36		
	2-14 Role of the highest governance body in sustainability reporting	22-23[1)], 35-36		
	2-15 Conflicts of interest	51[1)], 53-55[1)], 283[1)]		
	2-16 Communication of critical concerns	22-23[1)], 51		
	2-17 Collective knowledge of the highest governance body	35-36		
	2-18 Evaluation of the performance of the highest governance body	54[1)]	2-18-a	Currently there is no procedure for the Supervisory Board, consequently, there is no action in response to the assessment. However, an implementation is being planned (information not available).
	2-19 Remuneration policy	3-5[2)], 7[2)], 48, 51	2-19-a-iv	As stated in the Remuneration Report (page 10), there was no clawback claim in 2023 (not applicable).
	2-20 Process to determine remuneration	1-3[2)], HP[3)]	2-20-a-iii	There are no remuneration consultants involved (not applicable).
	2-21 Annual total compensation ratio		2-21-a, b	Currently, the median cannot be collected. However, an implementation of this data query is being planned (information not available).

	2-22 Statement on the sustainable development strategy	18-21[1)]		
	2-23 Policy commitments	18, 34, 76, 81		
	2-24 Embedding policy commitments	34, 70, 76		
	2-25 Processes to remediate negative effects	79, 84		
	2-26 Mechanisms for seeking advice and raising concerns	51		
	2-27 Compliance with laws and regulations	77, 84		
	2-28 Memberships associations	18, 82		
	2-29 Approach to stakeholder engagement	37		
	2-30 Collective bargaining agreements	68		

[1)] This information can be found in the Annual Report but is not part of the "Consolidated non-financial report" section.
[2)] This information can be found in the Remuneration Report but is not part of the "Consolidated non-financial report" section.
[3)] This information can be found on our website: https://www.mm.group/en/for-investors/ordinary-shareholders-meeting/

GRI Standard	Disclosure	Location	Omission	Explanation
Material Topics				
GRI 3: Material Topics 2021	3-1 Process to determine material topics	39		
	3-2 List of material topics	39-41, 44-45		
Procurement practices				
GRI 3: Material Topics 2021	3-3 Management of material topics	40-41, 55-56		
GRI 202: Procurement practices 2016	204-1 Proportion of spending on local suppliers	64, 92		
Anti-corruption				
GRI 3: Material Topics 2021	3-3 Management of material topics	40-41, 77-78		
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption		205-1-a, b	Not material (not applicable)
	205-2 Communication and training about anti-corruption policies and procedures		205-2-a to e	
	205-3 Confirmed incidents of corruption and actions taken	78, 97		
Anti-competitive behaviour				
GRI 3: Material Topics 2021	3-3 Management of material topics	40-41, 77-78		
GRI 206: Anti-competitive behaviour 2016	206-1: Legal actions for anti-competitive behaviour, anti-trust an monopoly practices	97		

Materials				
GRI 3: Material Topics 2021	3-3 Management of material topics	40-41, 55-56		
GRI 301: Materials 2016	301-1 Materials used by weight or volume	58, 92		
	301-2 Recycled input materials used	58, 92		
	301-3: Reclaimed products and their packaging materials		301-3-a, b	It is not possible to determine in which country our products are recycled, so no statement can be made regarding the percentage. Further surveys on this topic are being planned (information not available/incomplete).
Energy				
GRI 3: Material Topics 2021	3-3 Management of material topics	40-41, 49-50		
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	53, 91		
	302-2 Energy consumption outside the organisation		302-2-a to c	Energy consumption outside the organisation is included in our Scope 3 emissions and information thereon is currently not collected separately (information not available).
	302-3 Energy intensity	53, 91		
	302-4 Reduction of energy consumption		302-4-a to d	At project level, the required level of detail is not available, as no comparative values are available (information not available/incomplete).
	302-5 Reductions in energy requirements of products and services		302-5-a to c	At product and service level, the required level of detail is not available, as no comparative values are available (information not available/incomplete).
Water and effluents				
GRI 3: Material Topics 2021	3-3 Management of material topics	40-41, 59		
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	59		
	303-2 Management of water discharge-related impacts	59		
	303-3 Water withdrawal	60, 94	303-3-c	The values for the breakdown by Total Dissolved Solids are missing, but a future integration is being planned (information not available/incomplete).
	303-4 Water discharge	60, 94	303-4-b	
	303-5 Water consumption	60, 94		
Biodiversity				
GRI 3: Material Topics 2021	3-3 Management of material topics	40-41, 55-56		
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	56		
	304-2 Significant impacts of activities, products, and services on biodiversity	56		
	304-3 Habitats protected or restored		304-3-a to d	Not applicable, as MM does not operate in a land-consumption-intensive industry (not applicable).
	304-4 (IUCN) Red List species and national conservation list species with habitats in areas affected by operations		304-4-a	

Emissions				
GRI 3: Material Topics 2021	3-3 Management of material topics	40-41, 49-50		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	53, 91		
	305-2 Energy indirect (Scope 2) GHG emissions	53, 91		
	305-3 Other indirect (Scope 3) GHG emissions	53, 91		
	305-4 GHG emissions intensity	53, 91		
	305-5 Reduction of GHG emissions		305-5-a to e	At project level, the required level of detail is not available, as no comparative values are available (information not available/ incomplete).
	305-6 Emissions of ozone-depleting substances (ODS)		305-6-a to d	
	305-7 Nitrogen oxides (NO_x), sulphur oxides (SO_x) and other significant air emissions		305-7-a to c	
Waste				
GRI 3: Material Topics 2021	3-3 Management of material topics	40-41, 55-56		
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	56		
	306-2 Management of significant waste-related impacts	56		
	306-3 Waste generated	58, 92		
	306-4 Waste diverted from disposal	92		
	306-5 Waste directed to disposal	92		
Supplier Environmental Assessment				
GRI 3: Material Topics 2021	3-3 Management of material topics	40-41, 82		
GRI 306: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria		308-1-a	The required level of detail is not available, as no comparative values are available (information not available/incomplete).
	308-2 Negative environmental impacts in the supply chain and actions taken		308-2-a to e	
Occupational Health and Safety				
GRI 3: Material Topics 2021	3-3 Management of material topics	40-41, 72-73		
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	72-73		
	403-2 Hazard identification, risk assessment and incident investigation	72-73		
	403-3 Occupational health services	72-73		
	403-4 Worker participation, consultation and communication on occupational health and safety	72-73		
	403-5 Worker training on occupational health and safety	72-73		
	403-6 Promotion of worker health	72-73		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	72-73		
	403-8 Workers covered by an occupational health and safety management system	73, 97		
	403-9 Work-related injuries	73, 97		
	403-10: Work-related ill health		403-10-a to e	Due to the organisation of the work processes and the ensured level of occupational safety, no industry-related illnesses are known (not applicable).

Training and Education				
GRI 3: Material Topics 2021	3-3 Management of material topics	40-41, 64-66		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	67, 96		
	404-2 Programmes for upgrading employee skills and transition assistance programmes	67, 96		
	404-3 Percentage of employees receiving regular performance and career development reviews	96		
Non-discrimination				
GRI 3: Material Topics 2021	3-3 Management of material topics	40-41, 64-66		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	67, 97		
Child labour				
GRI 3: Material Topics 2021	3-3 Management of material topics	40-41, 69		
GRI 408: Child labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	165, 97		
Forced or Compulsory Labour				
GRI 3: Material Topics 2021	3-3 Management of material topics	40-41, 69		
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	71, 97		
Customer Health and Safety				
GRI 3: Material Topics 2021	3-3 Management of material topics	40-41, 79-80		
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of products and service categories	81, 97		
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	81, 97		

TCFD CONTENT INDEX

The MM Group follows the TCFD (Task Force on Climate-Related Financial Disclosures) framework in order to integrate climate-related risks and opportunities into the existing reporting structures in the best possible way. TCFD were used and assigned to the areas of "Governance", "Strategy", "Risk Management" and "Metrics and Targets".

TCFD Disclosure		Page
Governance	Description of how climate-related risks and opportunities are controlled by the Board	37-38
	Description of the role of management in the assessing and managing climate-related risks and opportunities	37-38
Strategy	Description of climate-related risks and opportunities identified by the organisation in the short, medium and long term	34-36
	Description of the impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning	31-33
	Description of the resilience of the organisation's strategy, taking into account different climate-related scenarios, including a scenario with a temperature of 2°C or less	34-36
Risk Management	Description of the processes for how the organisation identifies and assesses climate-related risks	34-36
	Description of the processes how the organisation deals with climate-related risks	81[1)], 48-53
	Description of how processes for identifying, assessing and addressing climate-related risks are integrated into the organisation's overall risk management	81[1)], 30-33
Metrics and Targets	Disclosure of the metrics used by the organisation to assess climate-related risks and opportunities in accordance with its strategy and risk management process	30-33
	Disclosure of Scope 1, Scope 2 and, where applicable, Scope 3 greenhouse gas emissions and the associated risks	48-53
	Description of the objectives (and their implementation) set by the organisation to address climate-related risks and opportunities	30-33

[1)] This information can be found in the Annual Report but is not part of the "Consolidated Non-financial Report".

GRI 2-5

INDEPENDENT LIMITED ASSURANCE REPORT

We performed a limited assurance engagement of the consolidated non-financial report pursuant to section 267a UGB (Austrian Company Code) (hereinafter the "consolidated non-financial report") of Mayr-Melnhof Karton Aktiengesellschaft (the "Company"), Vienna, for the financial year 2023.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Company's consolidated non-financial report is not prepared, in all material aspects, in accordance with the requirements of section 267a UGB and the "EU Taxonomy Regulation" (Regulation (EU) No. 2020/852) as well as the GRI Standards 2021.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibility of the Management and the Supervisory Board

Management is responsible for the preparation of the consolidated non-financial report in accordance with the requirements of section 267a UGB and the "EU Taxonomy Regulation" (Regulation (EU) No. 2020/852) as well as the GRI Standards 2021.

Management's responsibility includes the selection and application of appropriate methods to prepare the non-financial reporting (in particular the selection of key issues) as well as making assumptions and estimates related to individual sustainability disclosures which are reasonable in the circumstances, and for such internal control as management determines is necessary to enable the preparation of a consolidated non-financial report that is free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for examining the consolidated non-financial report.

Auditor's Responsibility

Our responsibility is to express a limited assurance conclusion based on our procedures performed and evidence obtained as to whether anything has come to our attention that causes us to believe that the Company's consolidated non-financial report is not prepared, in all material aspects, in accordance with the legal requirements of section 267a UGB and the "EU Taxonomy Regulation" (Regulation (EU) No. 2020/852) as well as the GRI Standards 2021.

We performed our engagement in accordance with the professional standards applicable in Austria with regard to other assurance engagements (KFS/PG 13) and with regard to selected issues in connection with the assurance of non-financial statements and non-financial reports pursuant to sections 243b UGB and 267a UGB as well as the expert opinion on assurance with regard to sustainability reports (KFS/PE 28) 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.

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, in particular, the following:

- Critical assessment of the Company's analysis of materiality considering the concerns of external stakeholders
- Analysis of risks regarding the essential non-financial matters / disclosures
- Updating the overview of the policies pursued by the Company, including due diligence processes implemented as well as the processes used to ensure an accurate presentation in the consolidated non-financial report
- Updating the 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
- Examining the consolidated non-financial report regarding its completeness in accordance with the requirements of section 267a UGB as well as the GRI Standards 2021
- Critical appraisal of the disclosures in accordance with the requirements of the "EU Taxonomy Regulation" (Regulation (EU) No. 2020/852).
- 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
- Examining the correct transfer of data and references from the (consolidated) financial statements to the consolidated non-financial reporting; 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, neither 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.

Restriction of Use

Because our report is prepared solely for and on behalf of the client, it does not constitute a basis for any reliance on its contents by other third parties. Therefore, no claims of other third parties can be derived from it. Consequently, this report may not – be it in whole or in part – be transmitted to third parties without our express consent.

General Conditions of Contract

Our report is issued based on the engagement agreed upon with you and is governed by the General Conditions of Contract for the Public Accounting Professions (AAB 2018) enclosed to this report, which also apply to third parties.

Vienna, March 11, 2024

PwC Wirtschaftsprüfung GmbH

Frédéric Vilain 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.